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MONOGRAPH

Analysis of the socioeconomic consequences of tax evasion in Latin America.

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GRATITUDE

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SUMMARY

Currently one of the biggest economic and social problems in the world, is tax evasion. There has been an increase in this problem in Ecuador, which is why I have decided to base my monograph on the topic of tax evasion.

The economic situation of a country is closely related to the money collected from the collection of taxes. Especially in Ecuador the amount collected by taxes represents a large percentage in the budget destined to promote the development of the country as well as to improve public services. However, the money that should be collected is not 100% collected due to the tax evasion, which is why the development of the country is affected and the government must take measures that affect the rest of the population, especially the low-income people.

For the development and understanding of this monograph, it is necessary to know and understand the different types of taxes and their importance, such as: Value-added tax, special consumption taxes, foreign exchange tax, rural land tax and income tax.

With this knowledge you can better understand on what tax evasion consists, which is any method used by a person or company to decrease the value of taxes to pay or avoid completely.

In this work you can read a description of the different methods of tax evasion, but an emphasis has been placed on the use of offshore companies since they represent a greater threat because of the amount of crimes that can be committed with them and since it is the most used method.

Finally, an interview was conducted with professionals in the areas of economics and law, to give their point of view on this problem and possible solution.

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INTRODUCTION

The economic progress of a country depends on many factors, and that these are properly ensured, but on the other hand, when that doesn't happen many sectors of the society gets affected.

In Ecuador and the rest of Latin America there are many differences in tax systems, so the percentage of tax evasion is different depending on the country, and as expected this crime affects directly the development of the economy.

For this reason, we need to know what tax evasion is and how it works, its consequences and most important all that can be done to counteract this crime by understanding every detail it evolves from every possible point of view. The main reason why we must be aware of everything involving this crime is that we are affected by it, maybe there are a lot of people who hasn't realize of it, maybe someone is more affected than others but at the end we all are part of the collateral damage.

Because this is not only a problem in Ecuador but worldwide, many public and private entities in different countries have done studies on this problem in which they analyze a number of factors involved in tax evasion, among which mainly the causes of this crime are analyzed as well as its economic impact, penalties imposed to the violators, etc. In itself, these studies are intended to highlight the damage it causes in the development of society; these studies are based on different

data such as the total amount of money collected for the payment of taxes and what the government calculates should be collected, the budget allocated to public works and financial reports provided by public entities. Each of these studies takes a different approach and uses different data depending on the country they are done.

Although generally less than 50% of the population of a country commits this crime, 100% is affected, people with a low economic level gets more affected because they use the state's public services. As mentioned above with the taxes collected, the government allocates a budget to improve health and safety services. As well as the development and maintenance of infrastructure, creation of new highways. In general terms, tax evasion undermines the development of a country and taking as an example our country Ecuador that is trying to get out of a crisis but still with many debts, added the amount of money that is not counted by tax evasion, make the situation much more complex than it seems at first.

To better understand everything mentioned in this text will explain in the easiest possible way the most relevant topics concerning tax evasion.

To understand why this is a very serious crime we must know what are taxes and how they help the development of a society, once understood this we can understand the second chapter, which explains what is tax evasion along with the analysis of its consequences, after this it will be possible to know one of the most used methods for tax evasion that is the use of offshore companies. The monograph ends with a review of the measures taken against offenders and interviews with professionals who provide different approaches to the problem.

CHAPTER I

Taxes: Types and benefits to society

1.1 What are taxes

Tax is the, levy or amount of money that is paid to the State, the autonomous community or to the city council, and is established on the persons, physical or legal, to contribute to the public finances, to finance the expenses of the State and Other public entities and services.

Those taxes are established by the government, and the amount of money which a person or organization has to pay depends on the earnings, goods, services, etc.

1.2 Importance of taxes payment

It is important for a state to collect the different taxes because with those resources the government is able to invest on education, health, security services, justice, and public infrastructure, creating like that an equal and equitable society with redistribution of wealth.

The Ecuadorian Tax Code (2006) on the Article. 6.- Purposes of the tributes, says that:

The taxes, besides being means to raise public revenues, will serve as an instrument of general economic policy, stimulating investment, reinvestment, savings and their destination towards productive and national development goals; will attend the demands of social stability and progress, they will seek a better distribution of national income. (p.2)

Taxes also are used to deal with poverty in many ways, because poor people constantly make use of public institutions.

- On education; government can create more public schools which let to people who can afford a private school the option of going not having to pay and also provide every student all the resources they may need.

As the public schools, there are also public universities, those universities allow students to have access to more investigation programs and guarantees a high level of education.

- On health; beside the public hospitals, the government created on 2015 the Ecuadorian health fund which is financed in part with the taxes collected to invest on paying accounts of patients in the public system who are referred to private clinics, and set a budget to hospitals from the Ministry of Public Health (MSP), the Social Security Institute of the Armed Forces (Issfa) and the Police (Isspol).
- Also, the government uses this money to maintain the security services like police, firefighters and military forces. The government is in charge of keeping these institutions operating constantly that's why they have to take care about salaries, their respective equipment, training and many other things that make these institutions work properly.

We should not get wrong and think that the payment of taxes is used on a 100% to all of the things mentioned, because it will be impossible. This money helps in a part to do those things, still it is a big help and it would be more helpful if tax evasion wouldn't exist.

1.3. Types of taxes

There are many taxes, not every country has the same ones, all depends on the economic and political situation of each state, only the government can create or eliminate a tax.

Here in Ecuador there are 30 different taxes, administrated by the internal rents service (SRI in Spanish).

Here are the 5 most important taxes on Ecuador

1.3.1 Income taxes

According to the article 1 of the Internal Tax Regime Law -LORTI (2006) “The income tax is applied on those income obtained by natural persons, undivided successions and societies, whether are national or foreign.” (p.1)

The way the internal rents service calculates this tax is subtracting taxable deductible expenses to income, if this resulting value called tax base exceeds \$ 11,290, it means that you must pay this tax.

It’s important to know that the \$11,290 established may change per year if the government determinates it.

1.3.2 Value added tax

The people who pay this tax are the ones who import movable property of a corporeal nature, on all stages of commercialization, it also has to be paid on copyright, industrial properties rights and value of services rendered.

This tax has to be paid every month if goods transferred or services rendered are taxed at a rate of 12% and had to be paid biannual if those goods and services are taxed at a rate of 0%.

1.3.3 Tax on Special Consumption

This tax is established on national or imported goods and services that may be harmful to health.

According to the Internal rents service (2014) on a press release number NAC-COM-14-035:”

There are considered harmful to health, Alcoholic drinks, Cigarettes, sodas, perfumes,

Videogames, guns, motor vehicles, aircrafts, paid tv services, Incandescent light bulbs, and dues and membership of social clubs, when they exceed USD 1,500 per year.”

1.3.4 Tax on exit foreign exchange

This tax has to be paid after the exoneration of sending \$ 2000 to another country, it has to be payed the 5% of the amount that leaves the country.

There are extent from this tax the importations under special conditions, dividend distributions and imports made by ZEDE'S (logistics operators of services operating in the delimited geographical areas of the national territory in charge of the productive chain.)

managers or operators.

1.3.5 Tax on rural land

Everyone who owns or possess land on a rural area has to declare this tax, the amount of money that has to be paid depends on the hectares a person owns and where it is situated.

CHAPTER II

Economic impact on society as a result of tax evasion.

2.1 What is tax evasion?

To understand what tax evasion is, we must be able to differentiate tax evasion from tax avoidance.

Tax avoidance consists of avoiding the payment of taxes within the established by law, using strategies that, although not illegal, take advantage of gaps in the established, however these methods may be unethical.

On the other hand, tax evasion consists in concealing property or income illegally through different mechanisms to avoid paying taxes or reduce the amount of taxes to pay.

There are several ways in which taxes can be avoided; among the main ones are:

2.1.1 Tax sub-declaration

It consists of underreporting the profits obtained, that means declares a part of the total of the profits and hide the other part in an illegal way. This requires cunning and a well-organized plan to prevent the offender from being discovered.

2.1.2 Tax havens

They are territories or states where there is no payment of taxes or the percentage of this is very low. These countries also don't keep a record of the transactions and guarantee so opacity in the same and discretion. These paradises allow to reduce the expenses and increase the wealth, in case of the companies to gain competitiveness since this method serves them like plan of financing etc.

2.1.3 Nominate front-men

In this method, the evader is hiding when appointing a person to act as owner of the patrimony, this method is considered illegal when the authorities are not notified of the appointment of a leader as it would imply that its objective is an illegal one.

2.1.4 Residence in another country

This very simple method is used mainly by celebrities who change their country of residence to one where the tax rate is lower. This is not considered illegal at first because each person has the right to live in another country as long as it is legally.

2.1.5 Take advantage of legal gaps (tax avoidance)

Through in-depth analysis of a country's laws and economic system, through financial advisers and lawyers, an individual or company can reduce its tax rate within the scope of the law.

2.2 How it affects development.

Unable to collect taxes, the government must look for other ways of obtaining income to finance public services; a common way of doing this is to compensate this deficit by indirectly taxing the consumption of people who fulfill their tributary responsibility

With a higher rate of tax revenue, the government can more easily plan its projects and make decisions by being clear about how much money they have to do it, but the fact that the rate of income is low makes the government weak and forces it to make decisions that will mainly affect the poor, one example is that the state has to cut public spending because of the deficit. This last

measure creates a great inequality in the population since it causes that people of lower social class cannot easily access to services such as education and health

In simple words what tax evaders cause is that the rest of the people must pay higher taxes for poor quality in public services, causing the development to stop.

Another way in which development is affected is that the government must invest large sums of money in legal aid to persecute the evaders, which causes money to be lost, money that can be used in other things.

One of the main economic consequences is that it affects small companies. It is the large companies that tend to evade taxes which create unfair competition; this means that by hiding a part of their capital they pay less taxes, which allows them to have a bigger budget giving them access to more comfortable costs and better opportunities. All this makes many small companies that pay taxes break down because they cannot keep up with those who evade taxes; Not only are these businesses that generate employment and boost economic development which get lost, but also future ventures are lost due to the few possibilities of success in terms of fair competition.

CHAPTER III

Offshore Companies

3.1 What is an offshore company.

These offshore companies are located in countries where they have no economic participation, these countries are tax havens. For an offshore company to be established, three requirements must be accomplished:

- The director or directors of the company cannot have their domicile in that country.
- The company cannot get involved in commercial activities in this country.
- They cannot use local labor.

These requirements must be met since otherwise it would become an onshore company which would force them to pay taxes. However, a representative of the company may reside in this country.

3.2 How they operate.

Great fiscal advantages, confidentiality and security, in these three words the services of the offshore companies are summarized.

Although it is not illegal to form an offshore company the uses that are given to them are, since they allow the founder to make money transfers, transfer of shares without leaving traces.

These companies usually hide the identity and assets of the real owner to avoid knowing the heritage of the same.

To better understand how these companies work, you can use the following example:

A juice business has three companies, company A located in country X that produces the juices, company B located in country Y that sells the juices and company C in a country of no taxation, which is the offshore company. A establishes the price of each juice at \$ 0.50 and does not sell it in that same country, but sells it at \$ 0.50 to company C, so no profits are recorded in B, that means B not has to pay taxes.

C sells the juice to company B for \$ 1; once B has sold the juice, declares that they sold it in \$ 1, so there is no profit, they do not pay taxes in the country where it is located; while the \$ 0.50 that the juice business earned goes to the offshore company, and as this one is doing activities in the exterior does not pay taxes.

This is one of the ways in which offshore companies are used, and unlike the example is not with a juice but with thousands of juices which makes the amount of money without taxing even greater.

Among the main uses are:

- Protection of property: This is a use mostly of individual persons since when wanting to hide their money from the authorities they create these companies to safeguard their assets both present and future.
- Anonymity: This is one of the most dangerous uses, since not being susceptible to the detection of the owner allows criminal organizations to hide their money from

- activities such as drug trafficking and money laundering; the bank accounts used by these companies are managed by authorized firms and in online banking; all the deposits are directed to a trust or a private foundation; all this at the owner's choice.
- The signature by which this company is created provides a person who will appear in roles as a representative, so the owner does not figure on any document. This person assigned has no control of the company.
 - Minimization of taxes: This is the main reason why these companies are incorporated, since being located in tax havens have no tax obligation, this leads to people and companies using different excuses and methods to transfer their capital to these places.

3.3 "Advantages" of an offshore company.

The benefits offered by these companies are:

- Its constitution is fast and economical, requires 48 hours and no more than \$1000. The documents normally requested are passport and place and address of residence.
- A single person can play the role of shareholder and director because there is no discrimination or limitations regarding the nationality of directors and shareholders.
- Offshore companies do not have the obligation to present an account register annually, thus saving money in accounting and auditing processes, in this way the company can keep its own accounting and register its own activities without being accountable.
- The absence of delegated capitalization rules makes it possible to establish a company without the need to use the subscribed capital.

- Certain business operations directly related to the capital receive favorable regulations as they provide assistance to third parties and allow the merger of companies.
- Because in many countries there are limitations focused on protecting investors, participation in certain businesses or opportunities is difficult, so offshore companies are not subject to these regulations, thus allowing participation in any kind of business globally, including criminal activities.

CHAPTER IV

Measures taken against violators who incur on tax evasion

4.1 Tax reform.

Each country uses different structures regarding the payment of taxes; this structure and depends on political and economic conditions. These changes are called tax reforms.

By changing one or several aspects of the tax reform, the government seeks to increase the money received from taxes or even reduce it depending on the conditions already mentioned.

The following case can be used as an example: If a country has a growing or developed economy, honest public and financial administration; many opportunities are generated for the population, making it possible for most of the population to live comfortably. With these conditions the state can change the tax reform to eliminate or reduce taxes, since it does not need this source of income; On the contrary, if the conditions are negative, that is, there is a bad economy, and there is a high fiscal deficit, the government can modify the tax reform so that taxes are increased, in order to obtain more money; But if this modification aren't made correctly, the situation may get worst because if taxes are increased in an exaggerated and unfair manner and cause companies to be unable to invest in the productive sector, they will look for ways to increase their profits, either by cutting the personnel, generating unemployment or incurring tax evasion that will create a greater fiscal deficit.

Summarizing all this, a tax reforms in a country are almost an obligation, in order to offer clarity and transparency to taxpayers, without leaving aside that can help the economic development of a country; However, if there is no balance, these reforms can harm the population, and if the population is affected, this will be reflected in the state.

4.1.1 Ecuadorian tax reforms

In 2007, it was announced in Ecuador that measures would be taken to reduce the economic gap between rich and poor people. The two initial measures were to raise the inheritance tax from the previously established 5% to a 35%, while the income tax for natural people increased from 25% to 35%. In 2008, the exit tax was created, which taxed 0.5% of the total amount that was going to be transferred abroad, by 2010 this tax was already 2% and in 2012 it was set at 5% and currently it keeps at that percentage. In 2015, the government determined that these measures had not worked, so the tax on inheritance was raised to 77.5%; project that was temporarily withdrawn due to the people's disapproval.

Currently the National Assembly is evaluating the implementation of 10 reforms in tax, financial and productive areas that seek to reactivate the economy in the country.

Of these 10 proposed reforms, 7 correspond to tax reforms which are:

1. The deduction of personal expenses will be made according to the family charges, that is, the lower the number of charges, the lower the amount that natural persons can reduce to the income tax, so the payment will be higher.
2. The income tax will be collected in the thirteenth salary, for natural persons who receive income over \$ 3000 per month as salary.
3. The income tax will be increased to companies from 22% to 25%, except for microenterprises and exporters.
4. The new micro-enterprises will be exempted from paying taxes for two years.

5. Change in the formula of calculation for the advance to the income tax. Companies, individuals and undivided estates not obliged to keep accounts are excluded from the item costs and expenses, salaries, wages, the thirteenth and fourteenth remuneration and employer contributions to compulsory social insurance; Also excluded from the items corresponding to assets, costs and expenses deductible from tax and equity, the referred amounts of expenses for the generation of new employment and for the acquisition of new productive assets.
6. The land tax will be eliminated.

4.2 Criminal measures taken in Ecuador.

Currently in Ecuador, "Tax evasion is a priority problem and not marginal in Ecuador. It deserves implacable judicial actions." (Paz, 2017)

With this statement it is more than clear that tax evasion affects Ecuador, because according to the internal revenue service, 215 economic groups owe \$ 2,260 million to the State; they are \$ 655 million of damage to the treasury by ghost companies; \$ 4.7 billion went to tax havens, an amount equivalent to the fiscal deficit that the government aims to reduce in 4 years. In customs the damage by false invoices is almost \$ 2,000 million.

On August 15, 2017, more than 512 companies involved in tax evasion were informed, and these were reported by the internal revenue service after an investigation conducted since 2009.

After the allegations, companies were searched, in which invoices, computers and accounting backups were seized, for an analysis and to verify whether or not there is culpability, in the event that it was proven that if a crime was committed the penalty is 10 years of deprivation of liberty.

With regard to crimes against the customs administration, article 299 of the Integral Penal Organic Code (2014) states that:

The person who harms the customs administration in the collection of taxes, on merchandise whose amount exceeds one hundred and fifty basic salaries unified worker in general, will be punished with custodial sentence of three to five years and a fine of up to ten times the value of the taxes that were intended to evade. (p.116)

This penalty is imposed on different acts, also specified in that same article.

In the same way in the article 298 of the Integral Penal Organic Code (2014), a series of circumstances considered tax evasion are mentioned; for these crimes the sentences go from 3 to 10 years depending on the case; and it is affirmed that "Each case will be investigated, judged and sanctioned without prejudice to compliance with tax obligations, as well as the payment of taxes owed." (p.116)

Regarding tax reforms one of its main objectives has been to combat tax havens, for this tax increases were encouraged when some Ecuadorian capital goes to these places. Another measure taken was the collection of the advance payment to income tax so that it does not tax the income but the operation of the companies.

4.3 What can be done to combat tax evasion.

There are different to combat tax evasion, but many have not been implemented or simply not taken the necessary time and importance enough to improve these methods to repel this crime.

- A very simple but at the same time complicated way is the crossing of information between states. If the different countries worked together, they could create a cross-information

system with potential evaders, specifying bank transfers and any type of currency movement.

This method could be applied specifically in multinationals.

- It should be subjected to rigorous investigations to companies and people with high incomes, of course this should be done legally and respecting the rights of the company or person investigated.
- A good way is to demonstrate to the citizenship transparency and rigor in tax entities but above all transmitting trust.
- Like the first one, it may be one of the most difficult; It consists of working not only with countries with high rates of tax evasion but also doing so with countries considered tax havens, so that stricter rules are imposed on offshore companies, forcing them to present their records to the government, so this country could inform other countries of offshore companies not declared in their respective country. What makes this a very complicated option is the fact that there is a high risk of leaking private information from companies that are not committing any crime.
- Offer more financing to small companies and think long-term, in order to improve the economy and prevent the tax evasion rate from increasing.

CHAPTER V

Interview applied to professionals on economy, law, and administration areas.

1.1 Main Ideas from an interview concerning tax evasion

An interview that has as its topic "Socioeconomic consequences of tax evasion" consists of concrete questions and easy understanding, its goal is to have a better understanding of tax evasion consequences and create awareness that this is a serious problem, but there are ways to solve it.

It was applied to three different persons; each of them specialized on different areas:

1. Economist Arsenio León specialized on economy and finance, works as a math teacher at Unidad Educativa Particular Javier.
2. Attorney Giovanni Aycart, works as an Ecuadorian criminal judge and is specialized on laws.
3. MSc. Patricio Robalino studied industrial engineer; works as logistics manager on Hivimar and is specialized on administration and economy.

This was done in order to have and understand the different points of view from their jobs; and thus, be able to compare these points of view. The most relevant information that was gotten from the interview are:

What do you understand when you hear tax evasion?

According to the Atty. Giovanni Aycart (2017):

Any act in which it is simulated, hidden, omitted, falsified or deceived in determining the tax obligation, to stop paying in full or in part the taxes actually

due, for own benefit or a third party, affecting the income to the Ecuadorian State for these fraudulent acts.

As Aycart says, tax evasion is every act which has as an objective avoid the payment of taxes.

How does the tax evasion from certain people affects the rest of people?

Msc. Patricio Robalino (2017) said:

The general objective of the taxes, in which the taxes are found, is to finance the public works and projects of the country (creation of new schools, roads, lighting, sewage, etc.), with the purpose of distributing the wealth for a common good and the development of the country. Specifically, in Ecuador tax collections represent more than 50% of the state's general budget, therefore, in the event that people evade the payment of taxes, they are undermining the development of the country because that money cannot be invested in the various works and projects that the state has.

With this statement is clear how important is for a government, not only in Ecuador but on every country to collect taxes. Taxes plays a very important roll on the development of a country.

Do you think this crime can be justified?

Aycart (2017) affirms that "No proved crime is justified, even less when it comes to taxes that must be paid for income that has been obtained by the activities that generate them or generative events. "

Knowing that there's no case in which this crime can be justified Msc. Robalino (2017) thinks that "More than justify, the main thing would be that the tax laws and their investment were well focused".

By this, what Msc. Robalino tries to explain is that there are many laws which are in disjunction with the common good as he specified on the same interview. This means that new tax reforms should be proposed in order to correct these laws.

Do you consider that the measures taken against the offenders are enough severe to prevent more people commit this crime?

Msc. Robalino (2017) thinks "They are being severe, since depriving an individual of freedom is taking away a fundamental right as a human being. "

While Ec. Arsenio León (2017) considers that " This type of crime requires greater punishment".

Both points of view are accepted since depriving someone from freedom makes that this people stop avoiding taxes, but does not prevent from someone else to avoid taxes, so among with these measures, more focused on targeting and investigate possible evaders should be taken.

Which would be the characteristics of a tax evader?

Ec. León (2017) determined three aspects:

"1. Greed (Uncontrolled for having more money).

2. Lack of gratitude to the country that allows them to make a profit.
3. Indifference to society.
4. Treachery (Able to conceal the crime). "

From your work, what measures can be taken?

In this question each of the three answers are shown in order to understand the position from each person depending from their job.

"Encourage statements to be made in an appropriately and real way." (Aycart, 2017)

"As an educator: raise awareness about the importance of tribute to social welfare. Many people believe that paying taxes is giving money to politicians, perhaps because of the corruption that has existed." (León, 2017)

" Complying tax regulations and promote its payment." (Robalino, 2017)

What measures should be taken or created to identify tax evaders?

Msc. Robalino (2017) believes that doing "Crosses of information between different control entities, indicators of certain types of taxes by type of taxpayers, plus audit." would be one of the best options. On the other hand, Ec. León (2017) established that the measures should be focus on education:

1. Honest Audits: Auditors often become accomplices to evaders.
2. Education with ethics: Many universities are professionals in accounting and auditing without social conscience, they are technicians who do not have a sociological thought and therefore are not aware of the damage they do. Many

accountants are the "advisers" of tax evaders; you must work on the curriculum of these university degrees.

3. Ask all people (Ecuadorian Citizens) to report any type of evasion they observe.

CONCLUSIONS

At the end of this monographic work it is concluded that:

1. The taxes are not intended to make society lose their money, the purpose of tax payment is focused on the development and welfare of the people. To keep track of the payment of taxes, different types of taxes are created that serve to determine who should pay these taxes and what amount; All this is done in search of justice found in the payment of taxes.
2. Any method used to reduce in part or in full the value of taxes payable to the state is considered tax evasion which is a crime. Just as there are different types of taxes there are several methods by which taxes can be evaded. Any form that is used to evade taxes entails the same consequence for society: The country loses money that is used to invest in development, and public services, in turn taxes go up to compensate the deficit created by the evaders.
3. Every country seeks to combat this crime; so that the penalties imposed on offenders can be severe depending on the degree of the crime.
The creation of tax reforms in each country is the main weapon of a government against tax evaders, since not only establish the sanctions received by the offender, but also serves to communicate to potential violators the risks involved in this crime.
4. Tax evasion is a crime that affects all social and economic sectors of a state. Thanks to the interview it was possible to conclude: That this is a serious and unjustifiable crime, but that it can be prevented in different ways and mainly to form a society with a clear understanding of the importance of paying taxes.

RECOMMENDATIONS

At the end of this work it is recommended that:

1. Due to the image that society have about taxes, an image in which the majority of the population sees them as exaggerated and unnecessary, the authorities should take two measures; The first is not to establish large amounts of taxes on people who are liable to tax because of a few offenders, and on the other hand they should be more precise when explaining what is the rationale of different taxes and their importance, to achieve a society consents on why they are paying taxes.
2. As tax evasion is a crime that affects the entire state; mainly in colleges and universities should be taught and instilled in more depth the importance of the responsibility that you have with the country, without leaving aside the importance of the development in a country and the paths that should be used to achieve this development, including in these the importance of taxes payment.
3. Considering that individuals seeking to evade taxes have a wide list of ways to violate the law, the government should create groups or specialized agencies in each of these methods used by the evaders, so that the investigation and judicial processes can be carried out with greater precision and speed.

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ANNEX

Interview questions

What do you understand when you hear tax evasion?

How does the tax evasion from certain people affects the rest of people?

Do you think this crime can be justified?

Do you consider that the measures taken against the offenders are enough severe to prevent more people commit this crime?

Which would be the characteristics of a tax evader?

From your work, what measures can be taken?

What measures should be taken or created to identify tax evaders?