

TAXATION OF SMALL TAXPAYERS AND SIMPLIFIED REGIMES IN LATIN AMERICA

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Abstract

A documentary review was carried out on the production and publication of research papers related to the study of the variables Taxation of small taxpayers and simplified regimes in Latin America. The purpose of the bibliometric analysis proposed in this paper was to know the main characteristics of the volume of publications registered in the Scopus database during the period 2016-2021, achieving the identification of 1998 publications. The information provided by the said platform was organized into tables and figures categorizing the information by Year of Publication, Country of Origin, Area of Knowledge and Type of Publication. Once these characteristics were described, the position of different authors regarding the proposed topic was referenced based on qualitative analysis. Among the main findings of this research, it is found that

Brazil, with 880 publications, was the Latin American country with the highest scientific production registered in the name of authors affiliated with institutions of that country. The Area of Knowledge that made the greatest contribution to the construction of bibliographic material referring to the study of Taxation of small taxpayers and simplified regimes was Social Sciences with 767 published documents, and the Type of Publication that was most used during the above-mentioned period was the Journal Article, which represents 78% of the total scientific production.

Keywords: Taxation, simplified regime.

1. Introduction

The simplified regime is a special taxation model used in most Latin American countries for small taxpayers, which are individuals who are sole proprietorships with small incomes, which commonly do not have a solid legal personality and therefore do not have a specific business organization that allows them to carry out accounting processes in a rigorous and orderly way, ignoring the importance of the documentations that suppliers make.

Small taxpayers are a large sector of society and are important in retail business activities, so they are part of the simplified regime, which makes it much easier for all administrative processes and tax procedures for this economic sector. To determine if they belong to the contributory regime, the gross income in the performance of economic activities is generally considered, however, this is not the only requirement that is taken into account, having also as a characteristic of these small taxpayers the value of the products, the number of commercial establishments, the number of employees that the company has and even the consumption of electricity.

These characteristics vary depending on the tax regulations of the country and the characteristics of the simplified regime, for example, in Argentina, Bolivia, Chile, Mexico, Nicaragua, Peru and Uruguay there is a fixed fee per category, while in countries such as Brazil, Chile and Peru the simplified regime works with a percentage of income (Roccaro, 2011) taking into account the tax collection goals that each country considers in the taxation processes and in addition to the percentages of MSMEs (small and medium-sized enterprises) in each country, which in Latin America are actors of economic growth representing a large proportion of the business sector (Roccaro, 2011).

For this reason, the simplified regime was created to counteract the high levels of informality in the Latin American economy, which results in tax evasion, which is necessary for economic and social growth; therefore, starting to formalize small taxpayers. Although it is not the solution, it opens the door to a greater collection of taxes by including the retail sector, and even by making these regulations with this sector, the taxes to which suppliers are liable can be deducted with greater precision.

2. General objective

To analyze from a bibliometric and bibliographic perspective, the production of research papers on the variable Taxation of small taxpayers and simplified regimes in Latin America during the period 2016-2021.

3. Methodology

Quantitative analysis of the information provided by Scopus under a bibliometric approach on the scientific production related to the study of the Taxation of small taxpayers and simplified regimes in Latin America is

carried out. Likewise, it is analyzed from a qualitative perspective, examples of some research papers published in the area of the study mentioned above, from a bibliographic approach to describe the position of different authors on the proposed topic.

The search is carried out through the tool provided by Scopus and the parameters referenced in Figure 1 are established.

3.1 Methodological design



Figure 1. Methodological design

Source: Own Elaboration

3.1.1 Phase 1: Data collection

Data was collected from the Scopus web page search tool, through which a total of 38 publications were identified. For this purpose, search filters were established, consisting of:

- ✓ Published documents whose study variables are related to the study of the Taxation of small taxpayers and simplified regimes.
- ✓ Limited to Latin American countries.
- ✓ Without distinction of the area of knowledge.
- ✓ Without distinction of the type of publication.

3.1.2 Phase 2: Construction of analysis material

The information identified in the previous phase is organized. The classification will be made using graphs, figures and tables based on data provided by Scopus.

- ✓ Word Co-occurrence
- ✓ Year of publication
- ✓ Country of origin of the publication.
- ✓ Area of knowledge
- ✓ Type of publication

3.1.3 Phase 3: Drafting of conclusions and final document

After the analysis carried out in the previous phase, the conclusions are drawn up and the final document is prepared.

4.2 Distribution of scientific production by year of publication.

Figure 3 shows how the scientific production is distributed according to the year of publication, taking into account the period from 2017 to 2021.

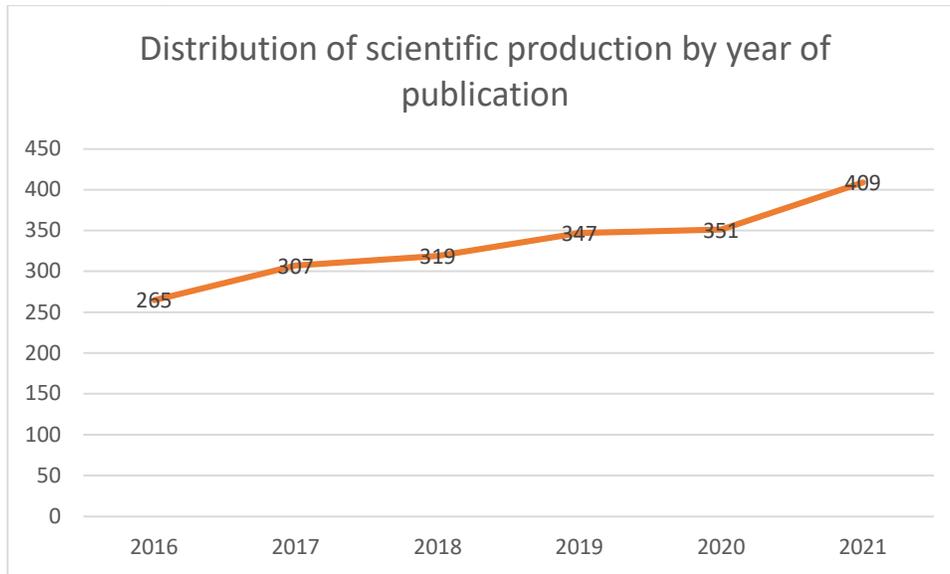


Figure 3. Distribution of scientific production by year of publication.

Source: Own elaboration (2022); based on data provided by Scopus.

One of the main characteristics of the scientific production identified in Scopus, referring to the study of the variables under study is a large number of bibliographic references, in 2021 409 documents were registered, among which we can find “*El Tributo en Ecuador con óptica social*” (In English: Taxation in Ecuador from a social point of view, Avendaño, 2021). In this document, the tax system is seen as an essential element in social development and the importance of collecting so that the State can cover collective public needs and meet institutional purposes. All this is possible if the necessary guilds are integrated to have a good collection and control of retail and informal trade that is seen a lot in Latin America as an emerging economy, so this article was intended to describe the tax in Ecuador from a social perspective, so it could be determined that in the tax collection must take into account the responsibility to provide goods and services, among which education is counted. Health, roads, lighting, and housing, among others, require income for their realization, which merits an effective collection system to cover such priorities.

In second place is the year 2020 which presents 351 documents, among which is the paper entitled “Investment companies and municipal patent: Tax legality and interpretation” (Céspedes & Garcíá, 2020). In this document, a sentence that determines the investment companies and a specific type of local tax through which it seeks to obtain a greater collection is analyzed, which gives us an analysis of the restrictive interpretation, one of the most important elements to control public powers and guarantee individual rights in all social groups, being possible only with an organized tax system available for all commercial areas, trying to mitigate informality and therefore tax evasion, which in economies like Latin American ones can make a big difference.

4.3 Distribution of scientific production by country of origin.

Figure 4 shows the distribution of scientific production according to the nationality of the authors.

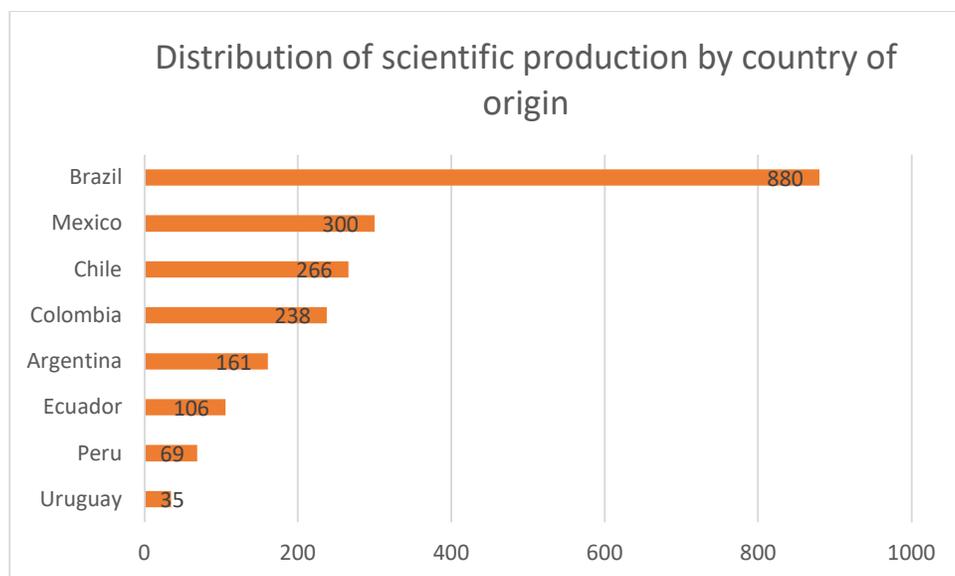


Figure 4. Distribution of scientific production by country of origin.

Source: Own elaboration (2022); based on data provided by Scopus.

Brazil, as shown in Figure 4, was the Latin American country with the highest number of publications registered in Scopus with 880 papers in total, among which is the one entitled “Informality in times of COVID-19 in Latin America: Implications and policy options” (Acevedo et al., 2021). This paper analyzes the dynamics of the labor market in Latin America during the COVID-19 pandemic and its influence on tax collection, taking into account that, in informality, tax evasion is much more likely considering that they do not follow accounting or administrative processes that financial entities can control or put the magnifying glass on. For this reason, the formal sector, given its less flexibility, became a “social safety net” that preserved the stability of employment and salaries as well as important taxation. However, great losses were registered in Latin American economies as they are susceptible to recessions, such as the one experienced at present, which in part violate the right to free enterprise.

At this point, it is worth noting that the production of scientific publications, when classified by country of origin, presents a special characteristic and that is the collaboration between authors with different affiliations to both public and private institutions, and these institutions can be from the same country or of different nationalities so that the production of an article with co-authorship of different authors from different countries of origin allows each of the countries to add up as a unit in the general publications. This is best explained in Figure 4, which shows the flow of collaborative work from different countries.

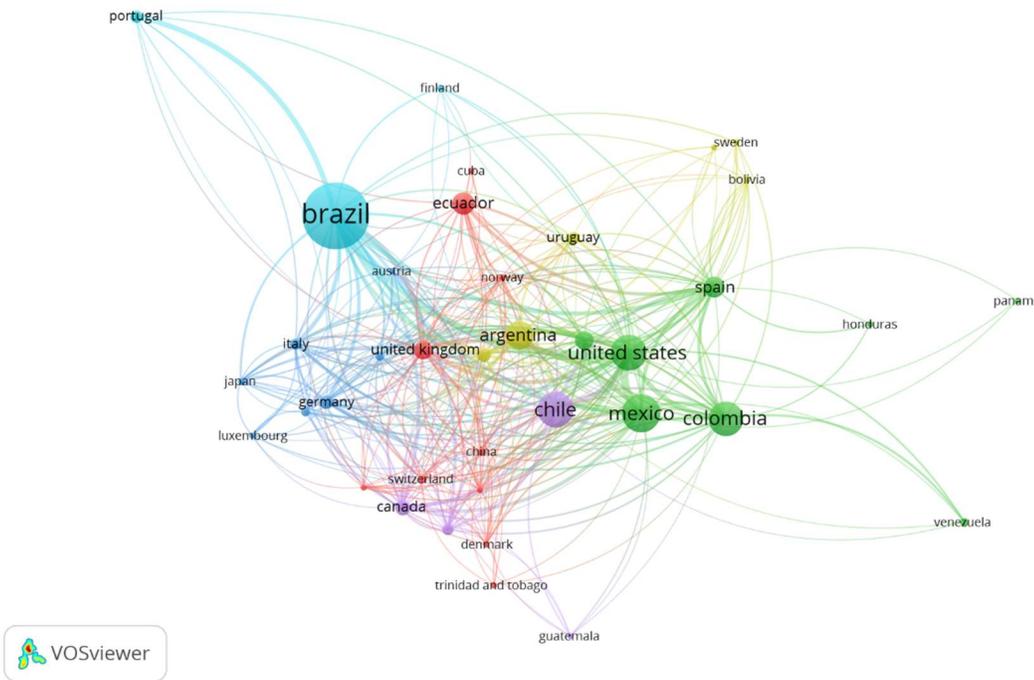


Figure 5. Co-citations between countries.

Source: Own elaboration (2022); based on data provided by Scopus.

As mentioned above, Brazil is the country with the greatest contribution to research related to the variables under study, where its publications include comparative studies to determine the progress of tax systems in Latin America and their impact on the formalization of family or sole proprietorships that contribute to economic growth. In second place is Mexico with 300 documents, within which are documents in collaboration with countries such as the United States and Colombia, which seek to determine the progress in special regimes that seek to encourage companies to taxation, giving them both benefits in their business activities and benefits in social progress” (Alcantar López, 2021). This document aims to determine the relationship between municipalities' tax collection, federal government financial participation and investment in infrastructure with the behavior of municipalities' public debt, verifying whether there is a linear relationship and identifying the possible inflection point of the curve.

4.4 Distribution of scientific production by area of knowledge

Figure 5 shows how the production of scientific publications is distributed according to the area of knowledge through which the different research methodologies are implemented.

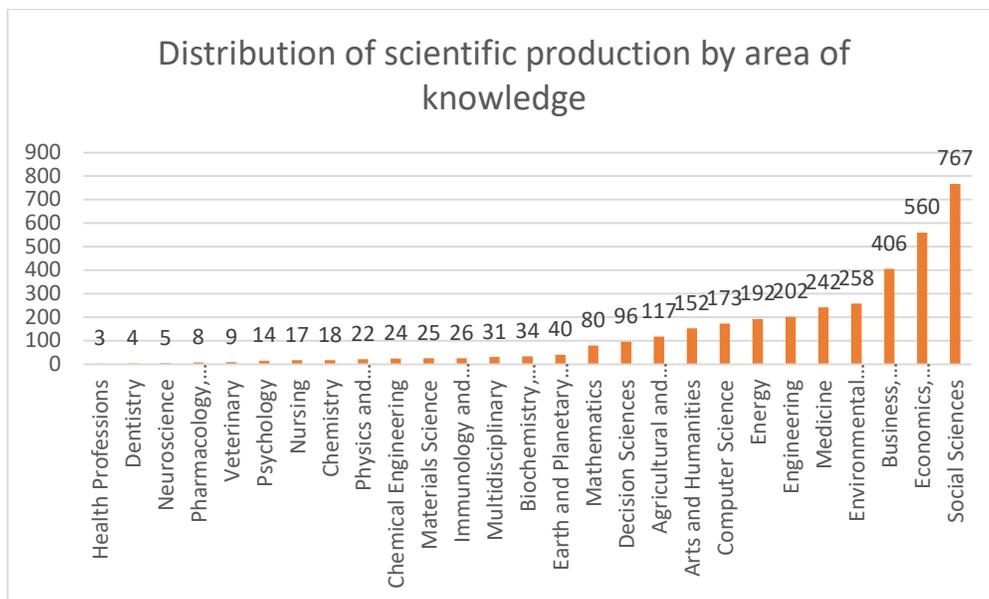


Figure 6. Distribution of scientific production by area of knowledge.

Source: Own elaboration (2022); based on data provided by Scopus.

Social Sciences, due to the nature of the research was the area of knowledge with the greatest influence at the time of carrying out the research concerning the study of presenting 767 publications, within which is the title “The commercial impact of the import tax exemption for cabotage ships” (de Oliveira et al., 2021). This paper analyzes a strategic tax proposal such as the import tax exemption on the acquisition of vessels destined for cabotage and analyzes the possible impacts this may cause on commercial activities, economic growth and social development. This proposal is very controversial because while many authors consider that the measure will be negative for the sector due to the impossibility of competing with the international market and may cause the bankruptcy of shipyards and the reduction of jobs, others think that this measure helps to reduce by approximately 40% the cost of acquisition of vessels in this segment, encouraging commercial activities.

In second place and due to the nature of this research, economy presents 560 documents within which is the paper with the title “Private investment, public spending and tax pressure in Ecuador” (Brito-Gaona & Iglesias, 2021). This document, to determine public spending and the tax system in Ecuador, analyzes the determinants of private investment in the 24 provinces of Ecuador in the period 2007-2014 considering the alliances between private and public institutions that encouraged the formalization of their commercial activity, having better tax revenues, encouraging economic growth based on the economic resources available and the strategic alliances with first world countries creating economic protection systems.

4.5 Type of publication

Figure 7 shows how the bibliographic production is distributed according to the type of publication chosen by the authors.

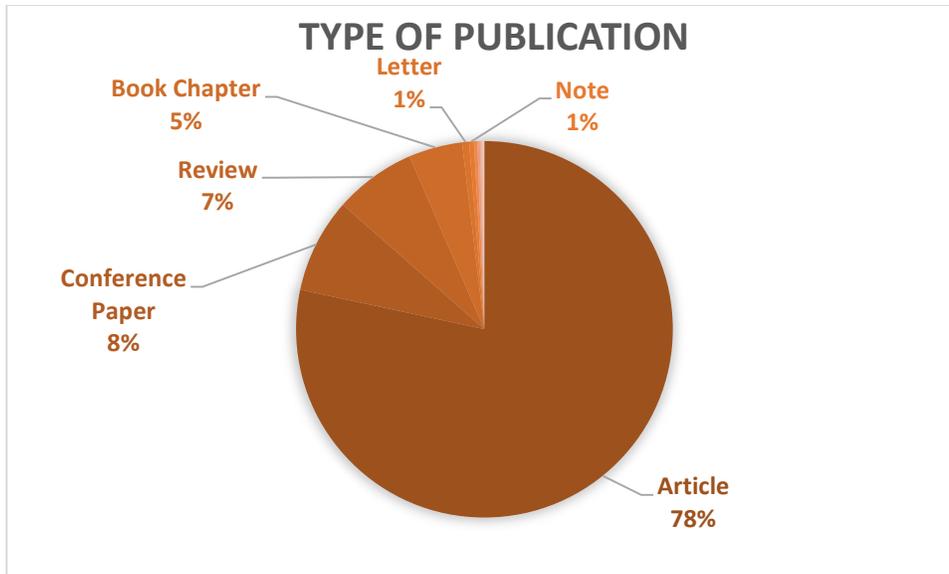


Figure 7. Type of publication

Source: Own elaboration (2022); based on data provided by Scopus.

As Figure 7 shows, within the different types of publications, 83% of the total number of documents identified through Phase 1 of the Methodological Design, correspond to journal articles, among which is the one titled “The sub-national crowding out effect of mining windfall profits on local tax effort: does the level of local provision of public goods matter? “(Ng *et al.*, 2021). This paper estimates the sub-national displacement of mining windfall profits in local tax collection when considering different levels of fiscal responsibility, so local policies that consider the fiscal capacity of a municipality should be taken into account to discourage the undesirable behavior of additional resource revenues. All this by applying a regime that allows flexibility in these practices and creates a balance, since it is also necessary to implement systems that are in line with the economic context.

5. Conclusions

Thanks to the bibliometric analysis presented in this article, it is possible to determine that the main characteristics in the volume of scientific production regarding the study of Taxation of small taxpayers and simplified regimes in Latin America are the high number of bibliographic production with linear growth, so it is established that Brazil was the country with the highest number of reports through its institutions to Scopus with a total of 880 documents registered during the period 2016-2021.

Due to the nature of the study, which seeks to determine how the special taxation regime influences the tax collection of countries, it is established that Social Sciences was the area of knowledge with the greatest influence on the research identified, since 767 of the 1998 publications related to this analysis, actively participate with theories framed in that area of knowledge.

Similarly, and following the nature of the study and the commercial and onerous component, economics also played a fundamental role in the execution of 560 publications. It should be noted that within the analysis presented regarding the position of different authors concerning the study of the topic proposed in this research, it can be concluded that the simplified regimes are created by tax regulations that seek to mitigate the informality of sole proprietorships or family businesses, presenting them with a simple model to contribute tax

benefits by giving them benefits for being registered and actively collaborate to economic growth even if their profits are not representative.

There is a dense bibliography on this topic, however, it is expected that from bibliographic and bibliometric reviews such as the one proposed in this document, the current situation of the literature on the subject will be considered and that the economic entities will be interested in talking about taxation that encourages tax collection, with the Taxation of small taxpayers and simplified regimes in Latin America becoming more important.

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