

The Rimpe and its Impact on the Tax Reform of Ecuador Year 2023

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Abstract

The analysis also highlights the importance of addressing knowledge gaps about RIMPE, with half of respondents neutral in their understanding. It highlights the need for effective educational strategies to improve the accessibility of information and ensure wider understanding among the population. Expectations of "big improvements" from one-third of respondents underscore the importance of a proactive approach to addressing the concerns and expectations of the population, thus ensuring successful implementation and greater acceptance of tax reforms in the future. In summary, the landscape reflects the complexity of citizen perceptions, highlighting the need for more effective communication, ongoing citizen participation, and detailed evaluation to ensure the success and acceptance of tax policies in Ecuador. Although there is moderate overall satisfaction with tax reforms, neutrality on key issues such as transparency, understanding and citizen participation points to areas for improvement in communication and public engagement. The equitable perception on the impact of RIMPE on small businesses highlights the need for more detailed research to fully understand the economic implications in this crucial sector.

Keywords: RIMPE, complexity, tax reform, tax regime.

1. Introduction

The Tax Regime for Small and Medium-sized Enterprises (RIMPE) is a fundamental pillar in the tax reform implemented by Ecuador in 2023. This innovative tax system seeks to boost economic growth by providing significant advantages to smaller companies.

Under RIMPE, companies that meet the established criteria can access benefits such as preferential tax rates, simplification of procedures and tax exemptions in certain transactions. This measure has been designed to promote the formalization of businesses and stimulate job creation, while seeking to increase tax collection in the long term.

The impact of the RIMPE on Ecuador's tax reform is remarkable. It has fostered an environment conducive to investment and entrepreneurship, encouraging SMEs to expand their operations and contribute to the country's economic development. In addition, by reducing the tax burden on these companies, greater competitiveness in the national and international market is expected.

This Analysis of the RIMPE in the 2023 tax reform represents a significant change in Ecuadorian fiscal policy, which aims to promote sustainable growth and equity in the country's business fabric. Its long-term impact on the economy and tax revenues deserves careful analysis and close monitoring in the years to come.

Problem statement

In the context of the tax reform implemented in Ecuador in 2023, the Tax Regime for Small and Medium-sized Enterprises (RIMPE) is introduced with the aim of providing tax benefits to smaller companies. However, there is a need to rigorously evaluate and analyze the real impact of this measure on the business fabric and on the country's tax collection.

It is essential to understand whether the RIMPE has effectively managed to encourage the formalization of businesses, boost economic growth and promote job creation, as proposed in the tax reform. Likewise, it is necessary to evaluate whether the tax advantages granted to SMEs have resulted in an increase in their competitiveness and contribution to national economic development.(Quispe, G. y otros, 2020)

Therefore, the following problem arises: What is the real impact of the Tax Regime for Small and Medium-sized Enterprises (RIMPE) on Ecuador's tax reform in 2023 in terms of business formalization, economic growth, job creation, and tax collection? This research seeks to provide a detailed analysis and empirical evidence that allows evaluating the effectiveness and tangible results of this measure in the economic and fiscal context of the country.

Problem Formulation

What is the impact of the Tax Regime for Small and Medium-sized Enterprises (RIMPE) on Ecuador's tax reform in 2023, specifically in terms of business formalization, economic growth, job creation, and tax collection?

Have the objectives proposed by the reform been achieved in terms of encouraging the development of SMEs and improving the country's tax collection?"

This formulation of the problem clearly establishes the elements that will be investigated (business formalization, economic growth, job creation, and tax collection) and raises a precise question about the impact of the RIMPE on the Ecuadorian tax reform of 2023. This question will guide the collection and analysis of data, as well as the interpretation of the results to respond in a well-founded way to the problem raised.

Location of the Problem in a Context

The location of the problem is framed in the economic and fiscal context of Ecuador during the year 2023. During this period, the Ecuadorian government implemented a significant tax reform that included the introduction of the Tax Regime for Small and Medium-sized Enterprises (RIMPE).

This regime seeks to grant tax benefits to smaller companies, with the purpose of encouraging the formalization of businesses, stimulating economic growth and promoting the generation of employment in the country. The relevance of this problem lies in the need to understand in depth whether the RIMPE has really managed to achieve the objectives set by the reform, evaluating its concrete impact on the Ecuadorian business reality. (Montiel y otros, 2020)

Therefore, the research focuses on analysing the effect of the RIMPE on key indicators such as business formalisation, economic growth, job creation and tax collection. This evaluation will determine whether the implementation of the RIMPE has resulted in an effective stimulus for small and medium-sized enterprises, and whether it has contributed positively to Ecuador's economy and tax collection during 2023.

Delimitation of the problem

The delimitation of the problem is limited to the scope of small and medium-sized enterprises (SMEs) in Ecuador that take advantage of the Tax Regime for Small and Medium-sized Enterprises (RIMPE) within the framework of the 2023 tax reform.

Large companies and other economic sectors that do not directly benefit from RIMPE are excluded. It is also limited to a specific temporal analysis, addressing the effects and results of this measure during 2023. Other temporary periods or previous or subsequent tax reforms are not considered.

The delimitation also refers to the evaluation of specific indicators, such as the formalization of companies, economic growth, job creation and tax collection in the context of SMEs covered by the RIMPE. Other macroeconomic or microeconomic aspects that are not directly related to these indicators are outside the scope of this research. (Méndez, Cultura tributaria y contribuyentes: Datos y aspectos metodológicos., 2022)

In addition, it focuses on the economic and fiscal impact, excluding analysis of social, environmental or other factors not directly linked to the economy and the taxation of SMEs under the RIMPE in 2023. This delimitation provides a precise and specific approach to research, allowing a detailed and rigorous evaluation of the effect of this measure on the Ecuadorian business fabric.

Problem Assessment

The evaluation of the Tax Regime for Microenterprises (RIMPE) in the context of the Ecuadorian tax reform during the year 2023 is revealed as a complex and multifaceted exercise that requires a detailed consideration of various economic, fiscal, and social aspects. The RIMPE, designed with the intention of alleviating the tax burden on micro-enterprises, has undergone significant evolution since its implementation, and its impact on the tax reform deserves a thorough analysis.

In terms of participation, there is a steady increase in the number of micro-enterprises opting for RIMPE. This growth could be attributed to the tax incentives provided by the regime, which seeks to facilitate the development of this crucial business segment for the country's economy. However, it is essential to examine whether this increase in participation translates into concrete benefits for micro-enterprises and whether the regime is meeting its original objectives.

The economic impact of RIMPE has been a subject of constant debate. While it has contributed to the growth of the microenterprise sector, some signs suggest potential challenges in the country's fiscal sustainability. It is imperative to assess the relationship between the economic benefits generated by the RIMPE and its impact on total tax revenues. This analysis should include a review of the State's ability to compensate for the reduction in tax revenues derived from the benefits granted to microenterprises.

Fiscal sustainability is a critical factor in the evaluation of RIMPE. While it is understandable that the regime seeks to support microenterprises, it is essential to ensure that public finances remain stable and that the government's ability to finance essential services is not compromised. In this regard, a delicate balance is required between promoting business development and ensuring sufficient tax revenues to sustain government operations.

It is crucial to explore the effectiveness of RIMPE in achieving its initial objectives. Has it been possible to significantly reduce the tax burden for microenterprises? Have jobs been created and investment in this sector encouraged as expected? These questions are critical to determining the effectiveness of the regime and its contribution to the broader objectives of tax reform.

The review of previous reforms in the RIMPE provides valuable insights. Have adjustments been implemented in response to the challenges identified in previous assessments? How have policies related to microenterprises evolved over time? These questions allow us to contextualize the RIMPE in Ecuador's overall tax landscape and highlight lessons learned from past experiences.

Consultation with stakeholders, including representatives of micro-enterprises, tax experts and society at large, is essential to gain a full understanding of the impact of RIMPE. The opinions and direct experiences of those affected by the regime offer valuable information on its effectiveness and the challenges that microenterprises could face in the current tax context. In an international perspective, comparison with similar regimes in other countries can provide valuable insights. Are there successful practices that can be adopted or adapted in the Ecuadorian context? How are other countries addressing the challenges related to the taxation of microenterprises?

The evaluation of the RIMPE and its impact on the Ecuadorian tax reform in 2023 requires a holistic approach. From microenterprise participation to economic impact and fiscal sustainability, every aspect needs to be carefully considered. Lessons learned from previous reforms, stakeholder feedback, and international comparison are valuable tools to inform future decisions and ensure that the regime effectively contributes to the country's sustainable economic development.

2. Objectives

General Objective

To analyze the impact of the RIMPE on Ecuador's Tax Reform in 2023.

1. Specific Objectives

✚ To analyse the contribution of companies covered by the RIMPE to tax collection, comparing the revenue generated by this group with that of companies not covered by the regime.

✚ Identify possible challenges, limitations or problems faced by SMEs under the RIMPE in the implementation and compliance with the requirements of the regime.

✚ Evaluate the results obtained through data collection tools and techniques based on the results of the surveys

2. Justification

The study on the Tax Regime for Microenterprises (RIMPE) and its influence on Ecuador's Tax Reform emerges as a topic of unavoidable relevance in the country's economic and fiscal outlook. This regime represents a key tool in the government's strategy to promote the development and formalization of microenterprises, a vital sector in the country's productive structure. However, its implementation is not exempt from questions and debates about its true impact on the collection and distribution of tax burdens.

It is also essential to evaluate its effectiveness in generating employment and sustainable growth. The RIMPE, by granting tax advantages to these productive units, has the potential to boost the economy and reduce informality, but it could also imply challenges in terms of equity and fiscal sustainability. This study seeks to provide a detailed and up-to-date assessment of the role of RIMPE within the context of Ecuadorian tax reform, contributing to a critical analysis of economic and fiscal policies in the country and offering valuable perspectives for decision-making at the governmental level as well as in the business and academic spheres.

By encouraging the formalization and tax compliance of microenterprises, the Tax Regime for Microenterprises (RIMPE) plays a crucial role in driving sustainable economic growth in Ecuador. Given the significant presence of microenterprises in the country's economy, their contribution to economic development is enhanced when they fulfill their fiscal responsibilities. A detailed analysis of how the RIMPE affects compliance with these tax obligations will allow an accurate assessment of the effectiveness of this regime in promoting tax formalization and

compliance. In addition, this study will provide essential information to identify possible improvements in the tax system, thus strengthening policies aimed at boosting Ecuador's sustainable economic development.

VIABILITY

The feasibility of conducting a study on the Tax Regime for Microenterprises (RIMPE) and its impact on Ecuador's Tax Reform is evidenced by the unavoidable relevance that this issue presents in the country's economic and fiscal context. The RIMPE, conceived as a strategic tool of the government to stimulate the development and formalization of microenterprises, stands as a vital element in the national productive structure. However, its implementation does not escape questions and debates about its true impact on the collection and distribution of tax burdens.

The need to assess the effectiveness of RIMPE in generating employment and promoting sustainable growth underlines the inherent complexity of this regime. By granting tax advantages to microenterprises, the RIMPE potentially energizes the economy and reduces informality, although it simultaneously poses challenges in terms of equity and fiscal sustainability.

The purpose of this study is to provide a detailed and up-to-date assessment of the role of the RIMPE in the context of Ecuadorian tax reform. This approach will not only contribute to a critical analysis of economic and fiscal policies, but will also provide valuable insights for decision-making in government, business, and academia. By encouraging the formalization and tax compliance of microenterprises, the RIMPE plays a crucial role in driving sustainable economic growth in Ecuador.

The significant presence of microenterprises in the country's economy reinforces the relevance of this study. It is recognized that the contribution to economic development is enhanced when these units comply with their fiscal responsibilities. A detailed analysis of how the RIMPE affects compliance with these tax obligations will allow an accurate assessment of the effectiveness of this regime in promoting tax formalization and compliance. In addition, the study will provide essential information to identify possible improvements in the tax system, thus contributing to strengthening policies aimed at boosting Ecuador's sustainable economic development. The feasibility of this study is based on the critical importance of RIMPE, its potentially significant impact on the economy, and the imperative need to understand its effects in order to inform effective decisions at the government and business levels.

3. Theoretical Framework

3.1 Historical background

They date back to the need to promote the formalization and development of microenterprises in the country. Given the significant presence of this sector in the Ecuadorian economy and the prevailing informality, the Government sought to implement measures that would stimulate its growth and tax compliance. Thus, in the context of the Tax Reform, the RIMPE was introduced with the purpose of granting tax benefits to these small productive units, alleviating their tax

burden and encouraging their active participation in the formal economic system. (ESTEVE, 2022)

The adoption of this regime represents an attempt by the State to balance the encouragement of entrepreneurial activity with the need to strengthen tax collection and promote tax equity. Therefore, an understanding of the historical background of the RIMPE is essential to assess its current impact on the Ecuadorian economy and to determine whether it has effectively managed to promote the sustainable growth of microenterprises, as well as the consolidation of a more equitable and efficient tax system. The study of the Tax Regime for Microenterprises (RIMPE) and its influence on Ecuador's Tax Reform reveals a persistent challenge: the lack of tax culture in the country. This problem, identified and discussed by experts over an extended period, acquires crucial relevance given its magnitude. In Ecuador, taxpayers tend to adopt different positions regarding compliance with their tax obligations, from willingness to comply, to total reluctance.

This diversity of approaches is directly linked to the present research, since there are regions where the lack of knowledge about tax obligations persists. Therefore, although there is previous research with similarities, the development of this study is essential, since it seeks to implement a tax program adapted to the specific needs of the merchants under study. The scarce, non-existent or incorrect understanding of tax has an impact on the fact that many merchants do not comply with their tax obligations. This is particularly evident in certain areas of Ecuador, where the lack of tax culture persists as a significant barrier. Therefore, it is imperative to reach these people with a tax program specifically designed to address this problem.(Moreno et al., 2021)

Describing the tax conditions of the merchants under study is revealed as a fundamental component, providing valuable contributions on the processes that determine the behaviors of those responsible for taxation. In addition, this description opens the door to the implementation of planned changes in taxpayer attitudes and behaviors. It should be noted that tax administration is intrinsically linked to the management of money, being a variable of crucial importance in for-profit organizations.

In this business context, aspects related to asset management, investment, financing and the theoretical value of research are addressed. This contribution is substantial for business development, providing valuable information on the relationship between the level of tax culture and its impact on the sector. This, in turn, generates systematic knowledge and sets baseline goals for future advances in this crucial area, providing a solid starting point for other researchers interested in this field.

4. Frame of Reference

THEME	AUTHOR	YEAR	SUMMARY	ANALYSIS	EDITORIAL
Tax guide for tax obligations of members in the new Quinindé taxi	(Mendoza, 2020)	2020	concluded that in the investigation carried out on the members of the Nuevo Quinindé taxi cooperative, the	This investigative work determined that the partners want to have in their hands the detailed,	Undergraduate thesis

transport cooperative in the period 2020,			<p>following conclusive facts could be obtained:</p> <p>The investigative process has made it possible to know in a general way, how the 113 members of the cooperative are regularized in new Quinindé taxis, before the SRI, the survey carried out allowed to know that the members are registered in the single taxpayer registry (ruc), therefore, they have the obligation to declare VAT on a semiannual basis and income tax as long as they exceed the basic fraction established by law, however, little tax knowledge is one of the main causes of non-compliance, thus leading to the payment of fines and penalties. Therefore, we consider that the partners need to have a tax instrument that allows them to regularly exercise their role as taxpayers, that is, to keep their tax situation in order (Alcívar Monserrate, 2022).</p>	<p>clear and precise knowledge. For this reason, it is proposed to prepare the components of a tax guide, which is available for use by the members of the cooperative; that it is an instrument of feedback, support, and that captures the information that the taxpayer needs, to execute the processes related to the registration and payment of tax obligations, without the need to incur payments to private accountants</p>	
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THEME	AUTHOR	YEAR	SUMMARY	ANALYSIS	EDITORIAL
Tax culture: ways to improve it"	(Montiel y otros, 2020)	2020	<p>When a government imposes taxes that are too high, four things can happen, three of which are bad: rebellion, flight to avoid paying taxes, and evasion. There are even greater harms that high taxes cause to society: rising prices, declining productivity and low economic growth, restrictions on freedom by the regulations of the state bureaucracy, gradual erosion of individual liberty and self-determination by a paternalistic state, and a punishing and confiscatory tax system of private property.</p>	<p>The tax administration has the power to impose, modify or exempt taxes. Thus, the statutes regulated by the Constitution are the basis of the operation, structure and management of the collecting entity, allowing Ecuador to be directed towards a culture so that the taxpayer knows the obligation to comply and enforce both for individuals and companies.</p>	Deloitte

THEME	AUTHOR	YEAR	SUMMARY	ANALYSIS	EDITORIAL
the tax culture and its impact on the fulfillment of obligations in the heavy cargo transport company Transmundana S. A. of the canton of May 24.	(Constante, 2021)	2021	<p>In relation to the first specific objective of the research project carried out, it was concluded that the theoretical foundation allowed to know the bases that support the compliance with tax obligations in the Heavy Cargo Transport Company TRANSMENDOSA S.A., among these bases are the Constitution of the Republic, the Tax Code, the Internal Tax Regime Law and its Regulations, the Regulation of Receipts of Sale, Retention and Complementary Documents and the Organic Law of Land Transport, Transit and Road Safety. (p. 46)</p> <p>Through the methodology used in the research project, it was evidenced that the level of awareness of the tax culture in the partners is low due to the lack of tax knowledge, with this it is clear that the awareness of the tribal culture affects the fulfillment of obligations and therefore the Company since, it can be sanctioned or fined for non-compliance. (p. 46)</p>	<p>The design of the tax guide with the new RIMPE regime will allow the partners that make up the company to be educated on tax matters, helping them to know what obligations they must comply with to carry out an economic activity, in addition to the guide will promote and raise the level of tax culture for the benefit of the country. On the other hand, the guide may be disseminated to the other companies of the canton 24 May</p>	Thesis prior to the degree in accounting and auditing.

THEME	AUTHOR	YEAR	SUMMARY	ANALYSIS	EDITORIAL
Tax Guide for the Compliance with Tax Obligations to the Members of the Mechanics' Guild and Annexes of the Jipijapa Canton in the 2020 Period"	(Álvarez J. A., 2020)	2020	<p>Tax ignorance is one of the characteristics that is most connoted in the population and in this case it is reflected in 50% of the members of the guild, being one of the main factors by which it is affected, which is why the tax guide manifests main issues that every qualified taxpayer should know.</p> <p>Through an interview, it was possible to determine the factors that affect the lack of knowledge of tax obligations, which allowed the study of various criteria by the members and how these could affect the Guild. . (p. 67)</p>	<p>Tax compliance is a duty that every taxpayer has and that must be fully complied with, which is why it is important and of greater relevance that the members of the mechanics guild and annexes establish the design of a tax guide to improve compliance with tax obligations</p> <p>In this sense, the results of these important investigations support the needs detected about the low tax culture in taxpayers for the year of study and adequately frame the problem statement, which</p>	Undergraduate thesis

				supports the formulation of this research.	
THEME	AUTHOR	YEAR	SUMMARY	ANALYSIS	EDITORIAL
"Tax Guide for the Compliance with Tax Obligations to the Members of the Mechanics' Guild and Annexes of the Jipijapa Canton in the 2020 Period"	(Álvarez B. , 2020)	2020	<p>Tax ignorance is one of the characteristics that is most connoted in the population and in this case it is reflected in 50% of the members of the guild, being one of the main factors by which it is affected, which is why the tax guide manifests main issues that every qualified taxpayer should know.</p> <p>Through an interview, it was possible to determine the factors that affect the lack of knowledge of tax obligations, which allowed the study of various criteria by the members and how these could affect the Guild.</p> <p>Tax compliance is a duty that every taxpayer has and that must be fully complied with, which is why it is important and of greater relevance that the members of the mechanics guild and</p>	<p>In this sense, the results of these important investigations support the needs detected about the low tax culture in the merchants of the market located in Playas for the year of study and adequately frame the statement of the problem, which supports the formulation of this research.</p>	Undergraduate thesis

			annexes establish the design of a tax guide to improve compliance with tax obligations		
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5. Conceptual Framework

This research work will help to describe the tax conditions of taxpayers in Ecuador. And their respective provinces since it is necessary to clarify certain concepts concerning the investigation, which are indicated below:

• Taxpayer

Article 25 of the Code establishes that the taxpayer:(Código Tributario, 2017)

It is the natural or legal person on whom the law imposes the tax benefit for the verification of the generating event. A person who, according to the law, must bear the tax burden, even if he or she transfers it to other persons, will never lose his or her status as a taxpayer.

When a government imposes taxes that are too high, four things can happen, three of which are bad: rebellion, flight to avoid paying taxes, and evasion. There is even greater damage that high taxes cause to society: rising prices, declining productivity and low economic growth, restrictions on freedom by the regulations of the state bureaucracy, gradual erosion

• Informal

(Real Academia Española, 2021) An informal person is individuals who do not comply with the rules and commitments that come from regulations and regulatory bodies.

Analysis: In this way, we must detect the approaches of the most recent authors on tax culture, based on the criteria provided by different scientific researches.

• Informal taxpayer

According to the Informal Taxpayers, those "Persons who have informal activities of commerce, production or services without any control by the authorities" (p. 57), that is, informal taxpayers are those natural or legal persons who, having an economic or labor activity that generates the payment of tax, do not comply with their tax obligations.(M. Ortega Toapanta, 2019)

• Formal taxpayers

According to "Taxpayer is the natural or legal person to whom the law imposes the tax benefit for the verification of the generating event." (p. 7), Therefore, formal taxpayers are those natural or legal persons who, having an economic or labor activity that generates tax payment, comply with their tax obligations.(Dirección Nacional Jurídica, 2018)

Types of taxpayers

In our country, taxpayers are both individuals and companies, organizations or institutions (Zúñiga et al., 2019)

Analysis: The way taxes are imposed, and the way the State spends them, is an indicator of whether society is prosperous or condemned to backwardness, poor, free or slaves, and more importantly, whether or not they are good people

- Individuals

According to Article 41, "All individuals of the human species are persons, regardless of their age, sex or condition. Divide into Ecuadorians and foreigners." (Congreso Nacional del Ecuador, 2020)

- Legal persons

According to the : (Congreso Nacional del Ecuador , 2020)

A legal person is a fictitious person, capable of exercising rights and contracting civil obligations, and of being represented judicially and extrajudicially. Legal persons are of two kinds: corporations, and public welfare foundations. There are legal persons that participate in both types. (p. 30)

Natural persons obliged to keep accounts

According to Article 37 of the Regulations for the application of the Organic Law of the Internal Tax Regime, they are all national and foreign individuals who carry out economic activities in our country and meet the following conditions: that they operate with their own capital that at the beginning of their economic activities or on January 1 of each tax year have exceeded 9 basic fractions deducted from income tax or whose gross income of these activities, of the immediately preceding fiscal year, have been greater than 15 basic deducted fractions or whose annual costs and expenses, attributable to the business activity, of the immediately preceding fiscal year have been greater than 12 basic deducted fractions. (LORTI, 2019)

. The tax culture implies taxation, considering a component "of power" such as (Méndez, Cultura tributaria y contribuyentes: Datos y aspectos metodológicos., 2019)

In reference to his investigative process, he determined that: (Quispe, G. y otros, 2020)

Data from the Internal Revenue Service of Ecuador show that tax collections in Ecuador since 2000 have grown with some falls between 2016, 2017 and a slight increase in 2018 and again a reduction in 2019; however, the growth rate between 2018/2017 reaches 10.5%, which corresponds to an additional 1465 million dollars, with a drop in growth of 5.79% for the year 2019. (p. 155)

The statistical data are exposed in documentation of the Internal Revenue Service of Ecuador.

According to its report, it determines that: Fuente especificada no válida.

of individual freedom and self-determination by a paternalistic state, and a system of taxation that punishes and confiscates private property. (p. 1)

- Tax evasion.

(Montiel y otros, 2020) in the text "Tax culture: ways to improve it", they express that: Evasion, reviews the strategies used by taxpayers in order to avoid paying taxes, violating what the law establishes, which consists of not paying totally or partially the tax that by law they are responsible for paying, but violating the law; In other words, tax evasion is illegal and therefore carries different sanctions.

Analysis: Avoid or reduce the tax burden through the different legal distortions and reduce the tax burden by using maneuvers to increase expenses, omit income in the returns, etc.

- Qualification of the generating event.


Analysis: When the generating event consists of a legal act, it will be classified according to its true essence and legal nature, whatever the form chosen or the denomination used by the interested parties.

When the generating event is delimited according to economic concepts, the criterion for qualifying them will take into account the economic situations or relationships that actually exist or are established by the interested parties, regardless of the legal forms used. (p. 5).

6. Legal basis


The legal bases constitute the foundations contained in the typified provisions in force in Ecuador, which also frame the main provisions in the tax field linked to the variable of this study. The following are presented in order of supremacy:

Constitution of the Republic

 By means of Official Gazette No. 449 of October 20, 2008, the Constituent Assembly of Ecuador (2008).

(Asamblea Constituyente del Ecuador, 2008) debated the tax system, the Constitution of Ecuador has established in its Article 300 the principles that govern the tax system.

Analysis: In addition to equity, these principles are: efficiency, administrative simplicity, transparency, non-retroactivity, generality, progressivity and collection sufficiency. In which direct and progressive taxes will be prioritized, tax policy will promote redistribution and stimulate employment, the production of goods and services, and responsible ecological, social and economic behaviors. (p. 88)

 Article 301, Constituent Assembly of Ecuador (2008) states that:

Only at the initiative of the Executive Branch and by means of a law sanctioned by the National Assembly may taxes be established, changed, exempted or extinguished. Only by regulatory act

of a competent body may fees and contributions be established, modified, exempted and extinguished. Special fees and contributions shall be created and regulated in accordance with the law. (p. 88)

Analysis: The tax administration has the power to impose, modify or exempt taxes. Thus, the statutes regulated by the Constitution are the basis of the operation, structure and management of the collecting entity, allowing Ecuador to be directed towards a culture so that the taxpayer knows the obligation to comply and enforce both for individuals and companies.



Organic Law for Economic Development and Fiscal Sustainability

This law proposed by the Presidency of the Republic, (2021), determines changes in the structure of income tax, also eliminates the microenterprise regime, Special Consumption Tax and Value Added Tax, to certain hygiene, technology and connectivity items.

Analysis: Chapter V, in Article 97.4, refers to the exclusions of this regime, and includes activities dedicated to "transport, agricultural activities, fuel marketing, relationship of dependency" (p. 21), in addition to those that receive capital income.



Taxpayer statuses before the Tax Administration

(García, J., y otros, 2017), explains that taxpayers registered in the Single Taxpayer Registry can have successive statuses with the tax administration: RUC: The Single Taxpayer Registry RUC is the starting point in the operation of the tax administration, it is an instrument that serves to register and identify taxpayers: individuals and companies.

Active: is any taxpayer who is registered in the Single Taxpayer Registry and, therefore, is a taxpayer of tax obligations for carrying out some economic activity. (Pérez Porto, J., Merino, M., 2022)

Suspension: term applied to natural persons who have temporarily terminated their economic activities.

Liabilities: term applied to natural persons who have died, non-resident foreigners, and companies that have canceled their RUC. (p. 61).

7. Methodology

TYPE AND DESIGN OF THE RESEARCH

The research design is field because we have obtained direct information from a target group; It also corresponds to a bibliographic research that has been based on obtaining already established information that has allowed to base the theoretical framework and subsequently determine the components that are part of the proposal.

QUALITATIVE RESEARCH

The research design adopted is qualitative in nature, based on data collection methods that focus on descriptions and observations rather than numerical measurements. Its objective is to reconstruct reality according to the perception of the actors within a specific system.

- Qualitative research: — Qualitative research is characterized by exploring situations in their natural context, seeking to understand phenomena through the meanings they have for the people involved (Echazarreta, 2022)

This approach involves the use and collection of a wide variety of materials, such as interviews, personal experiences, life stories, observations, historical texts, images and sounds that represent problematic practices and conditions.

- Exploratory Research -- Exploratory research is characterized by a lack of standardization in data collection, a small sample that does not represent the population, and qualitative analysis of primary information, the results of which are preliminary. (Vargas, 2019)

This type of research is defined by obtaining information in a free and flexible way, without a rigid structure. Its main goal is to collect preliminary data that sheds light on the true nature of the problem facing the researcher and to uncover new ideas or situations

- Deductive method

This method is used for the study of economic phenomena such as the market; The study with this method begins with essential aspects such as the suppliers or demander, then the commodities they exchange, then the types of markets to which they give part to the relationships that are established between suppliers and demanders (López, 2020)

Deduction is used, going from the general to the particular, to understand the relationships between suppliers, demanders, and commodities.

In this study, the survey will be used as an instrument to collect information to know the economic level of RIMPE taxpayers in the canton of Milagro, Ecuador. A semi-structured questionnaire designed specifically for this environment will be applied. (Añez, 2020)

For this research we will use the INTERVIEW to collect information, since the purpose is to know the impact of the RIMPE in which the taxpayers of Ecuador are specifically in the canton of Milagro, for this a semi-structured QUESTIONNAIRE will be used as an instrument that is administered by itself, that is, questions elaborated according to the environment that we are going to study.

Research techniques

8. Survey and research instrument

A survey is a procedure within the designs of a descriptive research in which the researcher collects data through the previously designed questionnaire, without modifying the environment or the phenomenon where the information is collected, highlighting the most important thing to carry out a statistical study (Meredith., 2019)

Therefore, the work applied the research survey on the subjects according to the study variable, the taxpayer and the new RIMPE tax regime through a questionnaire designed based on the research questions.

9. Population and sample

Population

The population is the set of people, animals or objects about which you want to know something in a research and that are found at a specific time and place (López, 2020)

In this case, the population is focused on taxpayers, and the sample is extracted directly without using statistical formulas, covering the total of 96 taxpayers in the Milagro canton

Sample.

It is a subset or part of the universe or population in which the research will be carried out. There are procedures to get the quantity of the sample components like formulas, logic, and others which you will see later. The sample is a representative part of the population. (Requena, 2017)

The sample obtained within the research process is initially worked with 96 taxpayers that according to RISE is equivalent to 100% based on this figure will proceed in a direct way without complicating any statistical formula.

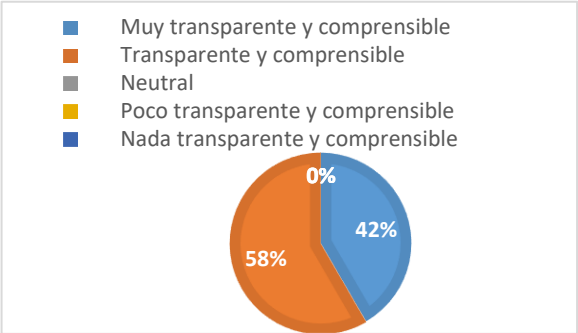
10. RESULTS

1. How do you assess the transparency and understanding of the implementation of the RIMPE by the tax authorities?

Board 1

OPTIONS	F	%
Very transparent and understandable	40	40%
Transparent and understandable	56	60%
Neutral	0	0%
Not very transparent and understandable	0	0%
Nothing transparent and understandable	0	0%
Total	96	100%

Illustration 1



Source: Surveys applied to Microentrepreneurs

Elaboration: Authors . In original language Spanish

Analysis:

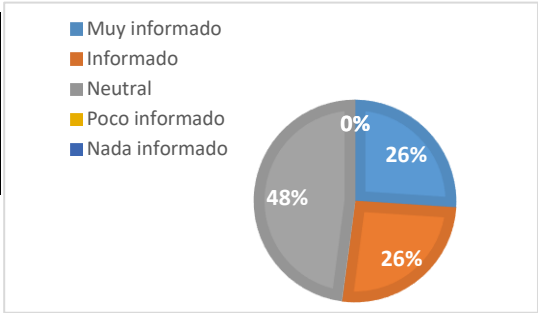
The assessment of the transparency and understanding of the implementation of the RIMPE by the tax authorities is reflected in Table 1. Overall, the majority of respondents (60%) consider the implementation of the RIMPE by the tax authorities to be transparent and understandable. An additional 40% think it is very transparent and understandable. There are no responses that indicate neutral, non-transparent or non-transparent and intelligible perceptions. This assessment suggests that the implementation of the RIMPE is generally well perceived in terms of transparency and understanding by respondents.

2. To what extent do you feel informed about the concept of RIMPE and its role in Ecuador's tax reform?

Board 2

OPTIONS	F	%
Very knowledgeable	25	26%
Informed	25	26%
Neutral	46	48%
Poorly informed	0	0%
Not at all informed	0	0%
Total	96	100%

Illustration 2



Source: Surveys applied to Microentrepreneurs

Elaboration: Authors. In original language Spanish

Analysis:

The evaluation of the survey of 96 taxpayers with perception of the information on the concept of RIMPE and its role in Ecuador's tax reform is presented as follows: Very informed: 26% (25 people), Informed: 26% (25 people), Neutral: 48% (46 people), Poorly informed: 0% (0 people), Not at all informed: 0% (0 people)

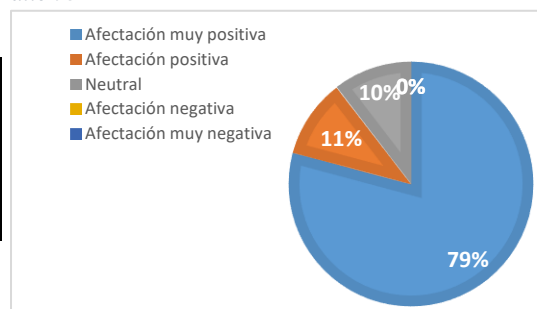
The majority of respondents (48%) indicate that they feel neutral regarding information about the concept of RIMPE and its role in tax reform. 26% consider themselves to be very informed and another 26% informed. There are no answers that indicate feeling little or not at all informed. This distribution suggests that there are a variety of levels of knowledge about the RIMPE and its role in tax reform, with a significant portion of respondents expressing neutrality in their perception.

3. Do you think that the introduction of the RIMPE has positively or negatively affected small businesses in Ecuador?

Board 3

Illustration 3

OPTIONS	F	%
Very positive impact	76	50%
Positive impact	10	25%
Neutral	10	25%
Negative impact	0	0%
Very negative impact	0	0%
Total	96	100%



Source: Surveys applied to Microentrepreneurs

Elaboration: Authors . In original language Spanish

Analysis:

The perception of how the introduction of the RIMPE has affected small businesses in Ecuador is reflected in the following distribution:

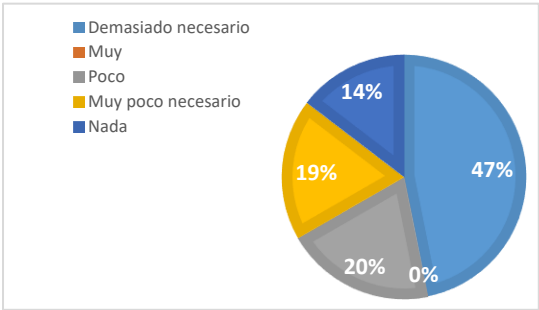
According to the opinion of the respondents, the majority (50%) consider that the introduction of the RIMPE has had a very positive impact on small companies. Another 25% believe that the impact is positive, while 25% are neutral in this regard. There are no responses that indicate perceptions of negative or very negative affection. Overall, the evaluation suggests that the introduction of RIMPE is mostly viewed positively in relation to its impact on small businesses in Ecuador.

4. From your perspective, is it easier to comply with tax obligations due to the implementation of RIMPE?

Board 4

OPTIONS	F	%
Too necessary	45	47%
Very	0	0%
Little	19	20%
Very little necessary	18	19%
Nothing	14	14%
Total	96	100%

Illustration 4



Source: Surveys applied to microentrepreneurs

Elaboration: Authors . In original language Spanish

Analysis:

The perception of the ease of complying with tax obligations due to the implementation of the RIMPE is presented as follows:

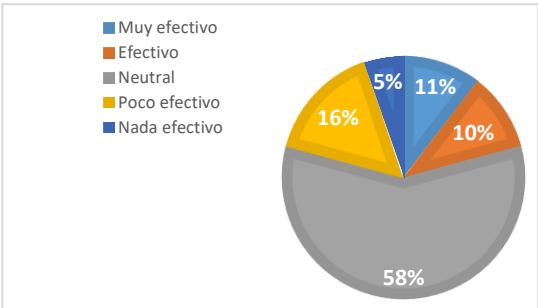
The majority of respondents (47%) consider that it is "too necessary" to comply with tax obligations due to the implementation of the RIMPE. 20% think it is "not very necessary", and 19% consider it "very unnecessary". There are no responses to indicate that the implementation of the RIMPE has made complying with tax obligations "very" or "not at all" necessary according to the respondents' perspective. Overall, the assessment suggests that there are divided opinions on the ease of complying with tax obligations due to RIMPE, with a trend towards the need to comply with these obligations.

5. How do you evaluate the effectiveness of the RIMPE in the tax reform process in Ecuador?

Board 5

OPTIONS	F	%
Very effective	10	11%
Effective	10	10%
Neutral	56	58%
Not very effective	15	16%
Not effective at all	5	5%
Total	96	100%

Illustration 5



Source: Surveys applied to Microentrepreneurs

Elaboration: Authors . In original language Spanish

Analysis:

The evaluation of the effectiveness of the RIMPE in the tax reform process in Ecuador is reflected in the following distribution:

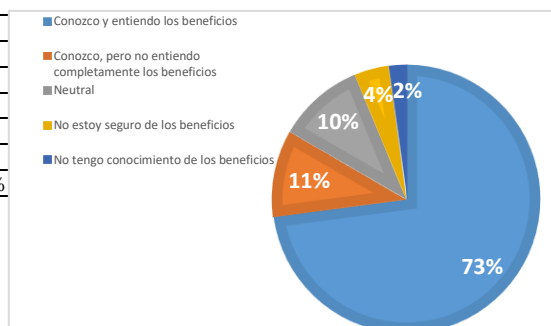
The majority of respondents (58%) are neutral regarding the effectiveness of the RIMPE in the tax reform process. 21% consider it to be effective or very effective, while 21% believe that it is not very effective or not at all effective. This distribution indicates varied opinions on the effectiveness of the RIMPE in the context of the tax reform in Ecuador, with a tendency towards neutrality.

6. Are you aware of the specific benefits that RIMPE aims to offer taxpayers in Ecuador?

Board 6

Illustration 6

OPTIONS	F	%
I know and understand the benefits	70	73%
I know, but I don't fully understand the benefits	10	11%
Neutral	10	10%
I'm not sure about the benefits	4	4%
I have no knowledge of the benefits	2	2%
Total	96	100%



Source: Surveys applied to Microentrepreneurs

Elaboration: Authors . In original language Spanish

Analysis:

The perception of the knowledge of the specific benefits that the RIMPE intends to offer to taxpayers in Ecuador is presented as follows:

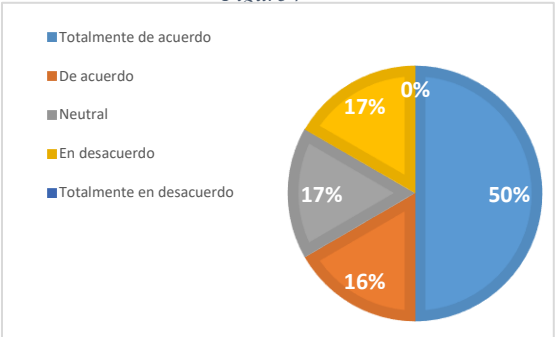
The majority of respondents (42%) say they know and understand the benefits of RIMPE. Another 14% are aware of the benefits, but do not fully understand them, and another 14% are neutral about it. The remaining 28% indicate that they are unsure of the benefits or are not aware of them. This suggests that while there is a significant group that knows and understands the benefits, there are others who are not as sure or lack knowledge on the subject.

7. Do you feel that citizens have had enough participation in the process of designing and implementing the tax reform and the RIMPE?

Table 7

OPTIONS	F	%
Totally agree	48	50%
I agree	16	17%
Neutral	16	16%
Disagree	16	16%
Strongly disagree	0	0%
Total	96	100%

Figure 7



Source: Surveys applied to merchants in Milagro

Elaboration: Authors . In original language Spanish

Analysis:

The perception of citizen participation in the process of designing and implementing the tax reform and the RIMPE is reflected in the following distribution:

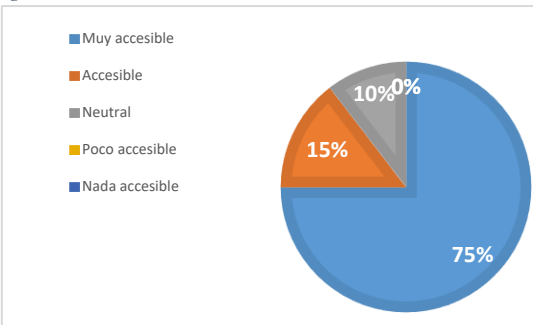
Half of the respondents (50%) strongly agree that citizens have had sufficient participation in the process of designing and implementing the tax reform and the RIMPE. Another 17% agree, while another 16% are neutral on the matter and 16% disagree. There are no responses that indicate total disagreement. The evaluation suggests a diversity of opinions, but most agree or strongly agree with citizen participation in this process.

8. Do you think that the information available on the RIMPE and its impact on the tax reform is easily accessible to the general public?

Table 8

OPTIONS	F	%
Very accessible	72	72%
Accessible	14	15%
Neutral	10	10%
Not very accessible	0	0%
Not accessible at all	0	0%
Total	96	100%

Figure 8



Source: Surveys applied to Microentrepreneurs

Elaboration: Authors . In original language Spanish

Analysis:

The perception of the accessibility of the information available on the RIMPE and its impact on the tax reform is presented as follows:

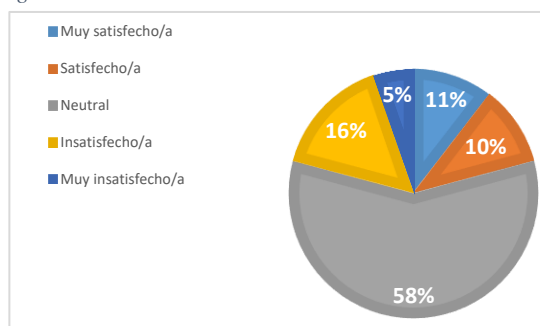
The vast majority of respondents (72%) consider the information available on the RIMPE and its impact on the tax reform to be very accessible. Another 15% perceive it as accessible, and 10% are neutral about it. There are no answers that indicate perceptions of little or nothing accessible. This distribution suggests a positive assessment of the accessibility of information on the topic.

9. What is your level of satisfaction with the tax reforms, including RIMPE, that have been implemented in Ecuador recently?

Table 9

OPTIONS	F	%
Very satisfied	10	11%
Satisfied	10	10%
Neutral	56	58%
Dissatisfied	15	16%
Very dissatisfied	5	5%
Total	96	100%

Figure 9



Source: Surveys applied to Microentrepreneurs

Elaboration: Authors . In original language Spanish

Analysis:

The assessment of the level of satisfaction with the tax reforms, including the RIMPE, that have recently been implemented in Ecuador is reflected in the following distribution:

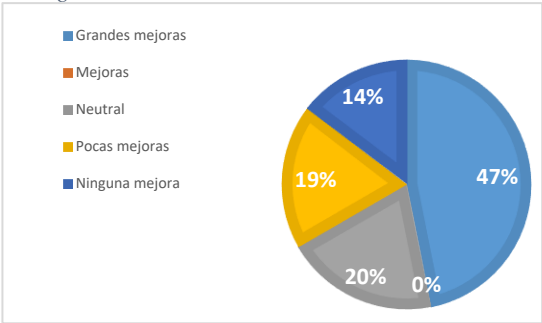
The majority of respondents (58%) are neutral in terms of their level of satisfaction with recent tax reforms, including the RIMPE. Another 21% are satisfied or very satisfied, while 21% are dissatisfied or very dissatisfied. This distribution suggests mixed opinions on satisfaction with the tax reforms implemented in Ecuador.

10. What specific improvements do you expect to see in the implementation of the RIMPE and the tax reform in the future?

Table 10

OPTIONS	F	%
Big improvements	45	47%
Improvements	0	0%
Neutral	19	20%
Few improvements	18	19%
No improvement	14	14%
Total	96	100%

Figure 10



Source: Surveys applied to microentrepreneurs

Elaboration: Authors . In original language Spanish

Analysis:

Expectations for the specific improvements expected to be seen in the implementation of RIMPE and tax reform in the future are reflected in the following distribution:

- Major improvements: 47% (45 people)
- Upgrades: 0% (0 people)
- Neutral: 20% (19 people)
- Little improvement: 19% (18 people)
- No improvement: 14% (14 people)

The majority of respondents (47%) expect to see major improvements in the implementation of RIMPE and tax reform in the future. 20% are neutral about this, while another 33% (combining "little improvement" and "no improvement") have more moderate or low expectations for future improvements. These results indicate significant optimism, but also a diversity of opinions about expectations for improvement in the future.

GENERAL ANALYSIS

The analysis of the answers to the above questions reveals a diverse and nuanced overview of the population's perception of the RIMPE and the tax reform in Ecuador. The assessment of the transparency and understanding of the implementation of the RIMPE reflects a moderate perception, highlighting the need for more effective communication strategies to ensure a clear understanding of these tax policies. The neutrality in the perception of knowledge about the RIMPE underscores the importance of educational strategies that address knowledge gaps and promote broader understanding among the population.

The division of opinion on the impact of RIMPE on small businesses highlights the complexity of this measure and the need for in-depth research into its specific implications for this business sector. The response that considers it "too necessary" to comply with tax obligations thanks to the RIMPE suggests a perceived positive impact on the facilitation of tax compliance. However, the neutral evaluation of the effectiveness of tax reform highlights the complexity of measuring the success of these policies and the importance of a continuous evaluation approach.

The moderate response on knowledge of the specific benefits of RIMPE indicates an opportunity to improve information and communication to reach a wider audience. The moderate perception of citizen participation in design and implementation suggests the need for ongoing dialogue and the resolution of potential concerns about inclusivity in the decision-making process. The assessment of the accessibility of information on the RIMPE as moderate highlights the importance of improving the clarity and availability of information related to this measure.

The majority satisfied with the tax reforms indicates widespread acceptance, but the existence of the 44% who may have different expectations highlights the importance of evaluating and adjusting strategies as needed. The expectation of "major improvements" by 33% underscores the need for a proactive approach to address the population's expectations and ensure the successful implementation of the RIMPE and future tax reforms. Taken together, these analyses highlight the complexity of citizen perceptions, underscoring the importance of transparency, citizen participation, and effective communication for the continued success of these tax policies in Ecuador.

11. Conclusions

In conclusion, the implementation of the RIMPE within the framework of the tax reform in Ecuador has generated a diversity of perceptions and opinions among the population. The results of the survey reveal that there is an equitable distribution of opinions on the impact of RIMPE on small businesses, the population's understanding of the concept, and the accessibility of related information. These findings indicate the complexity and need for more effective communication by tax authorities to address knowledge gaps and improve overall acceptance.

Despite the neutrality in some responses, the majority of respondents are satisfied with the tax reforms, including the RIMPE, pointing to a general acceptance of the decisions taken in this area. However, the existence of a considerable percentage that expects "great improvements" highlights the need for continuous evaluation and strategic adjustments to meet the expectations of the population.

It is clear that citizen participation and transparent communication are essential for the success of tax policies. The perception of accessibility of information and general satisfaction can be significantly improved with clearer communication strategies and effective channels to involve society in the process of designing and implementing tax reforms. Ultimately, the successful implementation of the RIMPE and tax reform in Ecuador will require a proactive approach to

address the expectations of the population and ensure an ongoing dialogue between authorities and taxpayers.

12. Recommendations

- Based on the analysis of the responses and the complexity of citizen perceptions about the RIMPE and the tax reform in Ecuador, several crucial recommendations are derived to improve the implementation and acceptance of these policies. It is necessary to implement more effective communication strategies. Transparency and understanding of tax policies can be improved through educational campaigns that highlight the objectives of RIMPE and its specific benefits to taxpayers. In addition, a variety of communication channels should be used to ensure that information is accessible and understandable to a diverse audience.
- It is essential to promote citizen participation in the process of designing and implementing tax reforms. Establishing mechanisms for continuous feedback and public consultation can ensure that the concerns and perspectives of the population are taken into account, thereby improving the legitimacy and acceptance of tax policies.
- A detailed review of how RIMPE specifically affects small businesses is suggested. This involves carrying out detailed studies on the economic and operational impact on this sector to identify areas that need adjustments or additional support, thus ensuring a favourable environment for its development.
- Efforts to improve the accessibility of information should be intensified. This can include creating interactive online platforms, clear and understandable educational materials, as well as actively promoting these resources to reach a wider audience.
- It is recommended to establish a continuous process of evaluation and adjustment of tax policies. Constant feedback from the population, as well as the evaluation of economic and social performance, will allow for continuous adaptation that reflects the changing needs and expectations of society. These recommendations seek to strengthen the implementation of tax policies in Ecuador, promoting the understanding, participation, and active acceptance of the population in the reform process.

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