South American Publishing

SAP Multidisciplinary Open. 2025; 3:59
doi: 10.62486/mo202559

REVIEW

Tax culture and its relationship with tax evasion in Ecuador

Cultura tributaria y su relación con la evasión de impuestos en Ecuador

Hilda Catalina Quito Sumba[1], Ana Karen Sosa Loor[1], Miguel Ángel Enríquez Jácome[1], Jenrry Fredy Chávez-Arizala[1]

[1]Instituto Superior Tecnológico Adventista Del Ecuador. Santo Domingo, Ecuador.

Cite as
Quito Sumba HC, Sosa Loor AK, Enríquez Jácome M Ángel, Chávez-Arizala JF. Tax culture and its relationship with tax evasion in Ecuador. SAP Multidisciplinary Open. 2025; 3:59. https://doi.org/10.62486/mo202559

Publication History
Submitted: 20-03-2024
Revised: 09-06-2024
Accepted: 22-09-2024
Published: 01-05-2024

ABSTRACT

Introduction: taxes are mandatory contributions that all Ecuadorians who have an economic activity of goods or services must pay to the state so that it can in turn properly manage that money for the benefit of the people.
Objective: to characterize aspects related to tax culture and tax evasion in Ecuador.
Method: a review of the available bibliography in databases such as SciELO, Scopus and ClinicalKey was carried out, from which a total of 13 related articles were consulted, empirical methods such as logical history and analysis and synthesis were used.
Results: taxes are the main means of income for the State with which the population benefits from public education, free hospital care, security, justice, public works and aid to the most needy. Currently, it can be seen that in most countries tax evasion is a problem of enormous importance. Fiscal policy is the generator of legal instruments that allow effective tax collection. Tax education and culture in taxpayers in general is still scarce in certain sectors of the Ecuadorian economy.
Conclusions: tax or fiscal evasion depends on the degree of tax culture and this in turn on the tax awareness that exists in taxpayers regarding compliance with the payments of the different taxes.

Keywords: Taxation; Taxes; Obligations; Tax Education.

RESUMEN

Introducción: el tributo son aportaciones obligatorias que todos los ecuatorianos que tienen una actividad económica de bienes o servicios deben pagar al estado para que este a su vez pueda administrar de manera adecuada ese dinero para beneficio del pueblo.
Objetivo: caracterizas aspectos relacionados con la cultura tributaria y la evasión fiscal en Ecuador.
Método: se realizó una revisión de la bibliografía disponible en bases de datos como SciELO, Scopus y ClinicalKey de las cuales se consultaron un total de 13 artículos relacionados, se utilizaron métodos empíricos como el histórico lógico y de análisis y síntesis.
Resultados: los impuestos son el principal medio de ingresos al Estado con los cuales la población se beneficia con la educación pública, atención hospitalaria gratuita, seguridad, justicia, obra pública y ayuda a los más necesitados. En la actualidad se puede apreciar que en la mayoría de los países la evasión fiscal es un problema de enorme importancia. La política fiscal es la generadora de instrumentos legales, que permitan una efectiva recaudación tributaria. La educación y cultura tributaria en los contribuyentes en general, todavía es escasa en ciertos sectores de la economía del Ecuador.
Conclusiones: la evasión tributaria o fiscal depende del grado de cultura tributaria y esto a su vez de la conciencia tributaria que exista en los contribuyentes sobre el cumplimiento de los pagos de los distintos impuestos.

Palabras clave: Tributación; Impuestos; Obligaciones; Educación Tributaria.

© 2025; The Authors. This Open access article is distributed under the Creative Commons Attribution 4.0 license (https://creativecommons.org/licenses/by/4.0), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

INTRODUCTION

In 2007, when the tax reforms began to deepen the changes in the system, the Tax Administration demanded more precise economic calculations and analyses to define and estimate the fiscal impacts regarding the closing of evasion gaps, redistribution of wealth, and administrative efficiency.[1]

Since then, different reforms have been made to tax collection to maximize tax collection, even though it is one of the main means of revenue collection for the State, which sustains public spending and finances the production of government goods and services, in addition to making investments in works for the benefit of the entire population.[2]

Taking into account the data collected from the annual report on the official website of the IRS, in the area of Tungurahua, a total of US$ 64 309,90 was collected from January to December 2021, of which US$ 52,188.53 was collected in the city of Tungurahua. Fifty-three were collected in Ambato, the city that collects most taxes during the fiscal period; however, even though the highest collection is in this city, there is also a large percentage of tax evasion. It is estimated that about 40 % of the population of traders do not report their income in a real way in order to pay less their tribute, and others are not even regulated; there is a high percentage of small and large qualified traders in the Ambato Wholesale Market that do not comply with their tax obligations, mostly due to lack of knowledge, while to a lesser extent those with average knowledge try to evade or pay less than what is established by law and the tax regime to which they belong.[3]

The State, through the Internal Revenue Service, aspires to have a greater tax collection, but in reality, it does not manage to collect 100 % of the taxes; several factors affect it directly, the most important is the level of ignorance of the laws or regulations governing the country concerning taxes, the understanding of the obligations and fiscal policies by taxpayers and the other is that it has lost credibility in the government and in the works to improve the country, The level of knowledge that people have on tax matters in order to comply with their obligations and how businesses and enterprises are functioning within the Wholesale Market located in the Urban Parish of Pishilata in the city of Ambato, all this reveals the real importance given to the subject within each business, but above all the consequences of not doing it in the legally established manner.[4]

Returning to the current problem in the face of the COVID-19 pandemic that the country has been suffering since 2020 caused the sales produced in the Ambato Wholesale Market, despite the situation, to have no greater impact on total sales compared to the previous year.[4]

Taxpayers who carry out their commercial transactions within the Wholesale Market of Ambato facilities have a low tax culture and, in some cases, nonexistent, causing tax evasion and informality in the current tax system. The main causes are: Lack of knowledge of tax regulations and laws, frequent reforms in these rules, the increase of the tax system, with complex procedures and forms difficult to understand for the common citizen, in addition to the fact that there is a perception of overpayment by the taxpayer.

Tax culture corresponds to taxpayers' responsibility for paying and declaring their taxes based on social awareness, reason, trust, ethics, and citizen commitment to the duties and rights established in the Constitution.[5]

This study seeks to influence society to increase tax culture in Ecuador, so it was prepared to characterize aspects related to tax culture and tax evasion in Ecuador.

METHOD

The available literature was reviewed using articles retrieved from SciELO, Scopus, and ClinicalKey databases. Filters were used to select articles in English and Spanish, and empirical methods such as logical history, lysis, and synthesis were used to collect and understand the information obtained. The terms "Taxation," "Taxes," "Obligations," and "Tax Education" were used as keywords in the article. 13 references addressing different considerations on tax culture and tax evasion in Ecuador were selected.

RESULTS

Taxes are the main means of income for the State with which the population benefits from public education, free hospital care, security, justice, public works, and help to the most needy through the bonds granted by the country, besides the fact that they are also a reflection of society and its norms of coexistence, projecting what we are as a whole as a society of principles and values. Thus, tax culture is the attitude that Ecuadorian citizens have regarding the payment of taxes, which are obligations they have with the State as protected by law, and that such value is paid according to the contributive capacity of each citizen.[4]

Taxes, in addition to being means to collect public revenues, shall serve as instruments of general economic policy, stimulating investment, reinvestment, savings, and their destination towards productive purposes and national development, shall meet the requirements of social stability and progress and seek a better distribution of national income.[4]

These taxes are part of the permanent income of the State with which a General Budget of the Ecuadorian State is generated for each year; according to the budget presented for the year 2022, is expected to collect 12 billion dollars in taxes, which, when reviewing the reports of previous years presented by the government on the official website of the Ecuadorian presidency, there is always a deficit in the collection of taxes which leads to assume that there is a problem of tax evasion which in turn prevents the economic growth of the country due to the lack of resources to finance projects that benefit the community.[5]

The work done by the Ecuadorian State to reduce tax evasion by taxpayers has awakened the interest of researchers to look for the cause of this problem and it has been concluded that tax culture is a fundamental aspect; According to a study conducted in 2020 "reveals that tax culture is the path that all states of the countries seek through education, awareness and citizen participation in collaborating with taxes to cover the national budget", one of the most relevant factors for which people do not pay their taxes is due to the poor tax culture and the lack of knowledge of citizens about the destination of taxes.[6]

Fiscal policy is nothing more than the choice of taxes and the management of spending by a government established within a

country. It is a tool that the ministry possesses that determines the level of tariffs (revenue) and consumption (expenditure) it wishes to have in order to influence the degree of production. However, the discussion on how influential this tool takes up the aggregate demand is still a matter of debate among policymakers, implying that the State decides how and when to make changes within the tax regulations, depending on the current need for revenue.[7]

Art. 83 literal 15 of the Constitution of Ecuador states that "Cooperate with the State and the community in social security and pay the taxes established by law" is one of the obligations of a citizen to the State and Society. However, the taxes themselves are obligations in money demanded by the State to the citizens by exercising its power based on state laws that support it to cover the needs of the State.[6]

There is nothing certain except death and taxes, said the American philosopher, politician, and scientist Benjamin Franklin (1706-1790). The past centuries have kept the validity of this phrase in the states that depend on taxes to fulfill their obligations to provide education, health, security, justice, and work to the population. Perhaps this explains the lack of tax culture in Ecuador, whose inhabitants generally distrusted that their payments would be reverted in works that would benefit them or because people were not interested in getting involved in procedures that were believed to be complex or cumbersome despite being mandatory for any taxpayer.[8]

However, since the year 2000, Ecuador entered into a profound change of tax reforms in which inefficient taxes were eliminated, that is, taxes that cost more to collect than the benefit they provided, and in which the regulations of the existing taxes were improved, but at the same time other more effective and efficient taxes were incorporated. This radical change through the reforms was aimed at reducing tax evasion with exhaustive control processes, but at the same time socializing the regulations at all levels and applying different means. This tax revolution has borne fruit if we compare the collection statistics of 10 years ago with the current one, not only from a financial point of view but also in terms of social acceptance, as the latter is proven by the willingness of people to comply with their tax obligations thanks to the information obtained and the ease of compliance.[8]

In most countries, tax evasion is an enormous problem. Thus, it seems appropriate to undertake research that seeks to understand the phenomenon of fraud and, consequently, can help to design actions to alleviate its negative consequences. In addition, there is evidence of an association between tax morale and evasion behavior, and it is important to estimate the influence of internal and external factors on tax morale and then analyze their effect on tax compliance behavior. Tax morale is the set of values, knowledge, and attitudes shared by the members of society concerning taxation and the observance of the laws that govern it, which translates into a behavior manifested in the permanent compliance with tax duties based on reason, trust and the formation of values of personal ethics, respect for the law, civic responsibility and social solidarity, both of taxpayers and officials of the different tax administrations.[9]

There are three types of tax culture: one that responds to a mandatory rule, one that responds to a voluntary act, and one that responds to the achievement of a benefit. The tax culture depends on obligatory factors, such as the crime of not paying taxes; voluntary factors, such as the availability of places to make payments; and beneficial factors, such as Inconsistency in tax reforms (many modifications), high tax rates, corruption in the institutions, affecting the company's income. Two important factors affect the tax culture: obligatory factors, such as considering it a crime not to pay taxes, and beneficial factors because they affect the company's income.[9]

The management of the fiscal policy is focused on the generation of income that allows establishing attention to the needs of society; under this perspective, the evolution of the tax system in the country is framed in the systematization of processes, the same that allows alienating state resources to generate an effective collection, in such a way that at the same time a sustainable tax culture is promoted and that this is framed in the efficiency of tax control as a transversal axis of the fulfillment of the state objectives.[10]

The fiscal policy is the generator of legal instruments that allow an effective tax collection, which is reflected in the fulfillment of the objectives and, at the same time, allows the configuration through tax collections of the state budget, which is destined to ensure the economic stability of the country and then improve the growth of productive resources of society. In this context, it is important to determine that fiscal and political management analysis and tax culture should be expansive in all sectors to generate minimum evasion. Therefore, political management has the necessary resources to meet the environmental requirements.[10]

Ecuador obtains most of its fiscal income from tax collection, doubling the income from oil exports, which is the basis for fiscal sustainability; hence, the tax culture should be promoted to contribute to the country's development since there is still a significant proportion of collection for late payment interest and tax fines, which even exceeds the collection of RISE, which paradoxically make up more than half of the total number of companies in the country.[6]

Small and medium-sized enterprises are a crucial engine in the economy of developing countries, generating jobs and income for the State through taxes collected by the State; during the last few years, the collection capacity has increased, generating a substantial change in the country's productive matrix. However, many SMEs still need to declare their taxes due to a lack of knowledge, significantly affecting the country's progress.[11]

To understand how fiscal policy influences economic growth, it is necessary to analyze the incidence of taxes, regulations, and public spending in each of its sources of financing so that the State can fulfill its role and distribute such resources. Financing can come from different sources or taxes: taxes, fees, special contributions, patrimonial income (from the exploitation of natural resources owned by the State), transfers, and donations, whether internal or external, and indebtedness. Of the resources above, taxes, specifically taxes, are the most recommended instrument for sustaining public finances since they are permanent revenues that make it possible to establish long-term planning for constructing a more equitable and just society.[12]

Tax education and culture among taxpayers, in general, is still scarce in certain sectors of Ecuador's economy since the voluntary and conscious payment of taxes is still not considered a preferential responsibility of taxpayers, which is why there are still high rates

of tax evasion in the country. Therefore, one of the goals of the tax administration, which in Ecuador is exercised by the Internal Revenue Service (SRI), is to permanently maintain a tax system based on the taxpayer's contributive capacity, which stimulates or motivates them to voluntarily pay their taxes not only for economic but also social purposes, through an optimal distribution of public spending where they visualize the benefit obtained in the fulfillment of their tax obligations, thus promoting a framed tax culture at the country level.[12]

The tax culture in Ecuador has developed considerably despite various obstacles that have arisen; the corruption of the authorities is a factor that encourages citizens to refrain from complying with their tax obligations due to the bad use that has been made of their contributions. A formidable number of Ecuadorians have succeeded in promoting a tax culture. However, another number of them tend to evade taxes due to ignorance or not submitting to the tax laws.[13]

CONCLUSIONS

Tax evasion or tax avoidance depends on the degree of tax culture, which, in turn, depends on the tax awareness of taxpayers regarding compliance with the payment of different taxes, so tax evasion is an effect of the lack of tax culture among taxpayers.

FINANCING

The authors did not receive funding for the development of this research.

CONFLICT OF INTEREST

The authors declare that there is no conflict of interest.

AUTHORSHIP CONTRIBUTION

Conceptualization: Hilda Catalina Quito Sumba, Ana Karen Sosa Loor, Miguel Ángel Enríquez Jácome and Jenrry Fredy Chávez-Arizala.

Data curation: Hilda Catalina Quito Sumba, Ana Karen Sosa Loor, Miguel Ángel Enríquez Jácome and Jenrry Fredy Chávez-Arizala.

Formal analysis: Hilda Catalina Quito Sumba, Ana Karen Sosa Loor, Miguel Ángel Enríquez Jácome and Jenrry Fredy Chávez-Arizala.

Research: Hilda Catalina Quito Sumba, Ana Karen Sosa Loor, Miguel Ángel Enríquez Jácome and Jenrry Fredy Chávez-Arizala.

Methodology: Hilda Catalina Quito Sumba, Ana Karen Sosa Loor, Miguel Ángel Enríquez Jácome and Jenrry Fredy Chávez-Arizala.

Project management: Hilda Catalina Quito Sumba, Ana Karen Sosa Loor, Miguel Ángel Enríquez Jácome and Jenrry Fredy Chávez-Arizala.

Resources: Hilda Catalina Quito Sumba, Ana Karen Sosa Loor, Miguel Ángel Enríquez Jácome and Jenrry Fredy Chávez-Arizala.

Software: Hilda Catalina Quito Sumba, Ana Karen Sosa Loor, Miguel Ángel Enríquez Jácome and Jenrry Fredy Chávez-Arizala.

Supervision: Hilda Catalina Quito Sumba, Ana Karen Sosa Loor, Miguel Ángel Enríquez Jácome and Jenrry Fredy Chávez-Arizala.

Validation: Hilda Catalina Quito Sumba, Ana Karen Sosa Loor, Miguel Ángel Enríquez Jácome and Jenrry Fredy Chávez-Arizala.

Visualization: Hilda Catalina Quito Sumba, Ana Karen Sosa Loor, Miguel Ángel Enríquez Jácome and Jenrry Fredy Chávez-Arizala.

Writing - original draft: Hilda Catalina Quito Sumba, Ana Karen Sosa Loor, Miguel Ángel Enríquez Jácome and Jenrry Fredy Chávez-Arizala.

Writing - proofreading and editing: Hilda Catalina Quito Sumba, Ana Karen Sosa Loor, Miguel Ángel Enríquez Jácome and Jenrry Fredy Chávez-Arizala.

REFERENCES

1. Paz J, Cepeda M. Historia de los Impuestos en Ecuador. PUCE [Internet]. 2018 [citado 12 de septiembre de 2024]; Disponible en: https://the.pazymino.com/JPyM-HISTORIA_DE_LOS_IMPUESTOS_EN_ECUADOR-Quito-JunJul2015.pdf

2. Olózaga H. Economía Básica. May Rev Info [Internet]. 2021 [citado 12 de septiembre de 2024]; Disponible en: https://doi.org/10.2307/j.ctvc5pc23.28

3. Mogro-Camino S, Ortíz F. La política fiscal en Ecuador: ¿es siempre procíclica? La Calidad Del Gasto Público a Debate. Biblio [Internet]. 2019 [citado 12 de septiembre de 2024]; Disponible en: https://biblio.flacsoandes.edu.ec/libros/150858-opac

4. Santillán Narváez M, Jaramillo Cruz V. La cultura tributaria en el sector artesanal y su efecto en el cumplimiento de obligaciones. DOI [Internet]. 2019 [citado 12 de septiembre de 2024]; Disponible en: https://doi.org/10.32645/13906852.868

5. Galindo Borja D. La cultura tributaria como medio para disminuir la evasión tributaria en la asociación de propietarios del

mercado mayorista y minorista. UCV [Internet]. 2018 [citado 12 de septiembre de 2024]; Disponible en: https://repositorio.ucv.edu.pe/handle/20.500.12692/23946

6. Donoso M. Cultura tributaria en Ecuador y sostenibilidad fiscal. Researchgate [Internet]. 2020 [citado 12 de septiembre de 2024]; Disponible en: https://www.researchgate.net/publication/342018522_Cultura_tributaria_en_el_Ecuador_y_la_sostenibilidad_fiscal

7. Casabona Espinoza M. El Planeamiento Tributario y su incidencia en el Impuesto a la Renta (IR) de las empresas Mypes del Mercado Mayorista No.2 de Frutas de Lima-Perú. DOI [Internet]. 2018 [citado 12 de septiembre de 2024]; Disponible en: https://doi.org/10.19083/tesis/624059

8. Sarmiento Bayas C. La cultura tributaria en Ecuador. IDEAS [Internet]. 2014 [citado 12 de septiembre de 2024]; Disponible en: https://ideas.repec.org/a/erv/observ/y2014i20117.html

9. Quispe Fernandez G, Arellano Cepeda O, Negrete Costales O, Vélez Hidalgo K. La cultura tributaria y su efecto en la evasión fiscal en Ecuador. Aseso Virt [Internet]. 2020 [citado 12 de septiembre de 2024]; Disponible en: http://asesoresvirtualesalala.revistaespacios.com/a20v41n29/a20v41n29p12.pdf

10. Gamboa J, Hurtado J, Ortiz G. Gestión de la política fiscal para fortalecer la cultura tributaria en Ecuador. CORE [Internet]. 2017 [citado 12 de septiembre de 2024]; Disponible en: https://core.ac.uk/download/pdf/236644589.pdf

11. Herrera Sánchez M, Casanova Villalba C, Silva Alvarado G. CULTURA TRIBUTARIA MEDIANTE LA CAPACITACIÓN CONTABLE A PEQUEÑAS Y MEDIANAS EMPRESAS EN ECUADOR. Edu Lab [Internet]. 2021 [citado 12 de septiembre de 2024]; Disponible en: https://www.journalbusinesses.com/index.php/revista/article/view/260

12. Siguenza S, Sandoval K, Vizcaíno A, Giron E, Erazo S. La política fiscal y su incidencia en la cultura tributaria del Ecuador. Rev Esp [Internet]. 2020 [citado 12 de septiembre de 2024]; Disponible en: http://es.revistaespacios.com/a20v41n47/a20v41n47p12.pdf

13. Yugcha De La Cruz J. Importancia de la cultura tributaria en Ecuador. UPSE [Internet]. 2020 [citado 12 de septiembre de 2024]; Disponible en: https://repositorio.upse.edu.ec/handle/46000/5533