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STATE BUDGET TAXES: RAISING FINANCING TO SATISFY SOCIAL NEEDS

LOS IMPUESTOS DEL PRESUPUESTO DEL ESTADO: CAPTACIÓN DE FINANCIAMIENTO, PARA SATISFACER LAS NECESIDADES SOCIALES

SHEILA ORTEGA MONGEOTTI[1*], ISMARY ISABEL O'FARRILL RODRÍGUEZ[1]

Universidad Agraria de la Habana "Fructuoso Rodríguez Pérez", Cuba.

**Sheila Ortega Mongeotti. e-mail: sheilaortegamongeotti@gmail.com*

Summary

This monograph has the general objective: To theoretically substantiate all aspects related to the income of the State Budget, in it Public income is defined as the financing input that the State receives through taxes, as the largest source of income to satisfy social needs. It is also addressed that tax income is the income that the State obtains from natural and legal persons through taxes, rates and contributions; these are classified as tax and non-tax. In Cuba, tax income is made up of 17 taxes, 3 contributions and 3 rates, it also delves into the structure of municipal subordination income, in transferred and participatory income, finally the issue of tax evasion is discussed.

Keywords: State financial administration, rates, contribution, fiscal policy, income

Resumen

Esta monografía tiene como objetivo general: Fundamentar teóricamente todos los aspectos relacionados con los ingresos del Presupuesto del Estado, en ella se definen a los ingresos públicos como la entrada de financiamiento que percibe el Estado con los impuestos, como mayor fuente de ingresos para satisfacer las necesidades sociales. Se aborda además que los ingresos tributarios son los ingresos que obtiene el Estado de las personas naturales y jurídicas a través de impuesto, tasas y contribuciones, estos se clasifican en tributarios y no tributarios, En Cuba los ingresos tributarios están conformados por 17 impuestos, 3 contribuciones y 3 tasas, se profundiza también en la estructura de los ingresos de subordinación municipal, en ingresos cedidos y participativos, por último se trata el tema de la evasión fiscal.

Palabras Claves: Administración financiera del Estado, tasas, contribución, política fiscal, ingresos

Introduction

Social inequality is increasing in the world today, which means that there is a need for a well-defined administrative organization that improves the collection of income for the State in order to mitigate these differences.

In Latin American countries, efficiency, effectiveness and transparency in public financial management are essential for the supervision of public resources, fiscal stability and sustainable economic development. In recent years, these countries have adopted reforms in financial management and have made much progress, however, challenges still exist.

Cuba is not exempt from this problem and has been making structural changes to guarantee efficient State Financial Administration, taking into account the new economic actors that exist in Cuban society today.

"State Financial Administration is defined as the set of principles, norms, systems, institutions and administrative procedures that make it possible to obtain public financial resources and their application to achieve the objectives of the State, seeking to satisfy the collective needs of society" (Del Toro, et al, 2003).

The systems that make up the State Financial Administration are the Tax System, Budget System, Public Credit System, Treasury System, and Government Accounting System, which are interrelated and guarantee the State's finances.

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These systems are currently being developed in Cuba in a complex scenario involving the intensified economic, financial and commercial blockade of the imperialist government and the effects of the global economic crisis aggravated by Covid-19, characterized by high inflation, which constitutes a problem to be solved gradually and objectively by enhancing reserves in the production of material goods, rigorous saving of financial resources and an adequate pricing policy that guarantees the objectives set.

It is essential to create a tax awareness among the population that allows them to understand the payment of taxes to the State as part of a social duty of legal and natural persons to cover the expenses that satisfy free health, education, sports and cultural training services, as well as social security and assistance.

The State Budget for 2022 is based on achieving efficient budgetary performance, improving the projected deficit by enhancing the income reserves generated in the economy and combating tax evasion.

In the PCC guidelines, 2016 it states that "Fiscal Policy -which includes Tax and Budgetary Policy- plays an important role in the redistribution of economic wealth and ensuring income for the State Budget, with the purpose of supporting public spending at planned levels and maintaining an adequate financial balance. In this way, it contributes to the stability of the purchasing power of the national currency and to economic and social development."

Law 113 of the Tax System in Cuba, 2012 is the law that supports the collection of income for the budget. Natural and legal persons who are required by law to pay taxes are taxpayers.

The income collected in the territory is of national subordination, of provincial subordination and of municipal subordination. The latter are responsible for directly financing the activities of the territory and constitute

General Objective: To theoretically substantiate all aspects related to the State Budget's income.

Development

Theoretical foundations related to state budget revenues

Background of revenues to the State budget

The payment of taxes is the largest source of income to the state budget since the formation of the first human communities. Some civilizations in history achieved great power thanks to the contributions of their inhabitants, such as the Egyptian, Greek and Roman civilizations, which paid taxes through work, goods and services.

Ancient Egypt was characterized by having an organized and rich economy, materialized in monuments and temples that impress to this day.

Tax payments in ancient Greece were characterized by being fairer than in ancient Egypt, only the rich paid taxes.

In ancient Rome, the payment of taxes was incorporated through coins, not only in goods and services.

With the conquest of the New World, the inhabitants of the American countries paid the Spanish Crown taxes on imports and exports, transfers of goods, mining and sent species and gold. Cuba was not exempt from this situation, showing the first manifestations of tributes in the Colonial Stage where it only benefited merchants, the Spanish clergy and the crown of that country.

"One of the most important reforms of that time was that of 1847, when a stage of reorganization in Cuban tax policy began. It consisted of the establishment of a direct municipal tax, the beginning of a process of regulation on contributions, shops, trades and professions with the incorporation of a set of tax forms" (Da Luz, 2011).

During the Republican period, the municipal tax law was enacted, a chapter related to collection procedures and application of fines to fraudsters was established for the first time, the income tax was established which taxes salaries, wages, remunerations, pensions, fees, dividends, that is, any personal income of citizens and the provisions related to taxes continued to be issued.

"With the triumph of the Revolution, the State plays a leading role in the socio-economic development of the country, from this moment on a set of actions began to be developed that had as their fundamental objective the achievement of a fairer distribution of provincial and, in turn, municipal income" (Da Luz, 2011).

Since ancient times, tax revenues have been used to finance economic development in society, which has been improved with its evolution.

In Cuba, tax policies have been characterized by the different stages of Cuban society and with the triumph of the revolution, work has been done on their improvement with different decrees, resolutions and laws until the drafting of Law 113, which has currently undergone transformations by the new economic actors in the national economy.

Basics of state budget revenues

State budget revenues, also known as public revenues, are defined by some authors as:

Thus, for Sánchez, 1999 public income is "the amount in money and in kind that the State receives according to its respective budget to cover social needs in a given fiscal year"

For Flores, 2004, public income is a set of economic perceptions that the State obtains, according to two groups: ordinary and extraordinary income: "ordinary are those that are received regularly, repeating in each fiscal year. Extraordinary are those that are received only when abnormal circumstances place the State in front of unforeseen needs that force it to extraordinary expenditures."

"When we talk about public revenues, we are referring to the money that public institutions receive. The main source of this revenue is the taxes we pay on different transactions we carry out, but there are also other ways in which governments obtain their resources."

Classification of income to the budget

"Organic Law of the State Budget System, made up of legally independent budgets that responded to the municipalities and provinces, to the Central Budget and to the Social Security Budget, but linked to each other. In practice, the latter never operated as an independent budget, but rather as part of the Central Budget" (Del Toro, et al, 2003).

The Cuban budgetary system responds to the country's political-administrative administration, made up of a central government, 14 provincial governments and 169 municipal governments.

"From the above it follows that policies (including fiscal policies) have a centralized character and their application is carried out in a decentralized manner by the different levels of government, with powers granted for a more efficient administration and management of the public resources assigned to them" (Del Toro, et al. 2003).

State budget revenues are classified as: Tax and non-Tax.

For the 2022 Budget Law, Tax Revenues are: "income collected as a result of the monetary benefits that the State requires by law, through the application of taxes, fees and contributions, with the aim of obtaining financial resources for the satisfaction of public expenses and other purposes of general interest."

According to Law 113, tax revenues are "Tribute: the monetary benefits that the State requires, by force of law, with the objective of obtaining the necessary resources for the satisfaction of public expenses and the fulfillment of other purposes of general interest. Tributes are classified as taxes, rates and contributions."

In Cuba, tax revenues are made up of 17 taxes, 3 contributions and 3 rates.

For the 2022 Budget Law "Apply in 2022, in accordance with the provisions of Law 113 "Of the Tax System", of July 23, 2012, the taxes detailed below with the clarifications and adjustments provided in this Law:

1. Personal Income Tax.
2. Income Tax.
3. Sales Tax.
4. Special Tax on Products and Services.
5. Tax on Services.
6. Tax on Idle Agricultural and Forest Land.
7. Tax on Land Transport.
8. Tax on Property or Possession of Vessels.
9. Tax on the Transfer of Property and Inheritance.
10. Tax on Documents.
11. Tax on the Use of Labor Force.
12. Tax for the Use or Exploitation of Beaches.
13. Tax on the Approved Discharge of Waste into Hydrographic Basins.
14. Tax for the Use and Exploitation of Bays.
15. Tax on the Use and Exploitation of Forest Resources and Wildlife.
16. Tax for the Right to Use Terrestrial Waters.
17. Customs Tax.
18. Contribution to Social Security.
19. Special Contribution to Social Security.
20. Territorial Contribution for Local Development.
21. Toll Rate.
22. Rate for Airport Service to Passengers.
23. Fee for the Filing of Advertisements and Commercial Propaganda."

Tax: the tax demanded from the person obliged to pay it, without specific compensation.

On personal income tax

A tax is established that taxes the income of natural persons

Cuban and foreign natural persons with permanent residence in the national territory are subject to this tax, for income obtained regardless of the country of origin of said income.

In addition, Cuban and foreign natural persons who do not have permanent residence in the Republic of Cuba are subject to this tax, for the income they obtain or generate in the national territory.

The taxable event of this Tax is constituted by the personal income obtained from:

a. the exercise of self-employment activities;
b. the development of intellectual, artistic, manual or physical activities in general, whether they involve creation, reproduction, interpretation, application of knowledge and skills;
c. the execution of industrial, service, agricultural and livestock activities in general;
d. dividends or shares of profits in companies;
e. the leasing of movable and immovable property owned or possessed by the individual that does not constitute a self-employment activity;

f. the sale of movable and immovable property or rights;

g. wages;

h. Gratuities and other remuneration received in addition to salary or other sources of income as a result of work; and

i. Other sources, not described above, that generate income, in cash or in kind; which will be regulated in the State Budget Law of the corresponding year, at the proposal of the Minister of Finance and Prices.

On the tax on profits

A Tax on Profits is established, which is required of legal entities, Cuban and foreign, that obtain taxable profits, regardless of their form of organization or ownership regime.

The following are considered taxable profits:

a. those arising from economic activities of any kind of which it is the owner;

b. those derived from any asset that is not linked to an economic activity; and

c. those arising directly or indirectly from the activities that constitute its corporate or business purpose or its specific purpose.

Cuban and foreign legal entities are required to pay the Income Tax in the following cases:

a. Cuban legal entities for all their income, regardless of the country of origin of said income; and

b. foreign legal entities for income obtained in the territory of the Republic of Cuba, whether or not they have a permanent establishment there.

Income Tax is paid by applying a tax rate of up to thirty-five percent (35%) on taxable income.

Income obtained in the country is considered to be that generated by capital, goods, services and rights of any kind invested or used in the Republic of Cuba, or that originate from activities carried out in the national territory, regardless of the nationality, domicile or residence of the persons involved in the operations and the place where they are carried out.

From sales tax

A tax is established on the sales of goods intended for use and consumption that are the object of purchase and sale, imported or produced, totally or partially in Cuba.

The following are subject to the Tax: natural and legal persons who sell goods, producers or distributors of the goods taxed by this Tax, as provided in this Law and other complementary provisions.

The subjects of this Tax are natural and legal persons who produce and market products or services taxed with this tax, as follows:established in this Law and its complementary provisions

Natural persons pay the Tax by applying a tax rate of ten percent (10%) on the total value of the income they obtain from the services provided.

Entities that provide services to the population pay this Tax, applying a tax rate of ten percent (10%) on the total value of the income they obtain from the services provided.

Special tax on products and services

A special tax is established on products and services intended for use and consumption, as determined by the Ministry of Finance and Prices.

The subjects of this Tax are natural and legal persons who produce and market products or services taxed with this tax, as follows: established in this Law and its complementary provisions

The taxable base of this Tax is the physical units or value of sales of the products or services taxed with it.

Tax rates are determined for products or groups of products sold wholesale based on the value of physical units.

For products or groups of products and services sold at retail level, tax rates are determined as a percentage (%) of the value of sales or in value per physical unit.

On the tax on services

This tax applies to telephone, communications, electricity transmission, water, gas, sewage, freight and passenger transportation, food, lodging, leasing and recreation services, as well as other services provided within the national territory, regardless of the currency in which they are offered.

The following are subject to this Tax: natural and legal persons who provide the services taxed by this Tax.

Natural persons pay the Tax by applying a tax rate of ten percent (10%) on the total value of the income they obtain from the services provided.

Entities that provide services to the population pay this Tax, applying a tax rate of ten percent (10%) on the total value of the income they obtain from the services provided.

Tax on idle agricultural and forest land

A tax is established for the idleness of agricultural and forest land.

The following are considered idle lands:

a. Those not in agricultural, livestock or forestry production, with the exception of those that need to be left to rest for crop rotation purposes;

b. those that are covered with marabou, weeds or invasive plants; and

c. those that are poorly utilized, in accordance with the provisions of special legislation.

Natural persons and legal entities that own idle agricultural and forest land, whether they are their own or state-owned, are required to pay this tax.

Those subject to this Tax may promote a file for the extinction of the tax before the Ministry of Agriculture, ceasing the obligation to pay the tax as soon as this Agency certifies that the lands are in operation.

This Tax is paid annually, within the first five (5) months of each fiscal year, at bank branches or other offices authorized for this purpose, corresponding to the domicile of the taxpayer.

On the tax on land transport

A tax is established for the ownership or possession of motor vehicles and animal traction vehicles used for land transport.

Natural and legal persons, Cuban or foreign, who own or possess motor vehicles and animal-drawn vehicles intended for land transport are required to pay this tax.

Tax on the ownership or possession of vessels

A tax is established for the ownership or possession of maritime, lake and river vessels registered in the national territory.

Natural and legal persons, Cuban or foreign, are obliged to pay this Tax in the following cases:

a. Cuban natural and legal persons who are owners or possessors of vessels; and
b. foreign natural or legal persons who register vessels in the national territory.

On the tax on the transfer of assets and inheritances

A tax is established that taxes the transfers of movable and immovable property, subject to public registry, notarial deed or that are arranged by administrative or judicial resolution, and any other rights over these, as well as inheritances and legacies.

Cuban and foreign natural and legal persons are required to pay this tax for the transfer of assets and rights, whatever their nature, that are located, can be exercised or fulfilled in the territory of the Republic of Cuba. Likewise, Cuban natural persons with permanent residence in the national territory are required to pay the tax for the transfer by way of inheritance, legacy or donation, of assets and rights located, can be exercised or must be fulfilled abroad.

About the tax on documents

A tax is established that taxes public documents, related to certifications, procedures and licenses established in Annex No. 4 of this Law.

Those subject to the Tax are natural and legal persons who request or obtain the documents and procedures referred to in the previous article.

Tax on the use of labor force

A tax is established for natural and legal persons, Cuban or foreign, who use paid labor.

The taxable event of this Tax is the use of paid labor.

Individuals and legal entities, Cuban or foreign, who use paid labor are subject to the Tax on the Use of Labor Force.

The tax rate for the Tax on the Use of the Labor Force will be progressively reduced with the entry into force of this Law, in accordance with the following rules:

a. twenty percent (20%) during the first year;
b. fifteen percent (15%) during the second year;
c. twelve percent (12%) during the third year;
d. ten percent (10%) during the fourth year; and
e. five percent (5%) during the fifth year and thereafter.

On the tax for the use or exploitation of beaches

A tax is established for the use or exploitation of beaches through the following activities:

a. hotels;
b. marine and nautical;
c. accommodation;
d. catering services; and
e. marketing of goods and products.

Those subject to the Tax are natural and legal persons, Cuban or foreign, who use or exploit the natural resource of the beach, in the development of their economic operations and for tourism purposes, for the provision of services, under the terms and conditions established in this Law and other complementary provisions.

The tax rates levied by individuals and legal entities obliged to pay this tax are defined and approved annually by the State Budget Law, in accordance with the planning indicators related to tourism activities and the investment levels associated with the conservation and rehabilitation of beaches, after hearing the opinion of the Ministries of Economy and Planning, Science, Technology and Environment, and Tourism.

From the tax on the approved discharge of waste into watersheds

A tax is established on those acts of dumping waste into the country's watersheds, within the limits approved by the environmental authorities and without prejudice to the administrative measures that correspond to violations of the regulations for the protection and conservation of the environment.

The purpose of this tax is to discourage pollution caused by the dumping of waste into watersheds and to constitute a compensation mechanism to help finance the costs of protecting and preserving the environment.

The following are subject to this tax: legal entities that use the receiving bodies of the hydrographic basins as a destination for their waste.

On the tax for the use and exploitation of bays

A tax is established on the use and exploitation of the bays of Havana, Mariel, Matanzas, Cienfuegos and Santiago de Cuba, gradually extending its application to the rest of the bays in the national territory.

For the purposes of applying this tax, the use and exploitation of the bay means the use of the coastline and gasification.

Natural or legal persons, Cuban or foreign, are required to pay the Tax in accordance with the provisions of this Law.

On the tax for the use and exploitation of forest resources and wildlife

A tax is established for the use and exploitation of forest resources, both natural and artificial, and wildlife, regardless of the activity carried out.

The use and exploitation of the aforementioned resources is understood as the use of wood and non-wood products, such as resins, bark, seeds, foliage, vines, rattans and others, and the use of areas for hunting as long as they are carried out for economic purposes, as well as the development of commercial and recreational activities in protected areas.

Individuals and legal entities, Cuban or foreign, who use or exploit these resources are subject to this tax.

On the tax for the right to use land waters

A tax is established for the use of land waters, the capture of which is carried out directly, from works or means of conduction and distribution not administered by third parties, whether for technical-productive purposes or for the provision of a service.

The use of terrestrial waters is understood as that captured directly with the user's own means and resources.

The following are subject to this tax: natural and legal persons who use terrestrial waters, provided that they capture them directly with their own means and resources, for technical-productive purposes or for the provision of a service.

Customs duty

The taxable event of the Customs Tax is the entry of goods into the national customs territory.

Natural or legal persons, Cuban or foreign, who import goods into the national territory are subject to Customs Tax.

Contribution: the tax for a specific and determined purpose, which directly or indirectly benefits the person obliged to pay it.

On the contribution to social security

Legal entities and natural persons with the legal capacity to enter into employment contracts, who employ paid labour benefiting from the General Social Security Regime, will pay a Contribution for this.

Legal entities and natural persons with legal capacity to enter into employment contracts who employ beneficiaries of the General Social Security Regime are subject to Social Security Contributions as taxpayers.

On the special contribution to social security

Natural persons who are beneficiaries of Social Security, including those incorporated into any of the special Social Security regimes, pay a Contribution for it.

The following are liable for the Special Contribution to Social Security: natural persons incorporated into the General Social Security Regime, including those who benefit from any of the established special Social Security regimes.

On the territorial contribution for local development

A contribution for the sustainable development of municipalities is established, which taxes income from the marketing of goods or provision of services, obtained by companies, commercial societies and cooperatives, by themselves and by their establishments in each territory.

The following are subject to this Contribution: companies, commercial societies with wholly Cuban capital and cooperatives, for their establishments, without prejudice to the municipality in which they are located.

Those subjects who are required, due to being located in areas declared priority for conservation, to pay a contribution for the restoration and preservation of these areas, in accordance with the legal provisions, are exempt from paying this tax.

Rate: the tax for which the person obliged to pay it receives compensation in service or activity from the State.

About the toll rate

A toll rate is established, the taxable event of which is the circulation on sections of roads taxed with this tax.

The sections taxed with the Toll Rate are:

a. Caibarién-Cayo Santa María causeway, which runs from kilometer 0 to kilometer 48;
b. Cayo Coco causeway, which runs from kilometer 0 to kilometer 33; and
c. Matanzas-Varadero highway, which runs from kilometer 0 to kilometer 30.

The taxable sections are reviewed annually by the Ministries of Transport and Finance and Prices, and the inclusion of new sections is established in the Budget Law of the corresponding year.

The taxpayers obliged to pay this Tax are all drivers of motor vehicles who travel on the sections of roads taxed by this tax.

From the rate for airport services to passengers

A Tax on Airport Services for Passengers is established, the taxable event of which is the use of the services and facilities of airports authorized for international air transport of passengers.

The taxpayers obliged to pay this Tax are passengers on international flights departing from a national airport to a foreign airport.

Regarding the rate for filing advertisements and commercial advertising

A Tax is established for the Filing of Commercial Advertisements and Propaganda, the taxable event of which is constituted by the use of municipal assets and other assets located within the municipal demarcation, for commercial advertisements in public or private spaces with public projection.

All natural or legal persons, Cuban or foreign, who place plates, posters, signs, billboards and other advertisements or similar elements for the purposes of commercial advertising and publicity are subject to this Tax.

Those subject to this Rate must notify the corresponding National Tax Administration Office of any change, whether in the content or size of the advertisement or commercial propaganda, which implies a modification of the obligation to pay this Rate, as well as its withdrawal to end said obligation, which will remain in force until this is done.

For the 2022 Budget Law, Non-Tax Revenues are: “other financial resources that are collected, which the State has the right to receive.”

Structure of municipal subordination income

Local budgets concentrate a significant part of the sociocultural activities that provide basic services to the population: preschool, primary and secondary education, public health, social assistance, community services, cultural, sports and recreational activities, and the operation of local government bodies. For the implementation and development of these activities, local budgets have the following sources of income:

- **Income transferred:** They come from the resources provided by the local subordination entities and others that, due to their origin, are associated with an expenditure that the locality had or has to make. The clearest example is the Tax on the Workforce, which is totally transferred to local budgets, depending on the subordination of the taxpayer, since it is in the locality where the worker and his family were trained and are cared for.
- **Participatory income:** These are revenues that correspond to the Central Budget and a percentage of the revenue collected in the locality is granted, of which the participation is authorized from the Tax on Profits of companies of national subordination and from certain products of the Tax on Sales and Circulation.

For Santoya, 2011, the transferred income "comes from tax revenues, that is, from taxes, fees and contributions, as well as from non-tax revenues that, although they are regulated by the central level, the amount of their collection is attributed entirely to the budgets of the provinces and municipalities."

For Santoya, 2011) “Participatory Income: income coming from a part of the tax revenues that correspond to the Central Budget and of which a certain percentage of its collection is attributed, approved annually, to local budgets.”

Objective and Importance of municipal subordination income

Obtaining income by the State constitutes a fundamental element for its existence since it allows it to finance its operation, and more importantly, to fulfill the objectives aimed at obtaining the common good of the entire society and therefore the inhabitants of a country must comply with their tax obligations so that projects can be developed in each of the communities in the national territory.

The purpose of municipal subordination income is to be able to meet all public expenses that the state has in the municipality. A balanced budget is one that effectively relates income and expenses, with the goal of developing the greatest possible work for the benefit of the country and its inhabitants.

Municipal subordination income

Although it is true that the country has a complex and developed legal system in tax matters, this does not guarantee that citizens comply with their commitments in this area. Violations of the legal tax framework are expressed in different ways that, intentionally or not, consciously or unconsciously, have shaped the characteristics of the Cuban tax system throughout its history. The social response to taxes is diverse and one of its facets is the process of tax evasion and avoidance.

Tax evasion

Tax evasion has always been a concern for governments since the existence of the State and taxes, even when the evolution and development of these has been independent. So much so that centuries ago Plato said that "when there is an income tax, the just man will pay more and the unjust less for the same amount of income" (Rosen, 1987). However, his modern economic analysis is based on models generated in the first half of the 1970s, which have proposed two central actors, the taxpayer who seeks to maximize expected benefits and the tax administration that pursues the maximization of net revenue.

Furthermore, the empirical studies reviewed allow us to present the different approaches given to these investigations, supported by econometric analysis, qualitative studies, the contribution of experimental economics, the incorporation of arguments from other fields such as Psychology, Sociology and, finally, the consideration of personal and social aspects.

Traditional approach

The primary model for estimating tax evasion is that of Allingham and Sandmo (1972). The authors based the model on approaches that maximize the expected utility of the individual taxpayer and focused on the actions of the individual who makes the decision about the amount to evade or declare on the income obtained. Among the determining factors of the decision made are the probability of inspection, the penalty rate for noncompliance and the tax rate set, given the subject's degree of risk aversion.

These considerations focus on reflections on the impact of certain changes in the variables related to the decision problem on the behaviour of individuals. Variations in fiscal policy are also taken into account, as is the case of the individual taxpayer who makes decisions in an isolated and amoral manner based on exogenously determined income. Another study related to the subject, which follows the perspective of expected utility, is by Yitzhaki (1974).

The model explained above was improved by Spicer and Lundstedt (1976), who included the concepts of coerciveness, system equity and society's attitude towards non-paying subjects. In this sense, they developed their proposal on the basis of four hypotheses:

For Sarduy, 2017, the greater the coerciveness (penalties and inspections), the lower the evasion. Noncompliance will be lower when the probability of being detected is higher. Evasion is higher when the taxpayer does not feel rewarded by the State or perceives inequity with respect to other taxpayers. Noncompliance depends on the level of acceptance of evasion by taxpayers and society.

On the other hand, works such as those by Pencavel (1979), Cowell (1985) and Sandmo (1981) try to extend the basic model to a wide variety of dimensions, such as the consideration of endogenous income, the incorporation of dynamic effects in uncertain inspection results, vertical equity (Cowell, 1992; Falkinger, 1995) and conceptions about the honesty of the subjects (Erard and Feinstein, 1994).

On the other hand, the 1990s and the first decade of the 21st century focused research on experimental economics, which confirmed the possible role of personal characteristics or the activity carried out as factors of predisposition to compliance. Its main contribution was the specificity for the study of aspects related to the incentive effects1 on tax compliance, in conditions of isolation that other models do not allow. In this sense, the concepts of Alm, Jackson and Alm, Sánchez and De Juan (1995) stand out. The results achieved in these studies show improvements in tax compliance.

Tax evasion studies related to taxpayer attitudes

The social sciences, including sociology and psychology, have also been interested in researching this topic. Their interest has focused on understanding the characteristics of taxpayers, their perception of taxes and the tax system, values, attitudes and morals. Underlying this point of view is the idea that evasion is not only a function of the variables commonly evaluated (probability of detection and amount of the penalty), but also of the personal willingness to evade or comply (Cullis and Lewis, 1997).

Experimental economics has also allowed researchers to contrast the possible role of personal characteristics or the activity carried out by the taxpayer as factors predisposing them to compliance, by incorporating social and institutional aspects and keeping the parameters of fiscal policy constant.

The fundamental idea of this theory is based on the fact that the taxpayer and the State maintain a relationship whereby the latter offers public goods and services that are financed with the taxes that the former pays. This may be an aspect considered in the decision to comply, but at the same time, there is the possibility that the taxpayer assesses whether the exchange is equitable or not.

Conclusions

After having carried out this research on the taxes of the State budget, the following conclusions were reached:

- Public revenue is defined as the financing received by the state from taxes as the main source of income to satisfy social needs.
- Tax revenues are the income obtained by the state from natural and legal persons through taxes, fees and contributions.
- Non-tax revenues are those collected by the State from government entities through fines applied to officials, entities and citizens who fail to comply with the rules established in the traffic code, violate pricing policies and fail to comply with functions inherent to the position. In addition to the revenues of budgeted units for the provision of services.
- The transferred income is the taxes paid by the locally subordinated companies, which are the income used to cover the expenses of the territory.

- Participatory income is income that comes from the Central Budget and corresponds to a percentage of the Municipal Budget.
- Tax evasion consists of the elimination or reduction of a tax amount produced within a country by those who are legally required to pay it.

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