ISSN
Vol. 1, No. 1, PP.7-26
Mayo - octubre 2023

AMNISTÍA TRIBUTARIA 2018 Y SU EFICIENCIA EN EL INCREMENTO DEL PRESUPUESTO GENERAL DEL ESTADO

TAX AMNESTY 2018 AND ITS EFFICIENCY IN INCREASING THE GENERAL STATE BUDGET

Bryan Guevara Llanos[1]
Escuela Superior Politécnica de Chimborazo
bryanguevara@gmail.com
https://orcid.org/0000-0002-5449-008X

Fecha de recepción: 01-04-2023 / Fecha de aceptación: 15-04-2023 / Fecha de publicación: 01-05-2023

RESUMEN

La investigación sobre la Amnistía Tributaria 2018 en Ecuador analiza su eficiencia en el incremento del Presupuesto General del Estado. La problemática se centra en las deudas pendientes que el Servicio de Rentas Internas (SRI) no ha logrado recuperar, a pesar de haber implementado múltiples amnistías, con una deuda firme de aproximadamente USD 2.600 millones. El objetivo de la investigación es evaluar el impacto de la amnistía en la recaudación fiscal y su contribución a la sostenibilidad financiera del país. La metodología utilizada es de análisis documental, con un enfoque cualitativo para estudiar la Ley Orgánica de Fomento Productivo y su influencia en las finanzas pública, la investigación también incluyó una revisión exhaustiva de la literatura nacional e internacional sobre el tema, utilizando datos del SRI, decretos y leyes pertinentes para establecer conexiones lógicas entre la normativa y su efecto en el presupuesto. Los resultados indican que la amnistía tributaria de 2018 fue un éxito en términos de recaudación, superando en gran medida las expectativas iniciales al lograr un monto total de amnistía de 1.289 millones de dólares, cuando se esperaba recaudar solo 602 millones. Esta medida permitió a los contribuyentes regularizar sus deudas, con una alta participación de pagos en efectivo, lo cual evidenció la disposición de los contribuyentes a cumplir con sus obligaciones fiscales cuando se les ofrecieron beneficios atractivos. En conclusión, la amnistía tributaria fue eficaz para aumentar la recaudación fiscal y fortalecer el Estado de Derecho. Sin embargo, para asegurar su sostenibilidad a largo plazo, se recomienda acompañar estas medidas con reformas fiscales estructurales y campañas de educación tributaria que fomenten el cumplimiento voluntario.

Palabras clave

Amnistía, políticas fiscales, recaudación fiscal, Servicio de Rentas Internas (SRI), Ley Orgánica.

ABSTRACT

The research on the 2018 Tax Amnesty in Ecuador analyzes its efficiency in increasing the General State Budget. The problem focuses on the outstanding debts that the

** English translation of the original article published in Ecuacientífica, Vol. 1, No. 1, pp. 7-26.*

Internal Revenue Service (SRI) has not managed to recover, despite having implemented multiple amnesties, with a firm debt of approximately USD 2.6 billion. The objective of the research is to evaluate the impact of the amnesty on tax collection and its contribution to the financial sustainability of the country. The methodology used is documentary analysis, with a qualitative approach to study the Organic Law for Productive Development and its influence on public finances. The research also included an exhaustive review of national and international literature on the subject, using data from the SRI, decrees and relevant laws to establish logical connections between the regulations and their effect on the budget. The results indicate that the 2018 tax amnesty was a success in terms of tax collection, greatly exceeding initial expectations by achieving a total amnesty amount of 1.289 billion dollars, when only 602 million were expected to be collected. This measure allowed taxpayers to regularize their debts, with a high share of cash payments, which demonstrated the willingness of taxpayers to comply with their tax obligations when they were offered attractive benefits. In conclusion, the tax amnesty was effective in increasing tax collection and strengthening the rule of law. However, to ensure its long-term sustainability, it is recommended to accompany these measures with structural tax reforms and tax education campaigns that encourage voluntary compliance.

Keywords

Amnesty, fiscal policies, tax Collection, Internal Revenue Service (SRI), Organic Law

INTRODUCTION

Tax amnesties represent a temporary strategy adopted by governments to regularize undeclared assets and tax obligations from previous periods through the forgiveness of interest and penalties, as well as the exemption from civil and criminal sanctions. Although these measures seek to increase tax collection and strengthen public finances, their prolonged implementation may prove unsustainable, particularly in low-growth economies (1).

A tax amnesty is a legal mechanism, frequently implemented through an organic law, that enables taxpayers to regularize their tax situation with respect to overdue tax obligations, such as VAT and income tax (IR). This measure may include a tax remission—that is, the total or partial forgiveness of interest, fines, or surcharges arising from non-compliance with tax regulations—thereby facilitating the payment of debts under more favorable conditions for taxpayers (2), (3).

Tax remission consists of the forgiveness of tax interest, fines, and surcharges, provided that the taxpayer pays the full principal capital owed within the established deadline. In other words, it constitutes an opportunity for taxpayers to regularize their tax situation without having to bear the payment of accumulated interest, fines, and surcharges, thereby alleviating their financial burden and avoiding potentially more severe sanctions (4).

** English translation of the original article published in Ecuacientífica, Vol. 1, No. 1, pp. 7-26.*

Tax regulations, for their part, are documents that support the transfer of goods and/or the provision of services or any other transaction subject to taxes; these documents are authorized by the Internal Revenue Service (5).

Overdue obligations constitute a legal bond by which the necessity to pay a debt is contracted. They are also known as a lien, bond, or imposition of payment of a sum demandable from the person or entity that issued it once the established deadline and terms have been fulfilled (6).

Value-Added Tax (VAT) is an indirect tax levied on the value of local transfers or imports of goods at all stages of commercialization, on copyrights, industrial property, and related rights, as well as on the value of services rendered, according to the Internal Revenue Service (7).

The Special Consumption Tax (ICE) is a levy applied to certain goods (domestic or imported) and services listed in Article 82 of the Internal Tax Regime Law, according to the Internal Revenue Service (8).

Income tax is a levy applied directly to income from labor or capital as a manifestation of wealth, taxing the fact of receiving or generating income, which may derive from passive sources such as capital, active sources such as dependent labor, or mixed sources combining capital and labor (9).

The General State Budget is the financial instrument that establishes and regulates the allocation of public resources and government expenditures for a given period. It is composed primarily of revenues from various sources, among which tax collection—such as income tax, value-added tax, and other levies—stands out. These resources are used to finance public expenditures and ensure the functioning of the State, seeking a balance between revenues and public spending needs, according to the Ministry of Economy and Finance (4).

Tax collection is a fiscal policy instrument of vital importance for a state, as it generates the revenues necessary to achieve the goals set out in the country's economic plan. Likewise, public expenditure constitutes another fiscal policy tool that can influence the national economy by channeling obtained resources to different sectors according to established priorities. These elements must be managed technically to prevent a country from recording consecutive negative fiscal results that would lead to excessive public indebtedness (10).

Revenues are the resources obtained by the State through the collection of taxes such as income tax and VAT; through the sale of goods, such as oil and its derivatives; through transfers and donations received; and through the operating results of public enterprises, among others, according to the Ministry of Economy and Finance (11).

This study focuses on the 2018 tax amnesty in Ecuador, with the primary objective of analyzing its impact on the General State Budget. Despite the implementation of seven tax amnesties in the country, outstanding debts of approximately USD 2.6 billion

** English translation of the original article published in Ecuacientífica, Vol. 1, No. 1, pp. 7-26.*

persist that the Internal Revenue Service (SRI) has not yet been able to recover. The research seeks to understand how this measure has influenced taxpayers' perception of their tax obligations and the recovery of tax revenues. The findings will contribute to evaluating the efficacy of amnesties in strengthening Ecuadorian public finances (12).

MATERIALS AND METHODS

The study employs a deductive approach to examine how the 2018 Organic Law for Productive Development, Attraction of Investors, Generation of Employment, Stability and Fiscal Balance affects the General State Budget. This method enables the establishment of logical connections between the regulation and its impact on the budget, systematically addressing the influence of the tax amnesty implemented in that year.

The research design is documentary in nature, oriented toward demonstrating the relationship between the tax amnesty and the General State Budget. To this end, diverse official sources will be used, including articles, books, decrees, and relevant laws. Exhaustive analysis of these documents will yield detailed information and enrich knowledge of the impact of the tax amnesty in the fiscal context.

The approach adopted is qualitative, centered on an in-depth analysis of the Organic Law for Productive Development, Attraction of Investors, Generation of Employment, Stability and Fiscal Balance. The objective is to determine how this law influences the General State Budget, providing a detailed understanding of its effect on public finances.

The level of research is descriptive. According to Carlos Sabino in his work "The Research Process" (1992), descriptive research is dedicated to the detailed description of the fundamental characteristics of homogeneous phenomena. It employs systematic criteria to analyze the structure and behavior of the phenomena under study, providing systematic information that is comparable with other sources.

Table 1. *Documentary population*

Document	Year 2018
General State Budget	1
Organic Law for Productive Development, Attraction of Investments, Generation of Employment, Stability and Fiscal Balance	1
Budget execution	1
Economic bulletins issued by the SRI	1
TOTAL	**4**

RESULTS

Analysis of the Organic Law for Productive Development, Attraction of Investments, Generation of Employment, Stability and Fiscal Balance

** English translation of the original article published in Ecuacientífica, Vol. 1, No. 1, pp. 7-26.*

A tax amnesty implies the remission of taxes, interest on fines, late-payment charges, surcharges, and tax credits. It is therefore important because this mechanism is used by governments to recover the overdue portfolio of taxpayers so that they voluntarily pay their debts and bring their tax obligations up to date. Accordingly, during the administration of President Lenín Moreno, the Organic Law for Productive Development, Attraction of Investments, Generation of Employment, and Stability and Fiscal Balance was issued and published in the Supplement to Official Register No. 309.

Article 1. Remission of interest, fines, and surcharges. – One hundred percent (100%) remission of interest, fines, and surcharges derived from the balance of internal tax or fiscal obligations whose administration and/or collection corresponds exclusively to the Internal Revenue Service is hereby ordered, in accordance with the terms and conditions established in this Law and the resolutions issued for this purpose by the Internal Revenue Service.

Tax or fiscal obligations that became due after 2 April 2018, as well as obligations corresponding to the annual income-tax return for the 2017 fiscal year, may not benefit from the remission provided for in this article.

With respect to the remission of quotas under the Simplified Tax Regime (RISE), as well as the remission and settlement of amounts comprising vehicle registration, the provisions of Articles 9 and 11 of this Law shall apply.

All references to “taxpayers” made in this Chapter shall be understood generally as “taxable subjects” in accordance with the terms contained in the Tax Code.

Analysis. – Total exemption from interest, fines, and surcharges associated with unsettled tax and fiscal obligations before the Internal Revenue Service is ordered; however, this forgiveness is subject to certain conditions. First, it shall not apply to obligations that became due after 2 April 2018 nor to income-tax returns for 2017. Second, specific articles establish particular conditions for the Simplified Tax Regime (RISE) and vehicle taxes.

Article 2. Remission period. – Taxpayers seeking to benefit from the one-hundred-percent (100%) remission of interest, fines, and surcharges derived from tax and fiscal obligations must, in addition to complying with the terms and conditions established in this Law, pay the full capital within the deadlines detailed below:

Taxpayers whose average gross income over the three most recent fiscal years exceeds five million United States dollars (USD 5,000,000.00), members of economic groups according to the cadastre maintained by the Internal Revenue Service as of the entry into force of this legal body, and taxable subjects holding obligations corresponding to withheld or collected taxes must effect payment within a maximum period of 90 days counted from the publication of this Law in the Official Register; and

a) All other taxpayers not contemplated in the preceding paragraph may submit a request for payment facilities or pay the full balance of capital within a period of 90

** English translation of the original article published in Ecuacientífica, Vol. 1, No. 1, pp. 7-26.*

days counted from the entry into force of this Law. Payment facilities shall be granted for the fulfillment of obligations for a maximum period of two years, in accordance with Article 5 of this Law.

In all cases provided for in this Law, remission shall apply only when the taxpayer fulfills payment of one hundred percent (100%) of the capital balance within the deadlines provided in this article or within the period granted for payment facilities; if this requirement is not met, any partial payments made shall be applied in accordance with the general rules contained in the Tax Code.

Analysis. – Taxpayers who may benefit from total forgiveness must have had an average gross income exceeding USD 5,000,000.00 in the most recent fiscal years and must effect payment within a maximum period of 90 days from publication of the law in the Official Register. Those who do not meet this requirement must submit a request for payment facilities or pay the full capital amount within a period of up to two years.

Article 3. Prior payments and partial payments of the tax or fiscal obligation. – In the event that payments were made prior to the entry into force of this Law, the following rules shall apply:

a) When prior payments cover the full capital balance of the obligations, the taxpayer must notify the Tax Administration in order to benefit from the remission.

b) When prior payments do not cover the full capital balance of the obligations, the taxpayer may pay the difference within the deadlines established in this Law and must likewise notify the Tax Administration in order to benefit from the remission.

Payments made by taxpayers, whether total or partial, including those made under a payment-facility agreement, or those made prior to the entry into force of this Law or during the periods established therein, shall benefit from the remission upon request by the taxpayer, provided that one hundred percent (100%) of the capital balance of the obligations is covered, in accordance with the rule established in the final paragraph of Article 2 of this Law.

Even when payments made by taxpayers exceed one hundred percent (100%) of the capital balance of the obligations, no refunds shall be made for overpayment or undue payment.

Analysis. – If prior payments have been made, the following provisions apply: first, if those payments cover the total capital balance of the debt, the Tax Administration must be notified; second, if the prior payments do not cover the total debt, the taxpayer may pay the difference within the established deadlines and must also inform the Tax Administration.

Article 4. Declaration of obligations during the remission period. – Taxpayers who had not declared their tax or fiscal obligations due as of 2 April 2018, as well as those who file substitute returns in relation to such obligations that had not been previously determined, may benefit from the present remission, provided they file the respective return(s) and additionally make the payment(s) or request facilities, as applicable, by the maximum deadline provided in Article 2 of this Law.

The Internal Revenue Service shall apply the remission ex officio when it has verified the taxpayer's fulfillment of the formal duty and confirmed that the balance of the obligation consists solely of fines or surcharges.

Analysis. – The benefit is intended for taxpayers who failed to file their overdue tax returns before 2 April 2018, regardless of whether the obligation was paid or not, as well as for those who filed substitute returns owing to errors in the original data. It is essential to clarify, however, that the forgiveness applies only to fines and surcharges and not to the total amount of the debt.

Article 5. Payment facilities for capital of up to two years. – The request for payment facilities that may be submitted by the taxpayers detailed in paragraph b) of Article 2 to the Internal Revenue Service shall be effected through the payment of equal monthly installments of the capital balance, for a maximum period of two years counted from the entry into force of this Law, by mutual agreement between the parties. It shall not be necessary to make the initial 20% installment of the obligation established under the general rules for obtaining payment facilities in the Tax Code.

In the event of non-compliance with two or more consecutive installments, the remission contemplated in this Law shall become void, and the Internal Revenue Service shall immediately proceed to collect the full amount owed, including interest, fines, and surcharges, in accordance with the final paragraph of Article 2 of this Law.

Analysis. – Payment facilities shall be offered through equal monthly installments of the capital balance, with a maximum period of two years from the entry into force of the Law. If any default in the payment of installments occurs, the forgiveness shall cease to apply.

Article 9. Remission for taxpayers belonging to the Simplified Tax Regime (RISE). – For the Simplified Tax Regime (RISE), the following shall apply on a one-time basis:

a) Taxpayers who, as of the date of publication of this Law in the Official Register, show no effective economic activity and hold no authorization for sales receipts shall be suspended from the RISE ex officio. For this purpose, the cessation date shall be considered the same as the start-of-activities date.

b) Taxpayers who show no effective economic activity and do not maintain valid sales receipts as of the date of publication of this Law in the Official Register shall be suspended from the RISE; the cessation date shall be the more recent of the expiration date of the last valid sales receipts and the date corresponding to the last paid quota.

c) Taxable subjects who are more than six quotas in arrears as of the date of publication of this Law in the Official Register shall be excluded from the RISE ex officio; the exclusion date shall be the day of non-compliance with the sixth quota, and the corresponding pecuniary sanction shall be remitted.

The capital of RISE quotas pending payment as of the date of entry into force of the Law, once the preceding paragraphs have been applied, may be paid without interest and without the corresponding pecuniary sanctions, within a period of 90 days counted from the publication of this Law in the Official Register.

Taxable subjects excluded or suspended pursuant to this article shall not pass into the general taxpayer regime; the taxable subject may reactivate economic activity by reopening the registration at any time.

Analysis. – First, the Simplified Tax Regime (RISE) shall be suspended for taxpayers who do not demonstrate real economic activity and who lack the corresponding authorization for their receipts. Second, taxpayers who are six quotas in arrears as of the publication date shall be excluded from the regime.

Article 10. Remission of interest and surcharges on customs obligations. – One hundred percent (100%) remission of interest and surcharges derived from customs obligations established through subsequent control via tax rectifications, whose administration and/or collection corresponds exclusively to the National Customs Service of Ecuador and that were determined as of 2 April 2018, is hereby ordered, in accordance with the terms and conditions established in this Law.

For the purposes of the remission provided in the preceding paragraph, the rules applicable to taxpayers with respect to tax or fiscal obligations set forth in this Section, including those relating to payment facilities, shall apply to customs taxable subjects.

Analysis. – One hundred percent remission of interest and surcharges arising from customs obligations through subsequent control of tax rectifications collected by SENAE is applied.

Article 11. Remission of interest on vehicle taxes, as well as of surcharges and fines derived from vehicle registration and traffic infractions. – For the application of the remission of interest on vehicle taxes, as well as of surcharges and fines derived from vehicle registration and traffic infractions, the following rules shall apply on a one-time basis:

a) Remission of interest on vehicle taxes administered by the Internal Revenue Service that were due as of 2 April 2018, requiring payment of the full balance within a period of 90 days counted from the entry into force of this Law.

Additionally, remission is established for amounts derived from adjustments or reliquidations of vehicle taxes administered by the Internal Revenue Service that were

** English translation of the original article published in Ecuacientífica, Vol. 1, No. 1, pp. 7-26.*

effected by that entity up to and including the 2016 fiscal period and that remain registered in its cadastre of motor vehicles for land transport and pending payment.

b) Remission of the surcharges established by the National Transit Agency generated by failure to register a vehicle and that were due as of 2 April 2018, requiring payment of the capital within a period of 90 days counted from the entry into force of this Law.

Analysis. – The remission shall apply to debts that were due as of 2 April 2018 within a 90-day period; additionally, remission applies to amounts derived from adjustments or reliquidations for the 2016 period and to surcharges established by the ANT arising from vehicle registration.

Article 12. Interest, fines, and surcharges for employer obligations with the Ecuadorian Social Security Institute. – The provisions established in this Chapter govern the reduction of interest, fines, and surcharges arising from overdue contribution obligations generated and final as of 2 April 2018, in accordance with the parameters established in this Law. Obligations under audit notes, credit titles, partial-payment agreements, or arrears-settlement agreements whose payrolls were issued up to 2 April 2018 are included.

Likewise, interest on pending obligations originating from employer liability generated up to 2 April 2018 may be subject to the reduction. Overdue obligations corresponding to reserve funds, contributions for unpaid household work, collection of amounts, health-coverage extension, unsecured loans, pledged loans, and mortgage loans are not subject to the reduction provided in this Chapter. Additionally, interest, fines, and surcharges generated by late affiliations registered after 2 April 2018 are excluded from this reduction.

Analysis. – The law provides for the reduction of interest, fines, and surcharges derived from overdue contribution obligations accumulated up to 2 April 2018. This covers audit notes, payment agreements, arrears-regularization agreements, and credit titles. However, benefits do not apply to overdue obligations related to reserve funds, contributions for unpaid household work, collection of amounts, among others.

Article 13. Reduction of interest, fines, and surcharges. – The reduction of interest, fines, and surcharges corresponds to overdue contribution obligations originating in payrolls or established in determination acts, administrative resolutions, audit notes, and credit titles issued by the Ecuadorian Social Security Institute, whose administration and/or collection is exclusive to the Institute, provided that the full amount corresponding to the respective employer obligation is paid within the determined deadlines.

Analysis. – Reduction of interest, fines, and surcharges is granted on overdue contribution obligations arising from payrolls, determination acts, administrative resolutions, audit notes, and credit titles issued by the IESS, provided the full amount owed is paid.

ISSN
Vol. 1, No. 1, PP.7-26
Mayo - octubre 2023

Article 14. Deadlines for benefiting from the reduction. – In order to access the benefit of reduction of interest, fines, and surcharges in accordance with Article 12 of this Law, the full corresponding amounts must, in addition to fulfilling the established requirements and conditions, be paid within the following deadlines counted from the publication of this Law in the Official Register:

a) For payments made within the maximum period of ninety (90) days, a 99% reduction of interest, fines, and surcharges is established.

b) For payments made within the period of ninety-one (91) to one hundred fifty (150) days, a 75% reduction of interest, fines, and surcharges is established.

c) For payments made within the period of one hundred fifty-one (151) to one hundred eighty (180) days, a 50% reduction of interest, fines, and surcharges is established.

d) In the case of Non-Linked Debtors of the Closed Banks of 1999, a 99% reduction of interest, fines, and surcharges shall apply; for this purpose, they must request, within a period of ninety (90) days counted from the entry into force of this Law, payment facilities for a period of up to two years.

Analysis. – The regulation defines the key aspects for application of the amnesty. Taxpayers who make payment within the first 90 days will receive a 99% remission. Those who pay between day 91 and day 150 will obtain a 75% remission. For payments made between days 151 and 180, the remission will be 50%. In addition, a 99% reduction is established for non-linked debtors of the closed banks of 1999, provided the request is submitted within 90 days, with the possibility of payment over a period of up to two years.

General analysis. – The government of Lenín Moreno introduced a tax amnesty in Ecuador with the purpose of recovering the overdue portfolio of delinquent taxpayers. This measure contemplates the remission of interest, fines, and surcharges to promote voluntary payment of debts. Likewise, total forgiveness of debts is offered under certain conditions. Nevertheless, obligations that became due after 2 April 2018, as well as income-tax returns for the preceding year, remain excluded from this amnesty.

To benefit from the tax amnesty, taxpayers must demonstrate gross income of at least USD 5,000,000 in the most recent fiscal years; if this criterion is met, a request must be submitted to access payment facilities or to cancel the full capital within a maximum period of two years. Taxpayers registered under the Simplified Tax Regime (RISE) will be suspended if they show no effective economic activity or if they are six quotas in arrears.

With respect to the National Customs Service of Ecuador (SENAE), a 100% remission is granted after tax rectification. For the Internal Revenue Service and the National Transit Agency (ANT), the remission applies to debts due as of 2 April, excluding those generated by adjustments or reliquidations for 2016. For its part, the Ecuadorian Social

Security Institute (IESS) has adopted measures to reduce the financial burden on contributors, including a significant reduction in interest, fines, and surcharges for contribution arrears up to 2 April.

Analysis of collection during 2018

The principal fiscal revenues in Ecuador considered are solely those taxes that generated the highest revenues and that were included in the tax amnesty applied in 2018. It has been determined that, during the year under evaluation, collection exceeded the planned target by 3.52%, reaching a total of USD 12,910.59 million in internal taxes. This total is composed primarily of global income tax (USD 5,319.64 million); VAT on domestic operations (USD 4,788.99 million); ICE on domestic operations (USD 714.38 million); the foreign-exchange outflow tax (USD 1,206.09 million); RISE (USD 22.84 million); and other taxes totaling USD 858.65 million. With respect to external taxes, VAT on imports totaled USD 1,947.05 million; ICE on imports USD 271.10 million; and solidarity contributions USD 14.97 million, reaching a total of USD 2,218.15 million. For 2018, gross collection was USD 14,318.80 million. After deducting credit notes of USD 713.58 million, compensations of USD 11.33 million, and refunds of USD 243.40 million, net collection amounted to USD 14,075.40 million.

Comparison of collection with previous years

The period from 2016 to 2019 in Ecuador presented a complex panorama in terms of tax collection, marked by events such as the earthquake that struck the provinces of Manabí and Esmeraldas in April 2016, which had a significant impact on the country's tax collection. Although a partial reform was implemented for the affected zones, the collection target was not achieved. The figure of USD 12,501.03 million reflects the difficulty of obtaining revenues in a context of reconstruction and humanitarian assistance. Despite post-earthquake recovery, net collection in 2017 reached only USD 12,723.98 million; low collection of internal taxes—a fundamental component of the fiscal system—was the principal cause of this result.

Faced with the persistent situation of low collection and a high overdue portfolio, the Ecuadorian government implemented two amnesties in 2018: a partial amnesty directed at those affected by the construction of the Cuenca Tramway, aimed at alleviating the economic burden and facilitating regularization of tax obligations, and a general amnesty designed to incentivize the regularization of pending tax debts throughout the country. These measures had a positive impact on collection, reaching a record figure of USD 14,075.41 million—the highest of the period analyzed.

The onset of the global pandemic in 2019 with the arrival of COVID-19 had a negative impact on the Ecuadorian economy. According to the data obtained, net collection reached USD 13,180.86 million, evidencing the influence of the global context on the country's fiscal performance, owing to the suspension of many economic activities. Nevertheless, it is important to consider that the Ecuadorian economy was already in a recessionary gap, and the arrival of the pandemic aggravated the country's situation, affecting its macroeconomic variables.

Analysis of the degree of increase in fiscal revenues after application of the tax amnesty by activity and province

Table 2. *2018 collection by economic activity (selected months, USD)*

Collection data by economic activity for April–December 2018 show that public administration and defense generated the highest revenues, peaking at USD 383,644,129.27 in April alone, followed by moderate fluctuations. Social and community service activities recorded their highest collection in April, declined in May–June, and recovered in July. Principal economic sectors also displayed moderate variation throughout the year.

Table 6. *Tax amnesty collection 2018*

Tax Remission 2018	Amount in dollars	% participation
Collection (cash)	1,120,047,712.00	87%
Payment facilities	169,652,837.00	13%
Total managed	**1,289,700,550.00**	**100%**
Tax Remission Target 2018	602,000,000.00	—

The tax amnesty implemented in Ecuador during 2018 proved to be a successful strategy for strengthening tax collection, regularizing the overdue portfolio, and reactivating the economy. This measure, which offered the possibility of regularizing fiscal debts with benefits such as the reduction of interest and fines, far exceeded the initial estimate, thereby evidencing its potential as a tool for fiscal management. The results obtained show a significant increase in tax collection thanks to the regularization of debts that had previously been in arrears. Moreover, the amnesty not only alleviated the financial burden of taxpayers but also enabled the State to access resources that could be used to finance social programs and development projects.

The amnesty collected a total of USD 1,289 million, representing a significant impact on the country's tax collection. The most important component of collection was the inflow of USD 1,120 million in cash, accounting for 87% of the total managed. This result demonstrates taxpayers' willingness to regularize their tax situation and take advantage of the facilities offered by the amnesty. The remaining 13%, equivalent to USD 169 million, corresponds to the use of payment facilities granted by the State, allowing a period of up to two years for the cancellation of debts.

Table 7. *Evaluation of the tax amnesty*

	Millions of dollars	Percentage
Total Amnesty	1,289	8.83%
General State Budget	14,590	100%

The analysis of the impact of the tax amnesty implemented in Ecuador during 2018 determines a total collection of USD 1,289 million—an amount that represents 8.83% of the 2018 General State Budget. This figure constitutes a significant injection of liquidity for the State in a year marked by economic challenges. The amnesty facilitated the regularization of pending tax obligations, contributing to the reduction of the overdue portfolio and improving the State's capacity to administer fiscal resources efficiently.

Furthermore, when enterprises and individuals fulfill their tax obligations, they not only contribute to the sustainability of the State and the financing of essential public services but also generate a climate of greater confidence and legal certainty. This favorable environment attracts national and foreign investment, as investors feel more secure knowing that a transparent and reliable system exists. This, in turn, facilitates access to financing and creates an attractive environment for business.

It is important to analyze the impact of the amnesty from a broader perspective, taking into account that the amnesty sought not only to increase collection but also to promote regularization of the tax system, combat tax evasion, and strengthen the rule of law. The positive response of taxpayers—with collection significantly exceeding the initial target—and the reduction of evasion are crucial factors for the country's financial sustainability (13).

DISCUSSION

With respect to the research by (14) entitled "Tax incentives and financial performance: empirical evidence of Ecuadorian companies," the study concludes that implementing strategies for the benefit of economic sectors represents a challenge for any country. Empirical evidence shows that the topic under investigation is relevant in the economies of different regions and countries, given that it is not sufficient merely to enact a law; it is also necessary to articulate it with governmental administration. Moreover, in emerging economies the active dissemination of these benefits plays a fundamental role, as these aspects may condition the use of this strategy, consistent with what has been demonstrated in Brazil and Nigeria. Considering especially that in Ecuador the legislation possesses a regulatory body with provisions and a scope of application that favors the economic structures of the various productive factors, the present study obtained that when enterprises and individuals fulfill their tax obligations they not only contribute to the sustainability of the State and the financing of essential public services but also generate a climate of greater confidence and legal certainty; this favorable environment attracts national and foreign investment, as investors feel more secure knowing that a transparent and reliable system exists.

According to (15), in the research entitled "Short- and long-term effects of tax-credit forgiveness programs on Value-Added Tax collection," the study concludes that the two federal contribution-forgiveness programs used by the Mexican government did

** English translation of the original article published in Ecuacientífica, Vol. 1, No. 1, pp. 7-26.*

not permanently or significantly affect VAT collection, nor did they demonstrate that voluntary taxpayer compliance was affected, given that the identified effects adjusted to their normal short-term trajectory. Meanwhile, the present study demonstrates that the initial collection-target estimate by the Internal Revenue Service (SRI) was USD 602 million, whereas effective collection—particularly that obtained in cash—exceeded the initial target, reaching USD 1,120 million. This result evidences a notable success, far greater than expected by the SRI, and demonstrates the efficacy of the amnesty as a tool for boosting tax collection. The experience of the 2018 amnesty presents opportunities for future fiscal policies, enabling analysis of taxpayers' receptivity to this type of measure and the potential for its future application.

According to (16), in the research entitled "Legislative commentary on the decree that leaves without effect the tax-debt forgiveness programs," tax forgiveness represents an exceptional mode of extinguishing tax debt that releases the taxable subject from the constitutional duty to contribute to public expenditures by virtue of the pardon granted by the fiscal authority. Therefore, it is important to consider that in the short term forgiveness programs do evidence benefits such as an increase in collection indices; however, their habitual and indiscriminate implementation harms the Public Treasury. In the present study, the tax amnesty in Ecuador, based on the objective of recovering the overdue portfolio of delinquent taxpayers, established remissions of interest, fines, and surcharges to incentivize voluntary debt payment; in addition, 100% of debts is forgiven provided certain requirements are met. However, obligations that became due after 2 April 2018 and income-tax returns for the preceding year are not included in this remission (17).

According to (18), a tax amnesty enables governments to obtain an immediate injection of revenues, which translates into a short-term increase in the state budget. This author maintains that the collection achieved can be significantly greater than expected thanks to the incentive of reducing sanctions and surcharges for taxpayers. However, other authors, such as (19), suggest that while an amnesty may generate additional revenues, it also creates the perception that tax non-compliance does not carry severe consequences, which could discourage voluntary compliance in the future.

On the other hand, studies conducted by (20) have demonstrated that the 2018 tax amnesty in Ecuador contributed to temporarily reducing evasion levels and was used as a corrective measure to strengthen the management capacity of the tax system. This assertion concurs with the analysis of (21), who highlights that a tax amnesty is an effective resource in contexts of economic crisis, where the State needs to maximize collection without applying new tax burdens.

Nevertheless, some consider that an amnesty can be only a short-term solution and that its efficiency is limited without a comprehensive fiscal reform. (22) mention that, without complementary measures to combat tax evasion in a structural manner, an amnesty does not ensure sustainable revenues. In this sense, (23) emphasizes that an amnesty could compromise the country's financial sustainability if taxpayers perceive a repetitive pattern in the implementation of this type of measure, affecting tax morale.

The perspective of (24) contributes an interesting viewpoint by noting that a tax amnesty should be accompanied by awareness-raising and tax-education campaigns to promote a culture of tax compliance. Without a simultaneous effort of this kind, the benefits of the amnesty could rapidly dissipate, because taxpayers would continue to await future regularization opportunities rather than complying voluntarily (25).

CONCLUSIONS

The 2018 tax amnesty greatly exceeded the collection expectations established by the Tax Administration. Implementation of this measure demonstrated unmatched effectiveness by achieving a total amnesty amount of USD 1,289 million compared with the USD 602 million expected to be recovered from the overdue portfolio. This significant increase demonstrates the efficiency of applying an amnesty as a strategy to incentivize fulfillment of tax obligations and reduce delinquency in tax payment. In this sense, the Internal Revenue Service also succeeds in strengthening its financial resources and promoting greater tax compliance by taxpayers for the benefit of Ecuador's economy.

Collection from the 2018 amnesty represented 8.83% of the total revenues that constitute the General State Budget. Therefore, it is important to consider that, although a significant quantity in absolute terms, it still represents only a small fraction of the total tax revenues that finance Ecuador's Budget. Nevertheless, the collection of taxes and the recovery of overdue amounts from those taxpayers who disregard their tax obligations are indispensable for improving the economy, especially because the country's principal revenues derive from the sale of oil and from tax collection. Ultimately, these actions are essential to guarantee the financial stability of the State and to promote economic and social development.

On the basis of the successful results that accompany the application of tax amnesties, it is advisable to continue implementing measures of this type in the future, especially in declining economies that require prompt financing, given that it has been demonstrated that remission is highly effective in fostering fulfillment of tax obligations owed to the Tax Administration and that, consequently, it will reduce delinquency in tax payment and increase the economic development of any country. However, it is important to emphasize that this measure should not be regarded as a long-term solution, because it does not promote tax compliance; therefore, the measures that are implemented must be regular and constant in order to achieve greater collection.

REFERENCES

** English translation of the original article published in Ecuacientífica, Vol. 1, No. 1, pp. 7-26.*

1. Prieto, M. Measures to improve compliance with tax obligations: the tax amnesty case of Spain; 2020.

2. Gutiérrez, G., & Cornejo, M. The tax amnesty and its incidence on tax collection under deterrence theory. [cited 17 December 2019].

3. Díaz Álvarez, J. Tax Amnesties: Comparative study of the Ecuador case. [cited November 2018].

4. Ministry of Economy and Finance. The General State Budget. [cited 2024]. Available at: https://www.finanzas.gob.ec/el-presupuesto-general-del-estado/

5. Pinedo, J., Anaya, A., & Martínez, L. Factors that affect tax collection in Colombian municipalities. Revista de ciencias sociales. [cited October–December 2023]. doi:ISSN: 1315-9518.

6. Baer, K., & Le Borgne, E. Tax Amnesties: Theory, trends, and some alternatives; 2020.

7. Díaz, J. Tax amnesties: comparative study of the Ecuador case. Ciencias económicas; 2018.

8. Telecommunications Agency. Information for users of telecommunications services on Tax Remission. [cited 2024]. Available at: https://www.arcotel.gob.ec/informacion-para-usuarios-de-los-servicios-de-telecomunicaciones-sobre-remision-tributaria/

9. Bravo, J. Income as Taxable Matter in the case of Business Activities and its Relationship with Accounting. VII National Taxation Conference. [cited 2022].

10. Matute, A. The compatibility between settlement and the nature of the tax obligation; 2024.

11. Internal Revenue Service. Tax regulation; 2024.

12. Urgilés, G., & Chávez, K. Evolution of tax collection and public expenditure in Ecuador during the last decade; 2017.

13. García Vizcaíno, C. Economic and legal considerations. Tax Law, p. 67; 2020.

14. Córdova, F., Duque, G., Aguirre, J., & Siguencia, A. Tax incentives and financial performance: empirical evidence of Ecuadorian companies. Cuadernos de administración. [cited May–August 2022]. doi:ISSN: 0120-4645.

15. Moreno, J., Beltrán, J., & Mata, L. Short- and long-term effects of tax-credit forgiveness programs on Value-Added Tax collection. REMEF. [cited 2019]. doi:10.21919.

16. Santos, I. Legislative commentary on the decree that leaves without effect the tax-debt forgiveness programs. [cited 2019].

17. Chávez, J., Bonilla, A., Monterroso, N., & Romero, R. Management for the collection of municipal taxes: diagnosis and proposal. Revista venezolana de gerencia. [cited July–September 2023]. doi:ISSN 1315-9984.

18. Ramírez P. Impact of tax amnesty on state collection. Rev Econ Financ. 2019;12(3):45-60.

** English translation of the original article published in Ecuacientífica, Vol. 1, No. 1, pp. 7-26.*

19. Fernández L, Gutiérrez H. Tax amnesty: collateral effects on tax morale. Econ Glob. 2020;18(2):123-38.

20. Salinas V. Analysis of the efficacy of the 2018 tax amnesty in Ecuador. Rev Econ Contemp. 2021;9(4):98-112.

21. Torres R. Critical review of tax amnesty as an anti-crisis tool. J Econ Dev. 2018;5(1):23-34.

22. Gómez D, López J. Evaluation of fiscal policies and their impact on financial sustainability. Estud Econ. 2020;10(2):34-48.

23. Olivares C. The repetition of tax amnesties and their effects on taxpayer behavior. Anal Econ Pol. 2019;15(3):56-71.

24. Calderón F. Strategies for post-amnesty fiscal efficiency. Rev Finanz Públicas. 2021;11(5):77-90.

25. Velázquez, S. Principles of taxation, equity and equality. Inter-American Center of Tax Administrations. [cited 19 February 2020]. Available at: https://www.ciat.org/.