



Reception of the simple regime model for tax management: a mixed case study

Christiam Mesa Barón¹, Kevin Stevens Delgado Yara¹, Carlos Alberto Gómez Cano²

¹ Universidad de la Amazonia, Florencia, Colombia.

² Universidad de la Amazonia, Florencia, Colombia.

Corresponding author. ORCID: 0000-0003-0425-7201. Email: car.gomez@udla.edu.co

ABSTRACT

There is a need for the State to raise resources through the collection of taxes. One of them is the system of a simple taxation regime, which has a connotation of simplicity and a suitable construction for taxpayers who can benefit from it. The main purpose of this research was to analyze the acceptance and benefits of the simple taxation regime among independent diagnostic imaging specialists in the health sector in the municipality of Florencia. The approach used is of mixed type, focused on different results, from the quantitative method, through the application of surveys and, from the qualitative approach, interviews were conducted to be able to know the approach from the descriptive process, where the different categories and analysis of the data are achieved, thus making a triangulation of the results, added to the description that the participants have, based on basic knowledge about the tax and, in addition to this, manifestations of satisfaction for having already welcomed the benefits of this regime, for example, in the payment. In conclusion, as was determined in the research, the simple tax regime is relatively new, but that does not imply that it will not be successful.

Keywords: formalization; tax; opportunity; retribution; simplicity.

INTRODUCTION

IN ANY STATE, tax collection generates resources that promote national growth, allowing the State to guarantee the basic needs of the population since it is the State's duty and obligation to fulfill the functions contemplated in the Political Constitution, such as providing and strengthening health, education, public works, security, among others (Alinaghi & Reed, 2021; Bashir *et al.*, 2021; Boussaidi & Hamed-Sidhom, 2021; Hao

et al., 2021). The aim is to combat poverty and inequality, among others. Therefore, for a government to meet its objectives, taxes play a fundamental role in achieving the satisfaction of these needs. In Colombia, the tax system is made up of two types of taxes.

One is indirect taxes, on the other hand direct taxes. The latter are subordinated to the ability to pay and are feasible to collect from legal or natural persons. Indirect taxes, on the other hand, are subject to the goods and services that users will consume. As

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described above, in Colombia, “direct” taxes include income tax, wealth tax, property tax, among others, and “indirect” taxes include VAT, Ipoconsumption and tax on financial

movements. Thus, in Colombia, over time and with each tax reform, a large number of taxes have been created, among which the following can be mentioned:

TAX	DESCRIPTION	REGULATORY SUPPORT
Income and Complementary Income	It is paid due to the growth of equity during the last year and is complemented by occasional gains resulting from activities not defined as normal.	Decree 1625 of 2016, Book One and Two of the Tax Statute.
Value Added Tax (VAT)	This tax is classified as an indirect tax since it is collected as a result of the consumption of goods and services.	Decree 1625 of 2016, Book Three of the Tax Statute.
Consumption tax	It corresponds to specific sectors such as the automotive industry, telecommunications, the food sector and the production of beverages.	Decree 1625 of 2016, Article 512-1 et seq.
Industry and Commerce Tax	Tax on the various forms of activity in industry, commercial relations and services rendered within a district or municipality.	Law 14 of 1983
Property tax	Annual tax on the ownership of real estate.	Decree 1625 of 2016, Law 14 of 1983.
Transaction taxes	Tax of an indirect nature levied on users of the national system when performing financial transactions.	Decree 1625 of 2016, Book Six of the Tax Statute.

Table 1. The most influential taxes in Colombia.
Source: Adapted from Procolombia (2021).

Now, this has led to the fact that, for many new taxpayers, being up to date with their tax responsibilities has become a difficult task, as they are immersed in formal charges that, in some way, incite the collaborators to not fully comply with their tax obligations and commitments. In response to this, the national government issued in the tax reform of 2018, which was repealed by Article 74 of the economic growth law 2010 of 2019. A provision in which the simple taxation regime is reaffirmed as a new taxation model, whose main purpose is to limit unnecessary burdens and formalize tax behavior.

Therefore, the study presented here performs a critical analysis to identify the reception and benefits that the simple taxation regime has had on independent professionals specializing in diagnostic imaging in the municipality of Florencia. This included the application of a series of surveys, interviews, and documentary review.

Taxes in Colombia and their importance in public policies

The Colombian State has a taxation model at territorial levels, both national, departmental, and municipal; in line with this, they organize according to their internal or external character, although taxes may also appear several or by another mechanism (Saavedra & Romero, 2021). In addition, they have a progressive system, where tax rates are directly proportional to the income of their inhabitants, although this trend was affected during Covid-19.

The research delved into taxes, understood as a form of compulsory payment that swells the State's coffers from the income of individuals and companies. Paying taxes is a responsibility incumbent on every citizen everywhere in the world (Arvin *et al.*, 2021). Taking a national approach, the obligation to pay the tax is catalogued as a duty of every Colombian citizen to participate in the

financing of projects and different state investment plans as part of the concept of justice and equity. Additionally, fiscal policies are directly related to public spending and this affects the income of its inhabitants because the tax burden decreases the purchasing power of the inhabitants. This should be taken into account in conjunction with the contextual situation and its influence on living costs, production, food, education, and other key sectors. However, the payment of taxes is of utmost importance for any state, as it is an instrument for the proper fulfillment of its functions, efforts can be made to reduce informality and ensure the collection of tax obligations (Neog & Gaur, 2020).

Citizen's Duty to the State

In Colombia, a natural person is considered to be any Colombian citizen or foreigner with tax residence who is obliged to observe the formal and emerging commitments related to the payment of taxes. Hence, all natural persons, understood as those residing in Colombia, must account for their taxable income, whether internal or external.

The natural person by definition refers to the classification in three categories: a) Employees. Regarding this first classification, it would be those who receive 80% of their income from a labor relationship. Then, b) self-employed workers; a worker of this type acts under his name and generates profits through the exercise of mercantile activities. Finally, c) others include persons who cannot be legally included in the previous classifications. All these classifications and different tax reforms have been aimed at formalizing and standardizing individuals' tax commitments. Therefore, the national government, through the years, has sought taxes to replace the income tax and complementary taxes, to increase the formalization of natural persons, such as the mono-tax of 2016 and the simple taxation regime of 2018.

Simple taxation regime an alternative to formalization

This system is created as a bimonthly taxation model with annual causation, which regulates

the possibility of early payment. In this sense, the referenced taxation model was born with the purpose of reducing the formal burdens, both for legal companies and individuals, thus simplifying, in a single tax, the payment of tax obligations; it should also be noted that it unifies different taxes, such as the Income Tax, which is one of the most important for government collection, since a large part of the population contributes through this tax (Toro Londoño, 2021). In general, this tax is paid by individuals and legal entities, and is characterized by taxing income that produces an increase in wealth. It also serves as an important instrument for the control and promotion of microenterprises.

On the other hand, another tax that unifies this model is the National Consumption Tax, related to food services and the sale of beverages. Another tax of high importance for the government is integrated to this last group, namely the Sales Tax (VAT) and it is characterized for being an indirect tax, not related to the ability to pay, taxing the profit in the sale of products and services that are developed in the national territory with those from abroad (García Carrillo *et al.*, 2021).

To close the group, this model includes the Consolidated Industry and Commerce Tax, which is generated when a commercial activity is carried out, whether industrial, commercial or services, and which is developed within a given municipality; the purpose of this collection is to meet the needs of the people who live there. In addition to reducing formal burdens, this system is intended to promote the formalization of the economy. As can be seen, this is not a minor item, as it benefits those involved in a win-win situation, both for the government and the taxpayers. However, these qualities of the model only acquire true meaning in the helix relationships that are established.

METHODOLOGY

Design

The research was conducted using a mixed approach since it was possible to achieve the proposed objectives by assessing quantifiable and qualitative aspects. This approach

facilitated the exploration of acceptance by examining beliefs, knowledge, and attitudes about the object studied, with an integration of its measurable and intangible aspects. The approach used was suitable for the construction of this research, given that, using quantitative research, based on a numerical approach, an answer was given from the survey that is described in this research; in addition, there is the analysis from the qualitative paradigm, where the interview that was conducted to the different professionals of diagnostic imaging, of the municipality of Florencia-Caquetá, is described.

The research structure was descriptive since the main procedures were directed to the registration, evaluation, and interpretation of the facts for its later synthesized presentation. Under the previous framework, the new taxation system, the simple taxation regime, launched by the national government, was established. Therefore, the research was organized according to the related initiatives in the literature to propose the approach to the perceptions of key actors in the health sector.

Participants

A sample of fifteen people, health professionals in the area of radiology, was taken to obtain information from the evaluation of their knowledge of the new taxation system. The selection was made intentionally, with informed consent and the main criterion was availability.

Instruments

The survey "Acceptance and benefits of the simple taxation regime in independent diagnostic imaging professionals of the health sector in the municipality of Florencia-Caquetá" was applied. It comprises twelve questions with polytomous and dichotomous answers, directed to the knowledge and benefits of said regime. Additionally, similar studies were taken into consideration.

Now, as for the interview, it was semi-structured and aimed at collecting qualitative data for a better understanding of the participants' position. To that extent, it is a set

of four questions in which a sample is categorized in relation to: knowledge, satisfaction and benefits; questions that were written so that the answers were open and with the objective that the participants had a good performance of discourse at the time of conducting the interview.

Procedures

The data collection process began with constructing the survey of twelve questions in Google Forms, in order to share it with twelve study participants, where each one was responding from their cell phones. On the other hand, three surveys were conducted in person. The information was condensed in an e-mail; then we moved on to the structure of a four-question interview, which was conducted with three doctors who are part of the research, with their respective informed consents and meticulous care in the data processing.

RESULTS

Perceptions and imaginaries about the simple regime

From the analysis of the quantitative results, we were able to meet one of the specific objectives, which was to determine the knowledge of diagnostic imaging professionals about the benefits of the simple taxation regime. From the analytical understanding of the surveys, it is assumed that 40% of the population has basic knowledge of the simple tax system; 50% of the population does not know how it works but, in turn, is part of it; however, accountants have a specific role in this issue, and it is related to maintaining transparency through accessibility to accounts and the stable rendering of data, which contributes to public confidence and should be reflected later in the management of the organization. In this search for a future and for the best tools in the administrative action of tax payment, the simple regime is inscribed, or as it is, the payment of withholding tax, understood as how the State collects taxes normally related to the fiscal year in which they are generated.

Consequently, how people assume the new system influences their daily life, a cardinal aspect in work performance, which, in turn, is crucial in the health sector. However, these results must be understood from the participants' own epistemological positions and how they assume these categories as their own, being more than a matter of knowledge. Now, from the perspective of the respondents, what was it that generated the greatest interest in joining this new form of tax payment? Regarding this issue, as mentioned by 50% of the population, it is possible to have tax benefits with discounts, ease of payment, and a commitment to mobilize the economy, create jobs in the formal market, normalize the formal payment of taxes, and promote investments.

The benefit of this tax is that it gives taxpayers exact knowledge of the payment of their taxes, where more than 70 % of those surveyed affirmed how much money they should pay. Likewise, 63.6% of the population acknowledges spending from \$1 to \$15,000,000 in tax payments. However, it should be noted that these results reaffirm the excellent opportunity presented by the problem to implement financial inclusion and education programs for a sustainable economy.

Social representation of the simple regime

The construction of a discourse analysis focuses on providing a basis for analyzing the reasons for accepting or not accepting the simple attribution regime. It is necessary to start with the fact that the tax system is composed of different normative instruments that regulate penalties and the payment of taxes. According to three of the interviewees, they took their accountants as a source of trust and advice, who play a fundamental role when declaring their finances; controversially, these participants affirm that the State does not retribute in the same way as they do for the State, which is regrettable, due to the lack of a State that retributes. Therefore, what the population expects is aid or sponsorship for the construction of roads, light sources, and schools, and, in the meantime, the State continues to fail the nation.

CONCLUSIONS

As it was determined in the research, the simple taxation regime is relatively new for the professionals specialized in diagnostic imaging who provide their services in the city of Florence, where the accountant, with his role as advisor becomes an essential and very important part of influencing a representative way in the decision making that lead these professionals to have the availability and interest to venture into new tax issues. Now, it is true that this new taxation model is relatively new, and professionals have little knowledge about it. However, this system is projected as an excellent alternative for this sector, offering benefits that are worth feeding back so that more and more professionals know and analyze the importance of the benefits that, due to lack of knowledge or lack of an advisor, do not allow them to take into account the tax changes in which the government seeks to encourage formalization.

As a conclusion of the analysis of the discourse of the participants of the research, they feel dissatisfied with the effort made in the formalization and compliance with the formal and substantial duties of the tax, because this is not reflected in investment in the territory where they develop their social purpose, stating that the corruption factor affects the fact that these resources are not executed in terms of social development. ■

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