

INFLUENCE OF THE SHADOW ECONOMY ON THE FINANCIAL AND ECONOMIC DEVELOPMENT OF KAZAKHSTAN

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ABSTRACT

This article examines the phenomenon of the shadow (hidden) economy and its influence on Kazakhstan's financial and economic development and security. The republic's statistical bodies often use the term "non-observed economy," which implies hidden, unaccounted, informal, and illegal economic activity. Non-observed economic activity includes the production of goods and services, as well as the illegal redistribution of revenue and as-

sets. Based on how widespread shadow and corruption processes are and on the current level of Kazakhstan's economic development, it can be concluded that when pursuing a policy to combat the shadow economy, attention should be placed not so much on reducing its scope as on raising the efficiency of the entire governance system. Furthermore, the state should play a leading role in managing socioeconomic processes.

KEYWORDS: *Kazakhstan, shadow economy, economic security, corruption, trade, markets.*

Introduction

The shadow economy is a widespread phenomenon today, affecting even developed countries, although states with a transition economy are more susceptible to the influence of this phenomenon. In some countries, the shadow economy is larger than the formal sector.¹

The criminal sector is a segment of the shadow economy. So, in some cases, its existence can threaten not only normal functioning of the legal economy, but also the national security of the state. In this respect, an analysis and study of this phenomenon is extremely pertinent for Kazakhstan.

The shadow economy can be defined in general as the sum-total of economic relations among the various entities of public production that run counter to legal regulations and formal rules of economic management; for one reason or another their results are not (or cannot be) calculated by official statistics and are not taxed. In other words, in order to obtain vast material wealth in a short time with minimum investment and effort, economic entities establish certain informal relations that are called shadow.

The Shadow Economy in Kazakhstan: Its Scope and How It Functions

According to official statistics, in 2008, Kazakhstan's shadow economy amounted to 3.13 trillion tenge or more than \$20 billion. According to certain government estimates, the share of the shadow economy in Kazakhstan over the past ten years dropped from 30% to 20% of the GDP and amounted to 5 trillion tenge. According to other estimates, by 2012, the volume of the shadow sector of the republic's economy amounted to between 40% and 70%.²

Such a significant difference in figures draws us to conclude that there are neither reliable statistics on the scope of the shadow economy and its structure, nor are there tools and methods for estimating them.

According to official statistics, the size of the self-employed population among the total employed amounts to around 2.3 million people (according to other data—2.7 million people, or 32.8% of the economically active population).

According to the data for 2008, trade, the restaurant business, catering, recruiting agencies, car, household appliance and personal item repairs, real estate transactions, as well as rental and rendering of services to consumers accounted for the largest share in the total volume of the non-observed economy, each segment amounting to 3.5%. Agriculture and forestry, fishing and fish breeding accounted for 3.2% each, while construction reached around 2.8% (including road building).

It is known that large amounts of cash largely circulate in trade, real estate transactions, and different types of small and medium business services. Furthermore, a large amount of trade carried out at bazaars and city markets goes unaccounted.³

Today no one knows for sure how many people are employed in trade markets and their service sphere. According to official data, there are as many as 180,000 merchants working at these markets,

¹ See, for example: A. Singh, S. Jain-Chandra, "Out of the Shadows," *Finance and Development*, Vol. 49, No. 2, June 2012, available at [<http://www.imf.org/external/pubs/ft/fandd/2012/06/singh.htm>].

² For comparison, according to the World Bank, this figure in Russia was 41%-42%.

³ See: *O deiatelnosti rynkov v Respublike Kazakhstan*, RK Statistics Agency, Astana, 2012, pp. 1-10.

while the unofficial figures say this number is several times higher. The problem is that it is impossible to draw up an efficient state policy in this sphere without real statistics.⁴

According to researchers from the World Bank, some data indicate that indirect employment is several times higher than direct. For example, different sources in Kazakhstan say that the total direct and indirect employment at the Flea Market in Almaty alone is around 250,000 people (estimates of 2006-2008), which is five times higher than the number of merchants operating the sales outlets and the administrative personnel of the bazaars.

The economic reforms have given rise to a growing and contradictory labor market. Many restrictions existing in the planned economy have been removed (on unemployment, on holding more than one job, on additional part-time employment, and so on), which has made the employment sphere more flexible and dynamic. But this has led to an increase in such shadow phenomena as working without the corresponding registration, side jobs using the enterprise's property, fictitious employment, and so on.

This has led to informal employment, where neither labor nor civil law contracts are entered.

Today the structure of the informal sector of the labor market is extremely diverse. In particular, skilled and sufficiently well-paid work (private lessons, medical services, car repair, construction, road repair work, recruiting, and so on) and unskilled work (shuttle trade, janitorial work, and so on) can be singled out.

In order to regulate labor migration and the internal labor market, the government sets annual quotas for foreign workers. But practice shows that corruption and the absence of necessary control over migration flows is reducing the government's efforts to zero.

All of the above-mentioned factors together make it imperative to study the influence of the shadow economy on Kazakhstan's economic development, particularly in light of the socioeconomic modernization policy declared by the state.

An analysis of the essence, forms, content, and structure of the shadow economy in Kazakhstan will help to resolve the serious socioeconomic problems (corruption and economic inefficiency) and raise the republic to a new level of development.

At present, the shadow economy in Kazakhstan consists of three levels.

- The first level is occupied by self-employed people who have essentially dropped out of the official social security system (including pension savings), which in the future could lead to serious problems for the state.
- The second level is occupied by small and medium business, which largely functions in the so-called gray zone, on the border between the shadow and the legal economy.

The most dangerous is the third level, which is related to the shadow market of corruption services.

The structure of goods in shadow trade should logically coincide with the overall inventory of products sold in retail trade (here individual deviations and specifics are possible); it is also influenced by the specialization of markets.

The inefficiency and corrupt nature of Kazakhstan's customs service encourage an increase in shadow trade. The unwieldy document registration system (official and unofficial) and laborious customs procedures prompt trade market agents to make use of gray systems or to engage directly in smuggling.⁵

⁴ See: *Razvitie trgovli v RK: tendentsii i vliianie na makroekonomicheskie indikatory*, Scientific-Research Institute of Economics and Information Technology of Transport and Telecommunications, Astana, 2011, 84 pp.

⁵ *Results of Sociological Surveys Carried Out by the KACB/R between 2005 and November 2011*, Kazakhstan Association of Customs Brokers, Almaty, 2012, pp. 1-7 (in Russian).

So, according to the most cautious estimates, gray and smuggled goods total as much as \$3 billion. At the same time, despite regular reform of the Kazakhstan Customs Committee (including the most recent), there are trends toward a drop in the republic's legal goods turnover with such important trade partners as the PRC, Kyrgyzstan, and the Russian Federation.

Small companies dispersed over large territories usually operate in the retail sphere and it is not easy to control them. It is difficult for the tax agencies to determine the income of these companies, since it comes directly from individual consumers. The high level of the informal economy is having a negative effect not only on the amount of taxes collected, but is also directly curbing the development of the social system. Furthermore, informal companies that do not pay taxes and violate legal regulations achieve a significant decrease in outlays.

Losses related to the low productivity of labor and inadequate scope of production are covered by means of funds that are not tax-declared. This, in turn, distorts the competitive environment, since inefficient informal players remain in business and deprive more productive official companies of the opportunity to increase their share in the market. In the end, according to economists, the long-term negative effect of informal companies on economic growth and the rate at which new jobs are created prevails over any short-term gain (primarily job provision).

At the regional level, Almaty ranks first in terms of trade volume, accounting for some 40% of Kazakhstan's retail trade turnover.⁶

Almaty accounts for a large part of the illegal turnover of monetary resources, which form 25% of Kazakhstan's GDP; furthermore, there are no large industrial or mining enterprises in the city.

Threats to Security of the Economy and Social Stability by the Shadow Economy

In any country, an extremely large shadow sector is a direct threat to economic security. Despite the absence of special research studies, this problem is also urgent for Kazakhstan; according to official data, the size of the shadow economy in the country amounts to 20% to 30%, while according to unofficial data it reaches 40%-50%.

There are no objective statistics relating to the labor market (for example, the presumed number of merchants fluctuates from between 180,000 and 2 million people) or to trade (both foreign and domestic) in Kazakhstan. This situation makes it impossible to give a precise definition of the social component of trade, small and medium business enterprises, or the volume and range of imported goods, as well as to carry out streamlined monitoring and price control of domestic- and foreign-manufactured goods. Measures are not being taken to fight customs corruption or the price excesses seen in wholesale and retail trade.

This problem has several dangerous aspects for Kazakhstan. The extensive shadow economy indicates the existence of informal power centers in the form of organized crime, which often functions in cahoots with officials. The largest bazaars and wholesale markets either belong to representatives of various political groups or are patronized by them.

The existence of alternative shadow centers of economic influence is fraught with the creation of tension zones in the political sphere too. These centers could either try to become political players

⁶ *Retail and Wholesale Trade in the Republic of Kazakhstan. 2006-2010*, Statistics Collection, Astana, 2011, pp. 1-12 (in Russian).

or tools in the struggle for power. Keeping in mind that street trade produces enormous amounts of unaccounted-for cash, we can say that the country's political stability is in danger.

An example is the events that occurred in Kyrgyzstan in 2005. At that time, criminal authorities were actively in favor of a change in power; they supported one of the opposing sides, using not only their financial, but also human resources, including from the markets and bazaars.

A large number of those employed in the shadow economy are self-employed people who have essentially dropped out of the official social security system (including the pension savings system).

In the near future, this could lead to serious difficulties; the state will not only have to decide the future of people who at one time worked in the shadow economy, but also explain to citizens currently paying into the savings system why they have to pay the pensions of those who never made pension-related contributions.

The shadow economy, strangely enough, has played the role of shock absorber and made it possible for many Kazakhstan citizens who lost their jobs at former Soviet state enterprises to keep their heads above water. However, as some specialists correctly note, although the shadow economy has helped people to survive, they have lost their former qualifications and, if markets are closed down, they will most likely find they are no longer in demand.

Over the past 20 years, the population's values have greatly changed in Kazakhstan; many believe that the shadow economy is normal for any society. And no matter what business or specific state structures do to bring the shadow economy out into the light, many will perceive this as a threat to their customary way of existence.

Nor should we forget that the highest level of social vulnerability is seen precisely in trade, where more than 50% of the employed are self-employed and more than 70% are women and children.

Consequently, the problem cannot be resolved by simply closing markets and bazaars to reduce the physical size of spontaneous and shadow trade. On the contrary, this might provoke new outbreaks of protest. Furthermore, as practice shows, it is easier for people to join together to protect their property rather than rally around amorphous political slogans.

In addition to the existence of the shadow economy, the trends of recent years that point to the existence of two threatening negative processes are causing concern. First, the number of protest acts has increased in the country. Second, some protest groups have become more radical; their interests are being expressed by new political players who are not members of the traditional opposition.

This all shows that both the government and Kazakhstan's democratic opposition have competitors capable of influencing certain protest strata of the population.

The paradox of the situation is that the government, while actively weakening the law-abiding opposition functioning inside the system, is essentially ignoring the resistance in the form of radical groups coming from outside the system. As a result, the government has a strategic initiative only with respect to law-abiding players. As for informal and shadow centers, they are actively taking the initiative upon themselves. The situation is complicated further by the fact that the presence of an extensive shadow sphere is helping to preserve the low level of political and legal culture (primarily among young people).

In this context, we must draw attention to the growing trend in religiosity (and pseudo-religiosity) of the population. The matter primarily concerns the adherents of Islam who, incidentally, comprise an overwhelming number of market and bazaar owners, as well as those employed as merchants and service personnel. Furthermore, as practice shows, in recent years the Islamic factor has been playing a leading role in mobilizing radical groups. The increase in number of Kazakhstan citizens who genuinely and fervently confess radical Islam and their joining organizations that espouse violence as a way to achieve their goals means that ground is forming in the republic that could bring forth new opposition to the current regime. This opposition will have unlimited ability to expand its ranks and increase its influence on the population.

It must also be kept in mind that a large number of Kazakhstan citizens have suffered from the market reforms. This particularly applies to the rural areas where Islam is much more strongly entrenched than in the cities. Some socially unprotected residents of cities (particularly those without good prospects) looking for comfort in religion can be classified in this category. It is these social groups that comprise the bulk of market and bazaar workers (from among young people).

Today it is evident that markets and bazaars not only present an opportunity (sometimes the only one) for young people from the villages to find jobs in the cities, they are also places for people to socialize and even live. The severe increase in the price of housing has made it essentially unaffordable for young people from the villages, particularly those from large families, the members of which are largely representatives of the titular ethnicity. Sooner or later this category of citizens will demand its place in the sun, raising the level of social protest far beyond its current bounds.

The stability and systematic nature of the shadow activity existing in essentially all spheres of the economy shows that in recent years significant qualitative changes have occurred in its internal structure that cannot help but have an effect on public life. The shadow economy has essentially become institutionalized (shadow economic behavior has become enforced).

Structure of the Shadow Economy

As mentioned above, the shadow economy in Kazakhstan is comprised of three levels.

The third level consists of various gray economic schemes that prevent business from coming out of the shadows and constantly feed corruption in the power and administration bodies of Kazakhstan.

The following circumstances promote an increase in the informal economy:

- (1) the government is unable to force companies to carry out their tax and other financial obligations;
- (2) it is too expensive for companies to function in the formal economy;
- (3) specific social regulations exist that “justify” deviation from participating in the formal economy;
- (4) certain officials of the power and administration bodies (particularly in the regions) are interested in preserving the shadow economy;
- (5) there are no precise and clear statistics relating to the labor market, foreign economic activity, and the functioning of city markets and bazaars;
- (6) legislation regulating wholesale and retail trade (both with respect to organizing markets and the status of employees, and with respect to tax collection from trade) leaves much to be desired and the government is exercising insufficient control over speculation. The government has essentially washed its hands of this problem, allowing the directors of markets and trade centers to resolve it instead.

These circumstances are responsible for the shadow economy in Kazakhstan becoming not only an uncontrollable sector of public reproduction, but also a system of informal engagement with stable characteristics, among which are the following:

- official entities play roles in the shadow economy;
- rules of shadow behavior have developed;
- stable types of shadow economic relations have formed between specific entities;

- new types of organizations have appeared and are functioning within which and with the help of which entities carry out their shadow activities.

The existence of shadow institutions can be provisionally divided into two main groups.

Institutions that have arisen within particular legal structures (political, legal, or economic) during the economic reforms belong to *the first group*; they include the following:

- shadow production of certain types of products;
- shadow sales of products;
- untargeted use of budget resources;
- conversion into cash;
- shadow revenue, including shadow wages;
- shadow export-import operations;
- shadow outflow of capital;
- shadow investment;
- shadow employment;
- shadow payment of officials' services, corruption, and so on.

All of these shadow institutions differ in terms of the functions they perform. This explains their multi-branch, multi-sectoral, and "penetrating" nature; in other words, they have wormed their way into all spheres of the economy and social system.

Shadow institutions that have arisen spontaneously belong to *the second group*. They appeared outside any previously existing legal economic organizations, which is shown by the way they are described: "criminal protection racket," "ganging up," "kickback," and so on.

The main reason for the low efficiency of the measures taken by the country's government to reduce the size of the shadow economy is the fact that it has acquired a system-forming nature.

Social-legal Aspects of the Problem

As research shows, during the past 10 years, markets and bazaars have become a permanent job site for a large part of the population represented by different ethnic groups. In so doing, in spite of the rather difficult working conditions (particularly in the winter), a large number of merchants have no intention of changing their type of activity in the near future. Just as important is the fact that the number of young people working at the markets and bazaars has increased over the past 10 years. Research shows that the market (including wholesale), which has become home to many young people, is absorbing more than 50% of the merchants and approximately half of them are under the age of 25.

Market merchants usually have large families. Almost all of their members are also employed at markets or provide services for their family members who work there. This increases the potential protest mass 3-5-fold, including by means of young people and pensioners.

Just as important is that each in any way significant market or bazaar has high-ranking people behind it (employees of the akimats, court, prosecutor's office, police, numerous auditors and representatives of licensing agencies) who also enjoy the same feeding trough. So closing markets down is in no way in the interests of high-ranking officials, although it is possible that a not entirely honest competitive struggle may be going on among them for a place in the sun. So a conflict of interests is inevitable however you look at it.

As the largest tax payers, bazaars not only essentially define the cost of basic goods and services, but are also considered a place where public opinion is formed. Suffice it to say that it is here that propaganda literature of the banned Islamic party Hizb ut-Tahrir can most frequently be found.

There are problems that concern both industry associations and market players today.

For example, *the representatives of industry associations and market leaders* draw attention to the following factors:

- the vagueness of trade legislation (regulations are scattered throughout different legal acts);
- the absence of contemporary terminology and classification of trade formats (supermarkets, hypermarkets, discounters, A-, B-, C-class stores) and catering establishments in regulatory legal acts. Consequently, the absence of approved terminology gives rise to a low quality of statistical information, which is making it difficult to improve the trade legislation;
- interest on the part of officials (particularly in the regions) in preserving gray schemes in trade, as well as lack of transparency in the functioning of city markets and bazaars;
- the absence of established statistics on the sale of goods and services; not only do we not know what we are transporting and what we are producing, we do not know how much and at what price it is all being sold;
- insufficient qualified specialists.⁷

As for *commercial workers*, their complaints boil down to the following:

- high rental fees that are raised according to the arbitrary decisions of market directors regardless of the state of the economy;
- control over markets by organized crime groups related to market directors and officials in the power and administration bodies;
- unbearable working conditions for renters;
- absence of the necessary services on the part of the market administration;
- problems relating to servicing and registering individual cash registers, patents, declarations, and so on;
- the large number of thieves and pickpockets at markets and bazaars, police quiescence and willingness to carry out investigations only with the participation of buddies from the organized crime group patronizing the particular market;
- difficulties in reaching the grounds adjacent to markets and the impossibility of parking;
- distant location of storehouses, high price of customs clearance, and irregular receipt of goods;
- the presence of illegal workers (which may be to the benefit of the merchants themselves: cheaper workforce, on the one hand, its frequent turnover, on the other);
- lack of interest by the market administration in creating optimal conditions for merchants and buyers.

According to the data of the research carried out, most merchants would like to work legally. However, hardly anyone believes in a radiant future and “will not believe in it until the government begins taking real steps aimed at improving working conditions and putting pressure on bazaar directors, until it begins making sure that tax assignments reach the country’s budget, however not in the

⁷ Staff problems in the trade sector are typical of most non-finance and non-raw material branches.

way it is happening now, but in a dramatically new way that takes into account the interests of both sides and is mutual, and until there is a clear picture regarding the border and ways of delivering (both legally and illegally) freight.”⁸

The study showed that city markets and bazaars are essentially monopolized by their owners, while there is a permanent contingent of merchants working at them and agents servicing them.

In order to overcome the above-mentioned problems, the government must form corresponding conditions, as well as have an adequate understanding of the processes taking place in the internal consumer market of Kazakhstan. Unfortunately, neither the first nor the second is occurring today.

The state must change its system of relations and priorities in certain branches of the economy, re-examine the game rules in the market, create a reliable control system over price formation, and step up efforts to combat speculation.

Furthermore, it must begin by drawing up a new economic policy, the main priority of which will not be developing trade and the service market, but organizing domestic goods production that fully satisfies internal demand (with respect to amount, diversity, quality, and affordable price of produced goods).

Conclusion

World experience and development trends in trade in Kazakhstan show that if the economic situation deteriorates trade will move again from the stores to the markets (as well as from expensive and well-equipped markets to cheaper ones). Moreover, the level of bank lending and investment appeal of commercial real estate, which has not entirely recovered, could drop once more.

It is possible that in trade, just as in the banking sector, the state will have to adopt the so-called counter-cyclical regulation principle. It presumes a weakening of state regulation in the event the economic situation deteriorates, while, on the contrary, when the economy begins to recover, regulation toughens up (new progressive demands are introduced with respect to modernization, and so on).

- (1) With respect to small business enterprises that have found a way to hide their income, the so-called *motion and time study* used by tax bodies with respect to different types of business, for example, beauty parlors, car washes, catering outlets, flower stands, and entertainment establishments, is rather interesting. This method boils down to the following: a tax committee employee comes to audit a facility with a pen and notebook and calculates the time in which and how many customers were served, determines whether a cash receipt was issued, how many people are on the staff, and so on. Based on these data, it is not difficult to calculate approximately how much revenue escaped taxation.

It may make sense to adopt this method with respect to city markets and bazaars, particularly since merchants themselves are in favor of having an akimat representative at every market not only to carry out permanent monitoring of its activity and keep tabs on the situation, but also examine specific questions, requests, and proposals.

- (2) Another method for identifying companies and enterprises working in the shadows is *cameral control*, that is, an audit based on data presented by taxpayers themselves (in this case, if the indicated amounts do not coincide, this gives impetus to carry out a more thorough inspection). For example, in 2011, use of the cameral control method ensured that more than 2,000 taxpayers paid an additional 35 billion tenge into the budget.

⁸ *Torgovye rynki Kazakhstana: sovremennaia situatsia i problemy modernizatsii*, Almaty, 2012, p. 36.

- (3) Full-fledged statistical accounting and monitoring of market activity and the entire infrastructure accompanying it must be organized, beginning from the moment goods cross the customs border and ending in their sale.

The main problem that prevents an adequate policy from being developed and implemented with respect to city markets is the absence of full-fledged statistics regarding the inventory and origin of the goods being traded, the difference between the prices declared at customs and those asked at wholesale markets and directly in the local stores, as well as regarding the social-psychological, gender-age, and other characteristics of the people employed in this sphere.

- (4) Legislation must be improved in retail trade (including with respect to regulating production and other relations between merchants and the market administration) and strict control must be exerted over the amount of rent, price formation, and quality of products being sold. Rent conditions and trade markup must also be legislatively regulated and speculation, as well as unjustified trade markup and fees imposed on merchants by the market administration, strictly intercepted (within the law).
- (5) The mechanism of state-private partnership must be put into wider practice. For example, the state could assume obligations for granting plots of land, ready market projects, and providing engineering infrastructure. As for expenses on building and supplying with trade equipment, they will be assumed by private companies or market owners themselves.
- (6) Investment preferences must be ensured for building large trade facilities with a total area of more than 2,000 sq. m.
- (7) Wholesale markets must be given the opportunity to receive loans at a subsidized compensation rate for replenishing current capital when circulating the products of agricultural consumer cooperatives. This will make it possible to integrate wholesale markets with consumer cooperatives.
- (8) Wholesale centers of agricultural products must be created (in correlation with trade logistic centers) in the regions of Kazakhstan.

The policy of issuing privileged loans to agricultural producers should be continued. Furthermore, issuing loans should exclude the current practice of “kickback.” Emphasis should be placed on reducing the net cost of products manufactured with a simultaneous increase in their quality, increase in labor productivity and profitability of production, as well as the use of modern technology.
- (9) With respect to fighting shadow circulation, reformatting small wholesale markets looks extremely promising. In addition to the high quality of services and goods, modern formats ensure large amounts of purchases and stable prices. This will ultimately make it disadvantageous for middlemen who do not have guaranteed delivery channels, documents for the goods, and use gray taxation schemes to work with large trade networks.
- (10) Another effective measure for developing modern trade formats is state support of reconstruction projects of trade markets and their transformation into capital facilities with the corresponding service infrastructure. Local power bodies could issue market owners targeted interest-free or preferred loans.
- (11) It would be very worth while looking at the question of granting subsidies to cover interest on loans from second-tier banks when building stationary trade markets (capital facilities) and storehouses, and purchasing the necessary transportation.
- (12) It may make sense, in cooperation with the akimats, to examine the question of implementing a model market project. Development of the project for such a market and its

building should be carried out by the akimat, after which it could be put up for sale at an open tender.

Implementation of the above-mentioned measures will make it possible to significantly lower the likelihood of negative socioeconomic scenarios developing when transforming city markets.

The struggle with shadow circulation should begin with collecting VAT in retail trade; this will make it possible for the akimats to obtain data on the income of informal suppliers and related branches, and, consequently, increase and toughen control over the observation of the law.

Taxes must also be simplified for small and medium business. This will make it possible for the state to decrease the share of the shadow business; in the future it may be possible to eliminate corporate income tax, which is difficult to calculate, and replace it with transaction tax. Only large transactions (starting at \$100,000, for example) could be charged with such tax.

Moreover, the problem of envelope wages, which is still a way to move money into the shadows, must also be resolved. Practice shows that at least 31% in tax should be deducted from a worker's salary (10% individual income tax, 10% into the pension fund, and 11% social profits tax). This figure should also be minimized, without affecting pension assignments in so doing.

Electronic trade should also be improved today. According to specialists, the primary task in this area is introducing electronic invoices for organizations selling services and goods through the Internet. The thing is that book-keeping regulations often greatly complicate business processes by requiring that invoices and other accompanying documents be signed after goods are sold or services rendered through the Internet.

Another very important task is to ease tax requirements for electronic businessmen.
