TAX EDUCATION AND CITIZENSHIP DEVELOPMENT IN LATIN AMERICA

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SYNOPSIS

Fiscal education awakens a growing interest in various regions of the world, especially in contexts where the balance between rights and obligations is suffering. This work conceptualizes the tax education and shows its relevance in regions such as Latin America, where high tax fraud and corruption coexist in scenarios of crisis of values, confidence and legitimacy of institutions and public policy issues. The article argues that a new relationship between the State and society in fiscal matters based on trust and cooperation, and not only coercion is necessary.
Law, from the positivist perspective of Kelsen, is understood as a coercive order of human behavior, which means that when there is a behavior considered harmful from a legal point of view, this will be imperatively followed by the application of a sanction by the State (Kelsen, 1998, 181).

For the legal positivism, the validity of legal standards is independent of the universal ideals of ethics. Thus, the rules are valid not because they are good or moral, but because they have been created by the competent authority. While the natural law is based on moral values, legal positivism is indifferent to values, not seeking what is right, but what will be useful.

The classical positivism was a landmark of the legal system during the first half of the 20th century, but the finding, especially after the two world wars and the experience of fascism, Nazism and communism, that the formal legality could conceal barbarity, led it to be overcome by the development of the post-positivism.

The post-positivism comes with the aim of returning to positive law the ethical principles of Justice, incorporating explicitly or implicitly, through the axiological principles, values which before were left roaming in a very abstract field. In a nutshell, it seeks to analyze the law not only as a coercive order based on the dogma of authority, but as an socially legitimized instrument of social construction.

Leading figure in modern political philosophy, Jürgen Habermas criticizes the legal positivism in diverging from the idea that the law has to be obeyed simply because of the sanction of the State. For Habermas, on the contrary, the law should be followed due to its legitimacy. Therefore, the state has the duty of showing in a public and transparent manner the legitimate reasons leading the individual to comply with the legal norms, since the law must be justified in order to be accepted (Habermas, 1997, 215).

Therefore, from this theoretical perspective, the individual can act in relation to rules by calculating the costs of compliance and their violation, looking for the best private result, or can act from the perspective of interpersonal relationships, and comply with a moral duty. For Habermas, as for Kant, rules must be obeyed both as moral duties and because of their social legitimacy. For him, the law must be justified to be accepted, under penalty of being breached for being only imposed.

The question being put in these terms, and admitting the inability of the State to require enforcement of laws, and specifically the tax laws, simply by invoking the possibility of imposing sanctions, in the 90s of the last century emerged in several countries of Latin America the first initiatives of tax education aiming to serve as a set of practices for expanding understanding of the socio-economic function of taxes, in order to socially legitimize taxation.

It should be reminded that taxes were initially conceived from the perspective of a relationship that is imposed as an act of power, of coercion. However, despite the colonialists and imperialists practices of yesteryear, when taxation was one more mechanism of appropriation, in modern
democratic States of law, taxes are essential instruments of the State action in various areas, especially in the social and economic life.

It is this perspective Casalta Nabais points out to the payment of taxes as the first duty of citizenship, because if that obligation is circumvented by part of a society, any possibilities for realization of their own rights will be voided, especially those of benefits and services delivery (Casalta Nabais, 2009, 53).

On the other hand, the question of the efficient management of public resources did not come into the agenda of the States of Latin America until the reform of the civil service management that took place in the 90s of the last century. At that time they began to realize that one of the reasons for the fiscal crisis of the State was due to structural inefficiencies of bureaucratic public administration.

However, despite the management reform, Latin American States are still in a social context of low legitimacy. It is under this vision of the world that emerges, especially after the economic crisis started in 2008, a certain governance reform, which, with the aim of ensuring the legitimacy of the State, seeks to implement different mechanisms of direct democracy or social control, along with greater transparency in the public service and the work on social networks (Castells, 2013, 18).

In this context the Fiscal education can be understood as an instrument of democratic vanguard and strengthening of social cohesion the construction of a collective and participatory reflection on the social and economic role of taxes and the efficient management of public resources, and allows the formation of a relationship of trust between the State and the citizen.

In this sense, the article aims to search reference theorists on the conceptualization of the education tax, contributing to alleviate the shortage of existing studies on the fiscal culture in Latin America, and offer an analysis and systematization of the policies of Fiscal education being implemented in the countries of the region.

1. STRATEGIES TO PROMOTE TAX COMPLIANCE

Fiscal education never seeks to eliminate or weaken the coercive State power, since this would omit any theory of the contemporary State that monopolizes the use of force. The establishment of relations of trust through educational strategies and the State coercion are complementary variables. With greater social acceptance, lesser is the need for the use of force and, conversely, the smaller is the acceptance, greater is the need for coercive efforts.

While the coercive face of tax administrations has been a historical constant, in modern democratic societies, mechanisms only based on deterrence and punishment are not consistent with reality, since they would mean an unsustainable cost in terms of human and material resources. As Torgler and Schaltegger ironically underscore, “it would be necessary to have a tax collector under every bed” (Torgler and Schaltegger, 2006, 397).

However, in practice individuals not only seek to selfishly maximize their own personal benefit in relation to the payment of taxes. Different works, largely based on opinion polls, have shown that taxpayers also pay their taxes voluntarily, not only from the existence or not of risk of being punished. The tax moral, understood as the intrinsic motivation of paying taxes, plays an important role in this regard (Feld and Frey, 2002;) Torgler, 2004; Saldías, 2010; FJELSTAD and Heggstad, 2012; Fjeldstad, Schulz-herzenberg and Hoem Sjursen, 2012 and Daude, C., H. Gutiérrez and a. Melguizo, 2012).
There is a diversity of factors that appear to influence the behavior of taxpayers towards their tax obligations: socio-economic variables (age, religion, gender, employment status and education), institutional variables (satisfaction with democracy, confidence in the Government, satisfaction with the quality of public services against payment of taxes, the perception that tax administrations deal with taxpayers in a fair and transparent manner) the perception that others are paying the fair amount of taxes that corresponds to them or knowledge of taxpayers about how to pay their taxes, among others.

Therefore, identifying the variables that motivate tax compliance is a huge challenge and is an unresolved problem that requires deeper research in each context. So far has not been possible to find a model that forecast the behavior of the taxpayers. Thus, theories about the determinants of tax compliance, broadly based on citizen perceptions, pose a genuine puzzle and vary from a reality to another, which require detailed analysis of economic and political factors (Fjeldstad et al, 2012).

It seems clear, in the light of these studies, and the everyday experience of tax administrations, that understanding the relationship between the State and the citizens regarding taxes requires a prism that is much broader than the one solely based on fear of the sanction. This situation, in practice, has prompted a change in own administrations regarding strategies to taxpayers.

Indeed, the massive nature of the modern tax systems requires to implement a new model of communication between taxpayer and TA, according to the number of citizens to “convince” rather than “defeat”, since the burden of work in the tax administrations cannot be managed optimally without the more or less voluntary collaboration of broad sectors of society. We cannot ignore that detecting and correcting tax fraud is a task that is complicated and costly, since in the modern Tax Administrations, of the total amount collected, only 2 or 3 percent comes from this type of actions, while the 97 or 98 percent comes from the voluntary self-assessment (Díaz Yubero, 2003, 13).

Given this situation, it seems logical that tax administrations, worried about enhancing total tax, grant along with the fight against fraud a high importance to strategies to promote voluntary compliance with tax obligations: improvement of care and guidance face-to-face, telephone and Internet services, programs and tutorials to complete returns, facilitation of the income draft, communication campaigns, informative talks about tax news, etc.

In this way, tax administrations determined to be efficient, modern and close to the needs of citizens should provide better services to facilitate the payment of taxes, but must also promote civic education programs, especially from an early age in the context of socialization that school represents (Díaz Yubero, 2008).

As Delgado and Valdenebro underscore: “Civic awareness is not something natural; it is a social product and, therefore, result of education. The ethical values of Justice, solidarity and cooperation are the product of social processes where, by trial and error, we have reached the conviction that it is more useful and efficient to integrate them into the conduct, to the detriment of those others that drive to predation. Civic and fiscal awareness is acquired through various educational processes, which may increase according to the will of those who want to promote them. Therefore, one of the strategic lines of the tax administration is something seemingly so far from its legal and economic function as it is the education in values of fiscal responsibility of citizens” (Delgado and Valdenebro 2010, 4).
2. THE CONCEPT OF TAX EDUCATION

Tax education is a process of teaching and learning which aims to promote active, participative and solidarity, citizenship by understanding both of their tax rights, especially proper management of public spending by Governments, as their obligations, specifically fundamental duty it of paying taxes.

Concerning the fundamental duty of paying taxes, Marciano Buffon reminds us that “the fact of the human condition be thought from social inclusion, i.e., the man exists only within society, this fact would be sufficient to justify the fundamental duty to pay taxes, since the society is organized around the figure of the State that”, in a capitalist economy, include tax collection” (Buffon, 2007, 112).

It is important to note that, under this line of thinking, the respect of fundamental rights presupposes the presence of fundamental duties. That’s why Casalta Nabais points out that the fundamental duties are directly related with the existence of the community, this being the case of obligations such as the defense of the homeland, electoral duties and taxes (Casalta Nabais, 2009, 65).

In the framework of the Fiscal State, the duty to pay taxes is closely correlated with the principle of solidarity. That is because, in a democratic system, which aims to guarantee the fundamental rights, the evasion of revenue undermines the Organization of social coexistence.

In this sense, Albano Santos says that “in any case, it should be reminded that the indulgence with the tax evasion contrasts sharply with the widespread practice to hold the State responsible for activities increasingly important for the development of society, thus creating an inconsistency that has since been called ‘the typical dilemma of our time’”: People expect the maximum from the state but reject the inevitable economic consequences of that attitude”. (Albano Santos, 2003, 359).

We must not forget that freedoms depend heavily on taxes (and how they are spent). The absence of State means the absence of rights, such as Holmes and Sunstein write: “To the obvious truth that rights depend on Governments it is necessary to add a corollary logical, rich in implications: rights cost money.” It is impossible to protect them or claim them without public funds and support. Paying attention to the costs of individual rights can shed new light on old issues, among others, the appropriate size of the regulatory State / welfare State and the relationship between the modern government and classical liberal rights. Decisions of public policy should not be taken on the basis of an imaginary hostility between freedom and the tax collector, because if they really were enemies, all of our basic freedoms would be candidates for abolition”(Holmes and Sunstein, 2011).

It is precisely in this reconciliation between “freedom and the tax collector” where tax education is key, especially in the current environment of global economic crisis, when selfish interests and short-term behavior increase and there is a growing dissatisfaction with the management of public resources.

From this perspective, the Tax Education can be understood as a new practice which aims the development of values, attitudes and skills intended to stimulate a critical judgment that orients its relationship with the State and with other citizens in tax matters in the context of democratic coexistence in citizens. This new approach starts from a better understanding of life in society, the structure and the functioning of public administration, socio-economic function of taxes, and the use of public resources, strategies and means for the exercise of social control.
Tax education is, therefore, a fundamental democratic process. It aims, on the one hand, to develop the awareness of people regarding their rights and obligations regarding social and economic function of taxes and, on the other hand, to promote the social control of the State, encouraging the effective exercise of citizenship. In this way, tax education contributes to transform a purely electoral democracy into a democracy based on a real and effective popular participation. Under this point of view, the participation of the society in the public sphere, using the language of Boaventura de Souza Santos, is conceived as a way of democratizing democracy (Santos, 2000).

3. TAXATION AND SOCIAL COHESION IN LATIN AMERICA

Latin America is at a crucial time for the course of its development policies. Although slowing down, and in a context of deterioration of the world economy, the regional countries continue on the path of economic growth, the reduction of poverty and unemployment, as well as a noticeable improvement in their tax accounts. After almost two decades without progress in the distribution of income, hints of a reduction of inequality finally start to appear, with a decrease of the Gini index of 5% in the whole of the area in relation to the value of 2002 (CEPAL, 2010).

This vibrant period for many of the region’s economies coincides with important challenges. The euro zone crisis and the slowdown in the United States and China are affecting the growth of Latin America, which fell to 2.6% in 2013. According to the World Bank report “Latin America and the Caribbean are without wind in favor: in search of growth”, the tail wind that pushed the region is no longer blowing and future growth will depend more and more of the policies of each country, and not so much on external factors (World Bank, 2013).

Despite the significant reduction in poverty, 28.2% (164 million) of the population is still poor and an 11.3% live in extreme poverty (66 million) (ECLAC, 2013).

Inclusive growth remains the major outstanding challenge. Latin America is not the poorest region of the world, but the most unequal. The poorest quintile (20% of households with lower income) captures on average 5% of the total income, while the richest quintile capture 47% (Bárcena, 2014). Ten of their economies continue to be among the 15 most unequal of the world (OECD, 2012).

Despite the fact that since 2002 the total public spending has increased in the region, it is still insufficient, to be in 25 percent of the annual average GDP in the period 2002-2008, compared to the average of 44% for the OECD countries. Social spending has been gaining weight, reaching 65% of the total public expenditure in Latin America in 2007, but the quality of goods and essential services such as education is still poor (OECD, 2009).

Only 44% of Latin Americans consider that public policies improve their lives, and there is a low valuation of the services provided by the State, including justice, police, public hospitals or education (see figure 1). The same goes for specific municipal utilities (see figure 2) such as paving, green areas and public spaces and public transport (Latinobarómetro, 2010).

In this new scenario, the Governments of Latin America need more than never to mobilize higher tax revenues to articulate a higher quantity and quality of the expenditure if they want to reduce the structural gaps in relevant way and get revenue from the progress achieved.

Despite the important acceleration of revenues over the last decade and the differences between countries, the average tax burden in the region -
equivalent to 20.1% of GDP - is remarkably low and still far from the 34.1% average of the OECD countries (see figure 3). Only five countries would be collecting taxes according to their degree of development in terms of GDP per capita (ECLAC, OECD, CIAT 2014).

Figure 1
Satisfaction with public services, total Latin America 2010

Would you say that you are very satisfied (1), rather satisfied (2), not very satisfied (3) or not satisfied (4) with the way that work... * here only “very satisfied” plus “Satisfied”.?

Source: Latinobarómetro, 2010

Figure 2
Satisfaction with municipal services in America Latin 2006 versus 2010

Question: would you say that you are very satisfied (1), rather satisfied (2), not very satisfied (3) or not satisfied (4) with the way they work? Here only “very satisfied” and “Satisfied”

As the OECD emphasizes: “Low levels of income of Latin America prevent States from doing the necessary investment in education, infrastructure and productive development, which, together with the health and social protection, are key instruments to increase productivity, competitiveness and social inclusion (OECD, 2012).

**Figure 3**
**Tax revenue as a percentage of GDP in Latin America and the OECD (2011)**

![Bar graph showing tax revenue as a percentage of GDP in Latin America and the OECD (2011)](image)

*Source: Revenue Statistics in Latin America 2014 – © OECD 2013*

The tax structure has still a strong regressive character, with a large proportion of indirect taxation, which erodes the tax equity. General consumption taxes represent 33.8% of the total tax revenues in Latin America, compared with 20.3% of the OECD. The social security contributions represent 16.9%, compared with 26.2% in the OECD. Meanwhile, taxes on income and earnings are equal to 25.4% in the region compared with 33.5% of the OECD (OECD, ECLAC, CIAT, 2014).

This situation is aggravated by the existence of a high tax fraud level and problems in the management of public spending. According to the available information, in the case of personal income tax, fraud is between 40% and 65%, which means a loss of 4.6% of GDP on average (CEPAL, 2010). In the case of VAT, the average fraud is 26.8% (Gomez Sabaini, 2010).

Another element to consider in relation to tax evasion is that Latin America has the highest percentage of informal economy in relation to GDP in the world, 43.4% of GDP compared to 30.4% in Asia and 16.3% of the OECD (Jiménez, Gomez Sabaini and Podesta, 2010).

Despite the efforts that are being made with the creation of specialized anti-corruption agencies and advances in transparency and access to public information, corruption remains a serious problem that limits the potential of Latin America’s development and erodes confidence in the institutions. Most of the countries are still stuck in the bottom of Transparency International’s corruption perception index. Thus, in 2013 as only three countries obtained a score above 50/100, where 0 means “Highly corrupt” and 100 (“very clean”) (Transparency International, 2013).
4. NATURE OF TAX NON-COMPLIANCE IN LATIN AMERICA

Tax evasion practices are so rooted in Latin America that, on average, only 34% of Latin Americans consider tax evasion as “never justified”, compared with 62% of the economies of the OECD, and 20% justifies tax evasion compared with 7% of the countries in the OECD (OECD/ECLAC (2011)).

The Latin Americans themselves perceive that half of their fellow citizens do not properly pay their taxes (Latinobarómetro, 2010). The Latinobarometer report of 2010 states: “The fact that there is a perception that approximately half of the population of the region pays their taxes properly, implies that the other half does not.” This is the main problem of public policies. The State is perceived with the power to solve problems, but it cannot solve his main problem, which is to convince its citizens that without taxes it does not have the power. This is an impossible situation, because the state faces social demands but does not have the goodwill of the population to pay the taxes in such a way that it can satisfy the demands”.

It is important to inquire about specific factors that lead Latin Americans to maintain a relationship of social permissiveness with regard to tax evasion. The Latinobarometro survey data offer some clues in this regard, including the asymmetry between the tax exchange between the State and citizens and low tax culture/low tax morale (see figure 4).

4.1. Imbalance in the tax exchange between citizens and the State

Curiously, in general terms, the society says that the high tax burden would be the main justification that leads people not to pay their taxes, followed by corruption and misuse of public funds by the State.

It is interesting to note, as previously mentioned, most of Latin America has, in fact, a low tax burden. Therefore, a hypothesis is that criticism of the high tax burden could be related to a low citizen knowledge on the nature of the tax burden of their countries in comparison with those of other regions, and/or that the tax burden is considered high according to the quality of public services which are received in return.

According to data from the Latinobarometro in 2011, through a specific question on the subject, 74.8% of the population considered that the taxes that they paid in their country were high or very high. This perception was especially high in Brazil (95.8% of respondents), which has a tax pressure similar to the average pressure of the OECD. But it was also high in countries with a low tax pressure as Paraguay (71.7%), country with a below-average tax burden and where in 2011 a personal income tax didn’t even exist, or Guatemala (73.9%), while their tax burden reaches barely 12.3% of the GDP and is the smallest of the region.
Figure 4
Reasons to avoid paying taxes
(Latinobarómetro 2004)

Question: Reasons why do you think that people stop paying taxes (total multiple response sum more than 100)

![Bar chart showing reasons to avoid paying taxes]


The imbalance in the contractual relationship between the society and the State in relation to what citizens are given in exchange for the tax is also clearly manifested in perceptions that point to the “existence of corruption”, that “the payment of taxes does provide any return” or “you never see benefit in payment of taxes”. The lack of return of taxes seems to have a very important weight. Thus, according to the Latinobarómetro in 2005, only 22% of the population trusted the way in which the tax money was used. We must add to this element, as mentioned above, a low valuation of public services by broad social sectors, 51% being the average of satisfaction for public services in the year 2011 (Latinobarómetro, 2011).

A last element has to do with the perception that “those who have more don’t pay”, that would show that the tax system is perceived as inequitable, either because there is a perception that taxes are not collected in an impartial manner. With regard to this last aspect, what does seem clear is that there is a strong perception, by 68.6% of the citizens, that taxes are not paid fairly (Latinobarómetro, 2011).

This last element shows the existence of an alarming public distrust in the tax administration, despite the important efforts of modernization in the last two decades.

4.2. Crisis of democratic values and tax payments

Failure to comply with tax obligations seems to be also much related to the crisis of democratic values and the lack of solidarity from some sectors of the population. As you can see in chart 4, “lack of honesty”, “lack of tax awareness” or” selfishness or mischief of the nationals” are also perceived as reasons why the population pays no taxes.

These factors may help explain the high tolerance of tax evasion recorded in Latin America. If tax evasion is not considered a negative value in the society, the moral costs in the event of non-
compliance with tax obligations are low, which creates a culture of hostility toward taxes.

A central problem is that the compliance with tax obligations is not considered by many Latin Americans as a central element of the exercise of citizenship. Latin America is dominated by a conception of democracy and the exercise of the vote (see figure 5) and only 47% of the population estimated in 2011 the tax as a must in the exercise of citizenship. This perception was even lower in the case of “obeying the laws”, “help the nationals who are worse off “or “participate in political or social organizations”.

Figure 5
Things that you cannot avoid in order to be a citizen.
2011 Latin America

Question. Which of the following do you think a person cannot avoid doing if he or she want to be considered a citizen? * Multiple-answer question, total sums more than 100.

<table>
<thead>
<tr>
<th></th>
<th>2011 Latin America</th>
</tr>
</thead>
<tbody>
<tr>
<td>Votar</td>
<td></td>
</tr>
<tr>
<td>Pagar impuestos</td>
<td></td>
</tr>
<tr>
<td>Obedecer todas las leyes siempre</td>
<td></td>
</tr>
<tr>
<td>Ayudar a los compatriotas en peor situación</td>
<td></td>
</tr>
<tr>
<td>Elegir productos medioambientales responsables</td>
<td></td>
</tr>
<tr>
<td>Cumplir con el servicio militar</td>
<td></td>
</tr>
<tr>
<td>Participar en organizaciones sociales</td>
<td></td>
</tr>
<tr>
<td>Participar en organizaciones políticas</td>
<td></td>
</tr>
<tr>
<td>NS/NR</td>
<td></td>
</tr>
</tbody>
</table>

Source: Latinobarómetro, 2011.

These perceptions should be considered in a broader context, in which even though 79% think that, despite problems, democracy is the best system of Government, 57% of the population of Latin America is dissatisfied with the way democracy works (Latinobarómetro, 2013).

Ultimately, reciprocity between duties and obligations of the State and citizens in tax matters is has failed to become institutional. Latin American citizens demand efficient and effective State responses to their problems and needs, and despite Government efforts, they keep a strong distrust in the functioning of democracy and its institutions, including taxation. To change this situation it is essential to break the vicious circle that leads many citizens not to pay taxes under the pretext that public services are poor and their taxes are badly managed, what causes that there are not resources to improve the quality of public services; in this way, the circle is perpetual.

It is obviously required to advance on many fronts, including enhancing strategies for detection and correction of tax evasion, and to increase the feeling of risk and impartiality, but above all, it is essential to foster a new relationship between the State and citizens based on mutual cooperation and trust. The challenge is to build a new tax culture in the context of opportunities and challenges Latin America is facing.
The success of the inescapable tax reforms that many countries need will depend on the link between taxes and spending, but that population must be fully aware that taxes are allowing to generate public services that benefit the entire society (OECD, 2012).

Tax authorities in the region have confirmed that it is not possible to achieve major changes in the tax culture without strategies to achieve voluntary compliance, providing better services, but also educating from an early age so that people internalize the payment of taxes in their own conviction. To this, we must add the pragmatic fact that monitoring is very costly in terms of human and material resources.

This evolution has been of great relevance, since in Latin America a coercive and repressive vision of tax administrations has largely dominated (Santos and Carballo, 2009, 82).

As recommended by the OECD in its report Latin American Economic Outlook 2012.

5. TAX EDUCATION IN LATIN AMERICA

In view of the urgent need to promote tax awareness among citizens, tax education has been included among the action lines of most tax administrations of Latin America, albeit with a different scope. The oldest programs are those of Brazil (1996) and Argentina (1997), and the most recent is of Bolivia (2011). Most have been created between 2005 and 2011, so in general they are recent initiatives (see table 1). Colombia, Nicaragua, Panama and Venezuela are the only countries that still do not have structured national programs of tax education.

With some exceptions, consolidating tax education as strategy has taken several years. It should not be forgotten that the priority of tax administrations is to comply with short-term collection goals, and it is difficult to allocate resources to a medium and long term process of cultural change that requires pedagogical techniques unrelated to the daily work of tax institutions.

To consolidate the programs, it has been essential to achieve their institutionalization within tax administrations, forge alliances with educational institutions and to consider tax education as a State policy, rather than a government policy.

1. For a systematization of experiences of fiscal education in Latin America, see “Fiscal education and Social Cohesion: experiences from Latin America” (Rivillas Díaz and Fernandez Perez, 2010).

2. For an analysis of experiences of fiscal education focused mainly on cases from developing countries and emerging from Africa, Asia, Latin America and Europe, see OECD 2014.
Table 1
Tax education in Latin America and the Dominican Republic

<table>
<thead>
<tr>
<th>Country</th>
<th>Year of creation</th>
<th>Institution responsible</th>
<th>Denomination</th>
<th>Full time human resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bolivia</td>
<td>2011</td>
<td>Bolivia National Tax Service</td>
<td>Program Creating Tax Culture</td>
<td>10</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>2009</td>
<td>Directorate General of Taxation</td>
<td>Tax Education Program</td>
<td>3</td>
</tr>
<tr>
<td>El Salvador</td>
<td>2008</td>
<td>Directorate General of internal revenue</td>
<td>Tax Education Program</td>
<td>5</td>
</tr>
<tr>
<td>Paraguay</td>
<td>2008</td>
<td>State Sub-Secretariat of Taxation</td>
<td>Tax Education</td>
<td>1</td>
</tr>
<tr>
<td>Honduras</td>
<td>2007</td>
<td>Executive Revenue Directorate</td>
<td>National Tax Education Program</td>
<td>8</td>
</tr>
<tr>
<td>Chile</td>
<td>2006</td>
<td>Internal Revenue Service</td>
<td>Tax Education Program</td>
<td>1</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>2006</td>
<td>Directorate General of Internal Revenue</td>
<td>Tax Education Program</td>
<td>13</td>
</tr>
<tr>
<td>Uruguay</td>
<td>2005</td>
<td>Tax General Directorate</td>
<td>Tax Education Program</td>
<td>1</td>
</tr>
<tr>
<td>Guatemala</td>
<td>2005</td>
<td>Superintendence of Tax Administration</td>
<td>Program of Tax Culture</td>
<td>8</td>
</tr>
<tr>
<td>Peru</td>
<td>2005</td>
<td>National Superintendence of Tax Administration</td>
<td>Program of Tax Culture</td>
<td>7</td>
</tr>
<tr>
<td>Ecuador</td>
<td>2002</td>
<td>Internal Revenue Service</td>
<td>Program of Tax Culture</td>
<td>1</td>
</tr>
<tr>
<td>Mexico</td>
<td>2001</td>
<td>Tax Administration Service of Mexico</td>
<td>Tax citizenship program</td>
<td>22</td>
</tr>
<tr>
<td>Argentina</td>
<td>1998</td>
<td>Federal Public Revenue Administration</td>
<td>Tax Information Program</td>
<td>12</td>
</tr>
<tr>
<td>Brazil</td>
<td>1996</td>
<td>Escola de Administração Fazendária</td>
<td>National Tax Education Program</td>
<td>50&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

Source: Own elaboration

5.1. Institutionalization of initiatives in the tax administrations

Except in Brazil, tax administrations are institutions that lead tax education in Latin American initiatives, in some cases with specific support from other entities within the ministries of finance, and they are increasingly supported by educational institutions.

Brazil presents an organizational and program management structure different from the rest of Latin American countries, motivated by the emphasis on the promotion of the social control of public spending. The national program of Tax education of Brazil (PNEF) is coordinated by the school of tax administration (ESAF), the entity that is part of the structure of the Ministry of finance. The implementation of the program is the responsibility of the so-called working group of Tax Education (GEF). It is composed of a representative of each of the following institutions: Ministry of education, ESAF, Secretary of Federal Revenue of Brazil (Receita Federal), Secretariat of the National Treasury, Finance Secretariat of each State and the Federal District and the Ministry of Education of each State and the Federal District (Lindemberg Baltazar and Aquino, 2010, 75).

<sup>3</sup> The staff includes part of the PNEF in different institutions.
Dedicated and trained human resources, as well as material resources, are essential for providing programs with the desired impact and sustainability. Most of the countries have limited economic resources. Annual budgets generally do not exceed $500,000.

The number of officers dedicated full time to these tasks in the tax administrations is also rather small and ranges from one in countries such as Ecuador, Chile and Uruguay, to 13 in the Dominican Republic, 22 in Mexico and 50 in Brazil, in the institutions that are part of the PNEF.

To compensate for the shortage of human and material resources, the collaboration with other institutions of the State, mainly educational, has been fundamental. Also, looking for allies within the own tax administrations and other agencies of the Ministry of finance. In addition to obtaining additional resources, the goal is to promote an internal cultural transformation and strengthening the role of officials as promoters and public servants of a new tax culture.

Thus, El Salvador, even though it has a Tax education Unit composed of five officers, has also 10 officials of the Directorate General of internal revenue to support teacher training programs. Argentina has a team of 31 agents, called “Tax Education referees” in the different provinces of the country and they are involved part-time in all the program’s strategies. Chile has 23 staff members who support the actions of tax education combining them with their daily work. In Peru, 20 officials from the taxpayer service area work part time and have different functions and goals according to their regional direction. In Costa Rica, a group of 40 volunteer officers, have worked with the students of technical colleges in non-working hours. In Brazil, a part-time agent is responsible for tax education activities is appointed in each of the 194 decentralized units of the Receita Federal.

Countries such as El Salvador, Costa Rica, Chile and Argentina try to involve organizational officials in visits to schools, such as in the case of initiatives as “The Finance Ministry goes to school”. Officials attend their children’s schools to tell them in an attractive way, through interactive games, what their work is and the importance that it has for the collective well-being, encouraging also the sense of belonging to the institution.

New technologies are also used as a vehicle to enhance performances. In addition to seeking synergies with institutional communication campaigns, many countries used their Internet sites to achieve a greater dissemination of their programs. The national tax administration of Uruguay and the SII of Chile are the clearest examples. Both institutions focus most of the efforts in offering different multimedia and instructional materials on their website for teachers, students and the public in general.

In general, the main recipients of tax education are elementary and secondary school children. This is because this segment is located at a key moment of socialization and training of their tax awareness. Once actions with these groups are strengthened, different programs have begun to work to a greater extent with university students. Despite the fact that they have not been their natural addressees, initiatives don’t put aside work with adults, that are object of campaigns in media, contests, fairs and festivals, plays, educational visits to customs or radio programs, among others.

It seems logical that if tax administrations want to lead the transformation of the tax culture, this should starts first by a transformation of attitudes within the institutions themselves. Thus, in some countries tax administration and training officials receive training to reinforce their sense of belonging to the institution and raise awareness about the importance of tax education for the well-being of the population, thus fostering a greater commitment to the public service.

At the El Salvador Ministry of finance, the staff must undergo a mandatory annual training on tax education. The Receita Federal of Brazil has
incorporated a specific tax education module for every new officer. The Tax and Customs Institute of development of Peru, institution responsible for the training of officials who have access to the tax administration, teaches an introductory module on tax culture in all its training activities.

5.2. Alliance with the educational system

The Alliance with the educational system is essential to provide programs with the desired impact and sustainability. There is no way of entering the school if the educational area does not accept and value the contents. This is why agreements with education are convenient, to jointly discuss the approach, content and methods.

The search for understanding between the tax and educational institutions has been a main workhorse of tax education programs, which has limited sometimes their ability to become real public policies. The lack of coordination has to do with different factors.

First, the ministries of education have other priorities and when the curriculum opens there are many pressures from different sectors of the society to include other civic issues such as environmental, road, sexual education, etc. Secondly, at an initial time the topic is perceived as an interference of the tax institution without teaching experience and little social respect in the educational field. Another element of friction is the perception that teachers are not familiar with these issues and they would involve new costs in pedagogical resources and training needs that the ministries of education are not willing to assume (Díaz Rivillas and Vilardebó, 2010).

Today we are witnessing a scenario that invites to optimism. After years of disagreements, the ministries of education begin to see how beneficial the partnership with tax authorities for the teaching of these topics in the classroom, as part of social and civic studies, within the tax training or transversely. Already nine countries have included tax education in their school curricula and materials jointly with the ministries of education. It is a recent process that has taken place in almost all countries in the past five years.

This progress rests on the commitment of the tax administrations with the tax education, in using best pedagogical tools, a more effective training of teachers and, above all, because educational authorities recognize the linkage between tax education and the construction of citizenship. In the teaching of citizenship, it is important to relate to rights and duties of citizens for the strengthening of democracy. Tax culture is understood as one component of the ethical and civic training of citizens aware of the social role of taxation, the importance of transparency and proper management of public expenditure and the damage caused by tax evasion, piracy, smuggling and corruption. The tax technical part is more or less complex depending on ages and the nature of the academic specialty.

El Salvador is the country that has achieved a greater inclusion and development of tax education in the curriculum, and formal school materials thanks a solid alliance between the ministries of finance and education, which it has developed in a phased manner in line with the practice through mixed teams both in the design of contents and in the training of teachers. In this Central American country, tax education is included as compulsory education in elementary social studies and media, in the commercial technical high school degrees and in option logistics and customs, and transversely in the axis of values and citizenship for school years from kindergarten to third grade. Only in elementary and middle school, tax education would be reaching more than 800,000 school children each year.

4. Peru, El Salvador, Honduras, Argentina (in some provinces), Costa Rica, Guatemala, Dominican Republic, Brazil, Uruguay and Paraguay.
A key element is to achieve training teachers, to deal optimally with the issues in the classroom. Except Guatemala, that has managed to train through campaigns 24 per cent of the total number of teachers, the majority of the programs are still very limited to train a significant number of teachers in a systematic, sustainable manner and without a high cost.

The use of new technologies opens up important opportunities to increase recipients and optimizing resources through strategies of online training. Thanks to the use of online training in its diploma of tax education, El Salvador has managed to train more than 900 teachers, which has allowed as indirect beneficiaries over 150,000 school children throughout all the editions (OECD, 2014).

The ESAF of Brazil, through its online course for “tax education agents”, has offered every six months a total of 160 scheduled hours, and has formed since 2004 more than 100,000 agents in all Brazil, mainly teachers of basic and middle education.

In Uruguay, Plan Ceibal has led to an excellent opportunity to implement tax and civic education projects in the area of social sciences and citizenship, with a potential coverage of 100% of the students. Plan Ceibal is part of the international project ‘A laptop per child’ and aims to promote digital inclusion, in order to enable greater access to education and culture. Through an agreement with the Ministry of education, the Ceibal platform has enabled the tax administration introduce two video games aimed at young people of 5th and 6th year elementary and third-year basic cycle of secondary education. This initiative improves the reach (319,238 in elementary school and 155,000 in middle or high school) and the sustainability of the actions in an innovative way, very important to reducing costs.

5.2.1. Tax education in higher education

There is special interest in tax administrations by encouraging greater fiscal awareness and professional ethics in the field of higher education, because students are at ages close to the labor insertion and because the business and economic careers train the would-be entrepreneurs and tax advisors to a market in which sometimes the circumvention and evasion strategies are rewarded.

From the University level, working with tax administrations means for students to acquire up-to-date technical knowledge, free and very useful for their professional future. At the same time, in the context of University extension, the topic is attractive in the search for greater interaction of the University with the society from a critical, creative and social perspective responsibility to the community.

Brazil is a pioneer in this field. The Receita Federal of Brazil, through the initiative of the Tax and Accounting Support Nuclei (NAF), trains University students on issues of tax culture so these students, in their hours of practice and under the supervision of their teachers, will in turn provide free of charge advice to low income individuals and legal entities. This initiative is present in more than 40 universities in Brazil and has recently spread to several universities of Costa Rica, Guatemala, Honduras and Mexico. The initiative proved clear benefits for all participants. The community benefits of aid to meet basic tax issues, while the tax administration fulfills its role of tax and citizenship training, and provides support to the most disadvantaged. The University, for its part, strengthens its ties with the community and empowers its students with an updated and practical knowledge on tax issues free of charge. Accounting companies benefit from redirecting the simplest cases - often with a difficult communication with customer - to the NAF.
The University of São Paulo develops a curriculum of undergraduate named ‘the Constitutional City: Capital of the Republic’, which combines teaching and research with the public finances: income, expenditure, budget and control. It is implemented in the capital of Brazil, Brasilia, in collaboration with different institutions of the State, including Federal revenues and the ESAF, which are visited by students. Through visits to public institutions, occurring during the week prior to Memorial Day of the political independence of Brazil, the students are introduced to a reflection on public governance and the exercise of citizenship.

The State University of Maringa, in Parana, has the “music, poetry and citizenship” project and various plays directed and represented by students, officials of the tax administration and the University itself. These show alleged tax evasion and corruption, misuse of public money and its negative consequences on the population, and invite the society to act to change this reality. The plays have reached more than 106,000 people. The University has also included transversely the issue of tax education in nursing career, involving students in tasks of social control of spending, and there are annual writing competitions on tax citizenship in which more than 100,000 people have participated in seven years.

The Tax Education program of Honduras offers a diploma aimed at students and teachers of different races in public and private universities. The topics covered include the impact of piracy on the national economy, the effects of corruption in public expenditure and social investment, tax fraud, transparency in public administration, the importance of social responsibility and the effects of smuggling. They also hold an annual Conference of Tax Education with universities that include forums, symposia, plays, dance, painting, poetry and contests.

In Mexico alone, and very recently in some universities in Brazil, tax education works within the curriculum. The Mexican Tax Education program promotes ‘Formation and tax information,’ balancing tax and technical knowledge with democratic values and professional ethics in the Law, Accounting and Economics degrees. In the University of São Paulo, within the course of Public Policies Management, Tax education has been included in transversally within the discipline of constitutional law.

Another important aspect of collaboration between universities and administrations is developed in the field of internships in tax institutions. In El Salvador, University graduates are located in the offices of the Directorate General of internal taxes (DGII), where they complete their professional practices and at the same time know the services provided by the institution.

In Brazil, the Receita Federal has a program of internships, ‘Oriented self-help’, through which students are trained to assist taxpayers in meeting their tax obligations through the internet, thus promoting greater digital inclusion.

### 5.3. Non-formal tax education strategies

As a complement to formal education, the Latin American countries have developed non-formal strategies which are more open, flexible and even playful, in tune with cultural preferences of children, youth and the population in general.

Over time, the non-formal educational initiatives have provided with a greater educational intentionality and a more rigorous character, following the maxim that “the game is not a game”. Experiences include recreational spaces of tax education, exhibitors at fairs or theme fairs, plays, video games, television series, music, contests, radio programs, comics in children’s magazines or newspapers, among others (Diaz Rivillas and Vilardebó, 2010).

In 2009, in El Salvador was created within the Ministry of finance, a 120 square meters tax education games room called “RecreHacienda”, which receives more than 10,000 visitors a year; schoolchildren aged between 6 and 12
learn about taxes and spending while they build their ideal city with public and private buildings, pretend to be customs officers or follow the path of State funds. In 2013, another educational space in the same facilities was opened: “Express yourself”, through which young people between 15 and 20 years learn about tax reality, in order to appreciate their contribution to social development and economic growth, as well as to change behaviors in relation to evasion, avoidance and smuggling, generating critical and responsible attitudes about the use of public funds.

Argentina, pioneer in this field, has a space of tax education located in one of the malls of Buenos Aires. Costa Rica has created the room ‘Tribute to my country’ in the Museum of the children of San Jose, in what formerly was a former penitentiary, to promote the understanding of the relationship between income and expenditure and the role of the legislature in the process. Mexico entered a space of this type within a city for children called Kidzania, where youngsters take contact with the tax administration, which is part of a small town where children play at being adults working in various occupations, paying taxes and deciding how to use the collected funds. The program of Uruguay also has a space in the city of children in Montevideo called ‘The time machine’, in which a video and a video game teach the importance of taxes. In Peru, in 2014, the National Superintendent of customs and tax administration (SUNAT) inaugurated a fiscal education in the infant city “Diversity” module, and Bolivia (SIN) national tax service launched the pedagogic games room - “learning with Don Finances”, located in the Central Office of the SIN.

Some countries have used television as a massive tax education channel. We can highlight the experience of the SAT of Guatemala with the children’s series ‘Monkeys and parrots’, and the television series promoted by the Internal Tax Service of Chile (SII). The SII included its character IVO in a well-known children’s series, and most recently launched the series ‘The Debut of the Rock Band’, through which the issue of taxes is reported in a pleasant way. This last series, in addition to being available on the Web and displayed on the visits of the initiative “SII goes to school”, was broadcast by the channel of Novusur of the National Council of Television, which has a network of 5,000 schools.

Other means of reaching citizens has been the participation of tax education fairs and festivals, which ensures a considerable influx of visitors. Bolivia and Guatemala made fairs and festivals with concerts, competitions, theater and stands on the history of taxes.

In order to optimize the human and material resources, Costa Rica and El Salvador celebrated every year the so-called “tax culture week”, as a way of promoting greater civic awareness. These actions include music and dance shows, games and competitions for young people. The participation of schools in initiatives such as extracurricular activities in the school calendar not only represents a considerable saving, but it allows to link the work of the formal and informal education.

Aside from the work with teachers in the classroom, through these non-formal actions a greater connection between tax education programs and global communication strategies of tax administrations take place, to achieve a new relationship with citizens and narrow the gap between the ideal and the real image which is essential to achieve greater legitimacy (Díaz Rivillas and Vilardebó, 2010).
6. INTERNATIONAL COOPERATION AND THE PROMOTION OF TAX EDUCATION

Agencies of international cooperation for development and cooperation between the countries of the region have played an important role in the strengthening of fiscal education in Latin America. Thus, the Inter-American Development Bank (IDB) and UNICEF have initially supported Argentina’s program, while the Spanish Agency of international cooperation for development (AECID) has supported the Under-Secretary of State of taxation of Paraguay and the El Salvador Ministry of finance in the preparation of teaching materials. In Guatemala, UNICEF collaborated with the SAT and has counted with the support of the German technical cooperation. From United States, USAID supported the construction of the space of games in 2012 “Express yourself” in El Salvador. The Receita Federal of Brazil and the State University of Maringá contributed to the creation of the national program of tax education of Honduras.

Within the efforts to promote social cohesion, the cooperation of the European Union through the EUROsociAL program has supported since 2008, through the exchange of experiences among peers, the strengthening of practically all of Latin America’s tax education programs, both formal tax non-formal education strategies. Clear examples are the support provided for the design and implementation of programs of El Salvador and Costa Rica, taking as a reference the experience of the AFIP in Argentina, through a triangular mechanism of cooperation, and the momentum that is being given to the creation of nuclei of accounting and tax support to natural and legal persons of low income with the support of the Receita Federal of Brazil.

A network of education tax by tax administrations and ministries of education of Latin America was created in 2008 within the framework of EUROsociAL. Working together for the exchange of experiences of this community of practice has made possible to identify the regional best practices: strategies of curricular inclusion, teaching methodologies and initiatives of extension and Social Responsibility College, multimedia, or recreational spaces, among others.

7. CONCLUSION

The fact that the ministries of finance work on education in values and citizenship related to taxation constitutes a step forward for the democracies of Latin America. It suppose abandoning only coercive approaches and a new direction in the relationship between the State and citizens.

The compromise between the finance ministries and educational institutions, based on mutual benefit and innovative teaching strategies, is creating bases for developing tax education as public policy, in elementary education as well as in high school and University.

The recent advances and recognition demonstrate the existence of considerable interest to strengthen such program and the trend is that in the coming years, tax education will have greater relevance on the public agenda and in the international cooperation and development.

In 2013, through an Executive Decree, the President of Costa Rica and the Ministers of Finance and Education of this Central American country declared tax education as national public policy. In 2012, the culture-tax service website of internal taxes of Chile won the ‘Queveo’
Foundation\(^5\) as best child educational site for its contribution to civic education. A year earlier, the program of tax education of El Salvador was awarded the good practice and innovation 'Es Calidad' national award granted by the Presidency of the Republic, while the tax culture of Peru was finalist of the prize to best practices in public management ‘Ciudadano al día’.

The OECD, in its recent publication ‘Building Tax Culture, Compliance and Citizenship: A Global Source Book on Taxpayer Education’ has systematized experiences of education tax of 30 tax administrations of Latin America, Africa, Europe and Asia, in what constitutes the first comprehensive study on the subject. The conclusions highlight that we have a “new era” for tax education to play an important role in development policies, as a bridge between the tax administrations and citizens, and as a transformative tool for the tax culture of the present and future taxpayers (OECD, 2014).

It is essential to highlight the central position of tax education in the generation of citizen confidence in state taxation. This fact is recognized by the Inter-American Center of tax administration (CIAT) in the technical resolution adopted at its 45th General Assembly, which states the following: “Tax administrations should introduce and strengthening, wherever possible, the concept of tax compliance through continuous improvement of programs and consistent implementation of education programs and tax assistance”\(^6\).

This educational perspective is important because confidence in the state taxation is high when taxpayers are treated with respect and with their cooperation, and reduced when one considers the individual as a predictable evader that only pays taxes if he is forced to do it (Alm and Torgler, 2006)

We cannot ignore, however, that the coercive field strength and the feeling of presence of the State are also components to build confidence. Therefore, the tax administration must insist in the search for effective mechanisms to combat tax evasion, such as investment in highly qualified staff and the computerization of data, with a view to a rigorous use of mechanisms for cross-checking and control corruption.

The Latin American States increasingly need to act effectively in the detection and correction of tax fraud. However, in contemporary societies, to establish trust only inductive mechanism must not be coercive. Confidence and the legitimacy of the State require in addition a policy of efficient public services and communication strategies for the development of networks, as well as the expansion of tax education programs, all of which contribute to creating a greater sense of belonging and legitimacy. This is one of the great challenges of contemporary tax management.

In summary, along with the need to convey the idea that taxes are necessary to maintain public services, the contemporary reflection leads to the need for a change in the position of the State in which the mindset of ‘us versus you’ (tax hostility) is replaced by a more open and collaborative vision (tax friendliness).

Tax Education strategies, as all educational process and cultural change strategies, results in the medium or long term and require sustained work and appropriate methodologies. The bet in the short-term is to achieve that tax education becomes a key piece of social transformation in the eyes of citizens and public authorities, allowing a critical reflection and a greater understanding of taxation and its relevance in the complex network of social cohesion.

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5. Chilean foundation dedicated to the development of digital awareness and behaviors that contribute to a responsible digital citizenship.
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