

Tax Reforms and Their Effect on Social Inequality

Natalia Torres Macías¹ and Anderson González Gaitán²

Abstract

Fiscal policy obeys an axis of government management to guide economic and social investments where the general good prevails; recognizing that taxation is a mechanism that guarantees public spending. The objective of this reflection article is to describe the characteristics of the tax reforms and their effect on social inequality. For this, a documentary review was carried out from 30 documents selected with inclusion criteria; showing that inequality is multifactorial in nature and arises from the nation's inability to allocate income based on social investment. Finally, it was concluded that the reforms in their tax essence have a greater footprint of tax evasion and a clear impact on salary inequality that targets the less favored classes. For its part, the novelty is reflected with the approach of a particular analysis regarding the concept of social inequality.

Keywords: Tax Reform, Income, Social Inequality, Gini Index.

INTRODUCTION

One of the most complex aspects to address in terms of government management corresponds to the financing of the state to follow a series of public investments reflected in strategies, plans and programs aimed at citizens in social, economic and financial dimensions. This financing is achieved from the generation of own resources such as taxes and fees (sales, consumption, income, withholding at source) which must have as their scope the entire social approach of the state (Baque et al., 2020). The mechanism designed for this purpose is based on gradual or progressive changes in response to the needs to leverage multiple investment plans and programs in social, industrial, commerce, transportation, and security dimensions, which is normally evident or protected under the blanket of fiscal deficit, a concept that infers a gap where expenses are greater than own income (Grau, 2019).

To mitigate the gap and investment projections, the state is obliged to propose tax reforms to obtain the necessary capital flow to develop social programs and maintain the operation of the public structure represented in state agencies, of these reforms. New taxes and tributes are derived and established, which make up a fundamental and necessary collection model for its operation; This is how the tax reform is an instrument that integrates the tax dynamics which must be designed based on these reforms as proposed (Ranaldi & Milanovic, 2022).

Consequently, the configuration of taxes leads to the formation of a tax system capable of ensuring a systematic collection process in order to maintain cash flow for the state; However, as Stezano indicates, as these investment processes develop, negative impacts occur in the tax area that affect sectors of the economy on a large scale and with greater impact the workforce, which in turn, develops a process of asymmetry in terms of capital accumulation evidenced in the wealth-poverty relationship, whose rational definition translates into social inequality (Stezano, 2021).

In essence, fiscal policy includes a budgetary base of expenses and the elements that make it up, such as expenses and taxes, in order to establish a balance based on control and monitoring that ensures the economic stability of the country or its lack of being able to face the variations given in the economy from global fluctuations (exchange rate, international prices) or internal fluctuations such as inflation that impact macro and micro economic dynamics.

¹ Student of the Public Accounting program, Universidad Surcolombiana, Research Group Cre@, Faculty of Economics and Administration, Neiva, Colombia, E-mail: u20151132983@usco.edu.co

² Student of the Public Accounting program, Universidad Surcolombiana, Research Group Cre@, Faculty of Economics and Administration, Neiva, Colombia, E-mail: andersongaitan_1908@hotmail.com

The Magna Carta of 1991 contemplates the principle of progressivity as a reference and sustainability of the tax system, and it is from this that all these structuring proposals are supposed to be progressive, which is controversial when looking at the real context of the regressive taxation process that is being experienced today.

The objective of this article is to describe the characteristics of tax reforms and their effect on social inequality; The above is developed with the explanation of the method used; together with the results obtained and finally the respective discussion and conclusions.

THEORETICAL FOUNDATION

Starting from the definition of the topic of Tax Policy and its relationship with the Human Rights of citizens, a search strategy is carried out focused on determining the key words to generate the “Search Equation” in such a way that it can be applied so that leads to obtaining results that facilitate the assertive development of the research.

The above is supported by a scientific surveillance process which guarantees that the proposed thematic analysis process fully complies with the investigative rigor that a documentary review demands; This surveillance is based on the correct definition of the research topic, the architecture of the search equations, the identification of keywords, the use of Boolean operators and the definition of inclusion criteria (Arenas, 2020).

The proposed methodology proposes a documentary review, to respond to the stated objectives; For this, it began with the identification of the key words that make up the study topic, which were tax reform, income, income and inequality, which were integrated through the use of Boolean operators such as AND and OR, which are logical connectors. that allow generating related searches from the construction of semantic equations according to the research topic; Here it is important to establish that in order to apply these equations, inclusion and exclusion criteria were used, as well as use parameters indicated in Table 1 (Campos, 2020).

Table 1. Article search parameters.

Analyzed Factor	Variables
Keywords	tax reform, inequality, taxes
English words	Tax reforms, social inequality
Boolean operators	AND OR
Search equation	Tax reforms and social inequality
Language	Spanish English

Source: Self-made.

Based on these criteria, the constructed equations were entered into search databases such as Science Direct, Google scholar and Scielo as indicated in the characterization sheet, achieving the following results shown in Table 2.

Table 2. Article selection technical sheet.

Inclusion criteria	Description	science direct	Google scholar	Taylor & Francis
Equation structure	Keywords +Boolean operator			[All: tax reforms and social inequality] AND [All topics: Economy, Finance, Business and Industry] AND [Article type: Article] AND [Publication date: (01/01/2018) TO 12/31/2022]]
Search equation	Tax reforms and social inequality	11,484	894,000	26,632
1 time range	Period from 2017 to 2022	3,905	18,500	5,688
2 types of documents	Scientific article, Meta-analysis, books, organizational reports	3,151	6	5,172
3. Language (English)	English Spanish		3,48	
4. Thematic area	Economics, Econometrics and Finance	1357		1,009

Source: Self-made.

For the analysis developed in this article, 30 documents were selected corresponding to countries such as Colombia, Chile, Mexico, USA, China, Japan, Portugal, Sweden, Switzerland, Czech Republic, Germany, Italy: countries with significant advances in tax reform. Articles from universities such as Los Andes and Externado

in Colombia, National Academy of Economic Strategy in China, Department of Economics at the University of Tennessee in the USA, among others were consulted. Contributions from prominent researchers in the tax sector such as Federico Stezano in Mexico, Daixin Hea in China, Ranaldi and Bruner in the USA were also considered. Based on the use of structured search equations in Table 2, the following results were obtained.

Tax reforms and social inequality.

Tax reform and effects on income tax in Colombia.

Income taxes on natural persons and effects.

Effects of income tax reforms.

Income tax and inequality.

From the International to the National Context

Latin America is currently the region with the highest trend in revenue collection. According to the Economic Commission for Latin America and the Caribbean (ECLAC), there is a direct relationship between the level of indebtedness of countries and their need to collect taxes to leverage investments. Figure 1 below indicates the composition of tax revenues for Latin America, Central America, and South America; these consolidated annual revenues are of a tax nature and others as indicated in Figure 1.

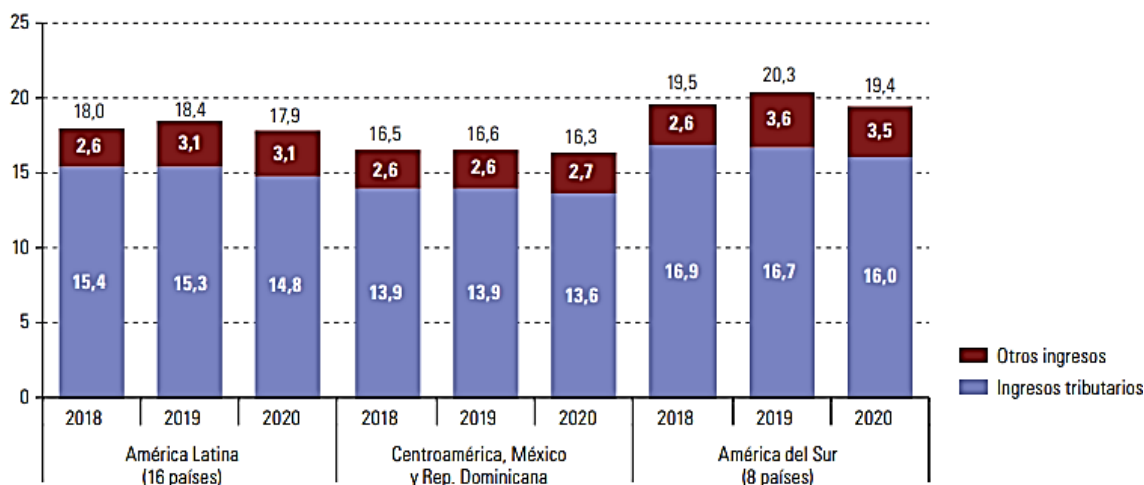


Figure 1. Latin America (16 countries) a: total revenues of the central government, by component, 2018-2020 (% PIB).

Source: ECLAC Fiscal Panorama of Latin America and the Caribbean page 18;

https://www.cepal.org/sites/default/files/publication/files/46808/S2100170_es.pdf.

According to ECLAC, in 2003 the average collection rate in the region was 13.6% of GDP and in 2020 this value increased to an average of 18%, however, as indicated in 2020, there was a decrease in said collection. but its tendency to growth is regular; This situation in the particular case of Colombia is supported by the idea that in the last decade more than 8 tax reforms have been implemented to leverage the new social programs established by each government, all of the above can be seen from the perspective of the Gini index, which determines the distribution of income or any inequality that we want to measure at the national level (ECLAC, 2021).

The importance of public spending in social investment lies in being able to satisfy those needs considered basic that the most vulnerable population does not receive, such as food, health, study, recreation, housing, sewerage and which constitute a great problem for the state; Based on a correct fiscal policy, these resources can be used and distributed equitably among the population, thus achieving greater coverage at a geographic level and to different types of communities, which guarantees a better condition and quality of life (Podesta, 2020).

Now well, the theoretical measurement of said distribution can be carried out using the Gini index, which is a key indicator to understand the effects of inequality in any context, since by existing Differences between the population's own salary incomes simultaneously generate a polarization effect that makes visible an inequality effect.

According to the above, inequality is a variable that has great impact and that represents a snapshot of the effects of the tax system models and their distribution. Some studies conclude that wealth is concentrated rapidly and that the fight to counteract this effect does not have the necessary dynamics despite being a priority issue on political agendas (Agudelo, 2020; Barbieri Góes, 2020; Halvarsson et al., 2018).

In the specific sense of the scope of the concept of inequality, it is important to limit this definition as proposed by (Fuentes Nieva & Galasso, 2022), which indicates that is associated with elite democratic processes and at the beginning of particular interest over the general, therefore, over time the rich becomes more and the poor more poor, even reaching extreme poverty.

In 2020, Colombia presented one of the highest inequality indices in Latin America with a percentage of 54.2 according to data from the World Bank as indicated in figure 2, which infers that to date fiscal policies have not had an effect on income distribution.

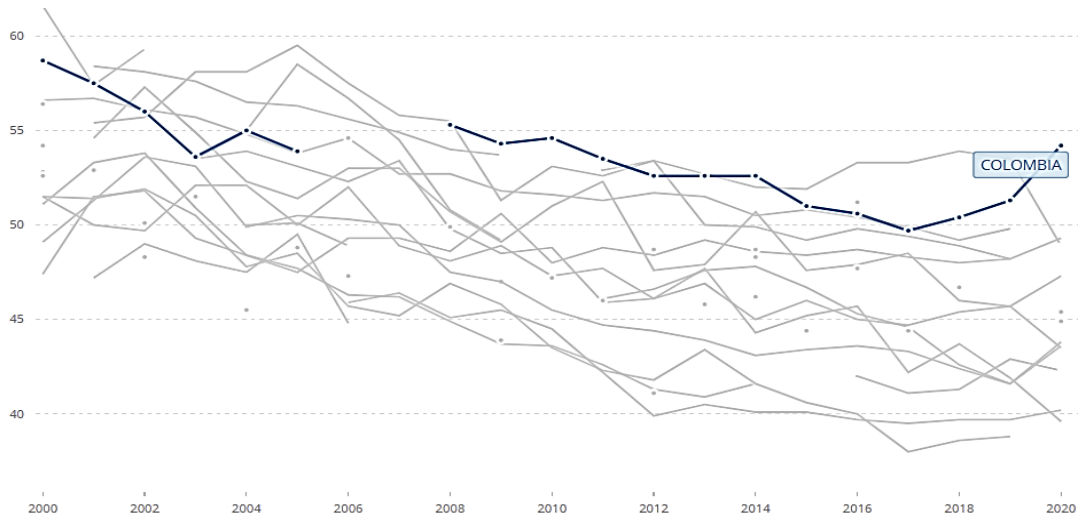


Figure 2. Gini index in Latin America.

Source: World Bank Data.

https://datos.bancomundial.org/indicador/SI.POV.GINI?contextual=region&locations=CO&name_desc=false9.

Figure 2 shows how during the 11 years, despite the Gini index of inequality gap decreasing, Colombia continues to be the country with the highest percentage of this gap in the region. It is worth clarifying that the World Bank data does not relate countries with communist or extreme left systems such as the case of Cuba and Venezuela, whose rates are presumed by the same organization to clearly exceed 60%.

According to the above, Burdín et al (2022), indicates that non-compliance with the principle of equity assumes a proportional distribution of income and wealth, so it is assumed that a tax system is equitable if it mitigates the concentration of income and wealth; However, this phenomenon is influenced by spending and the distribution of subsidies (Burdín et al., 2022).

Wealth inequality and its social effect pose an increasing polarization among the national population. According to the World Bank, in 2020 the Gini Index was 54%, which clearly shows the existence of a large gap between the rich and the poor. Therefore, it is necessary to analyze its evolution and how, based on the tax reforms with a progressive approach and imposed in recent years, they generate a greater social gap (Alvaredo & Vélez, 2014).

This basically constitutes a tax structure based on taxes, conceptual aspects, rates, inclusion and exclusion criteria on the type of legal entity that must contribute and that, depending on the level of expected income, economic behavior, collection rate and evasion, must adapt through a variation of them called tax reform; This is justified based on the contractual model of Hobbes (2015) cited by Gupta & Jalles (2022), where impositions are cl birds to ensure the political and evolutionary exercise of the policies of a government in office (Gupta & Jalles, 2022).

Progressivity is perhaps one of the principles with the greatest impact on the approach to mitigating inequality, since, when it comes to applying tax burdens, they are determined based on their since they must be based on the dynamics of the capacity of payment of taxpayers (DIAN, 2021).

Colombia, as well as other Latin American countries, has a tax statute, the content of which establishes a set of norms and rules by which the tax system is governed; Each reform is nothing more than an adaptation or replacement of the statute to generate financial flow in order to implement social investment programs as indicated (He et al., 2021).

The tax system is then a mechanism through which social investment must be strengthened, since its role in reducing inequality is directly associated with the resources necessary to leverage spending, investment and social protection systems, through a principle of progression. In Latin America, these systems present different barriers related to low levels of collection, income leveling, low level of collection, growing tax evasion and low effective rates on the highest incomes (Bagchi & Dušek, 2021).

Now, as previously indicated, the effects of inequity in the distribution of said income are notorious since it gives way to social inequality, obeying multiple internal factors associated with the same configuration of investments made by passing governments. as indicated (Hansen, 2021)

At a regulatory level there is:

To understand the regulatory structure that supports the article, it is vitally important to highlight that the Magna Carta in its article 363 sets out the basic rules that should govern the tax system such as equity, efficiency and progressivity; From Decree 624 of 1989, the Tax Statute is established, which in its article 684 confers on the tax administration the power to supervise and investigate the declaration processes as long as it is considered necessary, as well as everything concerning to the traceability of the same in both natural and legal persons (Congress of Colombia, 1991).

The Nature of Tax Reforms

The nature of the Tax reforms (Annex 1) obeys not only a social construction, but also different patterns within which are the fiscal deficit and the need to strengthen, ensure or create new investment programs for each sector that makes up the economic model (Arenas, 2016).

Thus, it is considered that despite different tax reforms having been implemented, their connotation on the approach and reality they pursue is not always the same; since there is a high level of government disapproval, evidenced in growing phenomena such as informality, evasion, over-indebtedness, corruption at all levels and the variation in the trade balance, all of this constitutes negative aspects whose effects are They reflect in a high deficit and very scarce resources that limit social investment in the Colombian rule of law (Almeida Espinosa & Rojas Prada, 2018; Haffert, 2021).

In the last decade, more than 5 tax reforms have been carried out, all of them with a progressive strategic approach, as a result of the needs of the government in power to be able to have sufficient liquidity for the execution of programs and the functioning of the government organizational apparatus, this At the same time, they follow a linearity in their design based on principles of efficiency, equity and proportionality; According to the above, the most relevant aspects of these reforms are characterized in table 3 (Campos, 2020) (He, 2021).

It is for the above reasons that tax reforms in Colombia have been a constant topic of debate in recent years, and the relationship with social inequality is undeniable; this in the context of the history of the impact of fiscal policies on the distribution of money and the quality of life in cities (Jam., 2019). In this sense, it is important

to reflect on how these reforms affect different social stratifications and how communication can be reduced to narrow the gap between the rich and the poor.

The approach of these, processed in laws of the republic, presents the following characterization:

Table 3. Tax reforms and approaches.

LAW	Reform scope
Law 1430 of 2010	The deduction on investment income and the 20% surcharge on electricity consumption in the industrial sector were terminated.
Law 1607 of 2012	Some services were taxed at 5% and the income tax emerged for equity, the tax on occasional profits
Law 1819 of 2016	The crime of tax evasion was regulated with sentences between 4 and 9 years in prison, in addition, VAT went from 16% to 19%.
Financing Law of 2018	Gradual reduction of income tax to 30% in 2020, and a total VAT discount for the acquisition of capital goods.
Growth Act of 2019	The VAT refund for vulnerable communities and three days without VAT per year were included.
Law 2155 of September 14, 2021	Social investment law-strengthen social spending.

Source: Self-made.

From a social investment approach, these proposals have sought to maintain a balance in terms of the investment proposed by the state to improve inequality indices, however, its behavior is contrary since, as has been indicated, the distribution of wealth and income is very disproportionate in Colombia according to (Mahecha, 2017).

The above gained strength with the issuance of Law 1430 of 2010, which sought to obtain more resources from the stimulation of private investment and the potentialization of oil exploration; However, 25% of the tax collection was allocated to financial movements to address the Calamity Fund due to victims of the winter wave of 2010 and 2011, promote the National Agricultural Reactivation Program (PRAN) and the Housing Subsidy Fund. of Social Interest, in turn investment spending for this period (2019) I present the following distribution: 6, 25 in social protection, 3.4 5 in education, 1.8 5 in health, 0.5 % in housing and 0.1% in cultural and recreational activities among others, which contrasts with the need to strengthen these programs based on increased investment for the following years (ECLAC, 2022).

Similarly, Law 1607 of 2012, whose focus was to obtain resources from the transformation of parafiscal taxes assumed from now on by the working middle class, which paid an average of 6.7 trillion in taxes; this modification marked a significant disagreement at the labor level as it increased the tax burden and introduced the Equity Tax on CREE (CREE), contributing 8% of the collection to provide coverage for the social security system, SENA, and ICBF. This was extended for the following 3 years, and an additional percentage point was added to balance investment in agriculture, higher education, and housing subsidy programs.

Now, Law 1819 of 2016 has its nature in the structural reform in tax matters, here workers are empowered to withdraw their severance pay as an aid mechanism for the higher education of their children; At this point the CREE and the income tax are unified, here the dividend tax was created at a rate of 10% for natural persons; In addition to this, as part of the incentive policy for the housing sector, long-term savings are promoted to promote construction; The nature of the reform is based on the simplification of procedures and the reduction of burdens through a fair payment on annual income, which allowed promoting the formalization of small business owners, since according to DANE data between 40 and 75% of These merchants are informal (FEDESARROLLO, 2017).

Regarding the income tax, it is the main source that generates tax revenue, its progressive spirit has led to its rates being higher every day, which has a direct consequence of evasion and avoidance, as well as such as lack of regulatory knowledge due to the speed of reforms, affecting public spending (Nguyen & Khieu, 2021; Polania Bello et al., 2021)

For the 2016 period, investment spending had the following distribution: 5.8% in social protection, 3.3% in education, 2.8% in health, 0.5% in housing and 0.1% in culture; The Gini index for 2016 was 50.6%, two points less when compared to 2012.

Likewise, Law 1943 of 2018 or the financing law has as its nature the creation of new financing mechanisms and the consumption tax, the bases for tax on natural persons are increased, which generated strong discomfort, since they entered this range the entire middle working class; For this period, the distribution of investment spending had the following composition: 5.5% for social protection, 3.3% for education, 3% for health, 0.5% for housing and 0.2% for culture (Congreso of Colombia, 2022).

In the same way, the 2010 law of 2019 or the economic growth law plants its nature in the complementary taxes of tax normalization and its collection is set to leverage orange economy programs.

Something similar occurs with Law 2155 of 2021, which was considered the flagship strategy of the Duque government, since its approach is based on social investment, it was born from the crisis in the economy as a product of the pandemic which was evidence among other data with a GDP of -6.8%; Its functional nature implies a 5% increase in the income tax for legal entities, zero enrollment and access to higher education (Congress of Colombia, 2021).

In turn, the approach to tax systems is based on a redistributive scheme with a regressive tendency, according to the biases associated with the income resulting from work, the lack of control in evasion, the tax advantages which translates into a high dynamic to avoid tax obligations, here the richest people do not present a proportional relationship according to their income level, which leads to a lower declaration compared to the substantial reality.

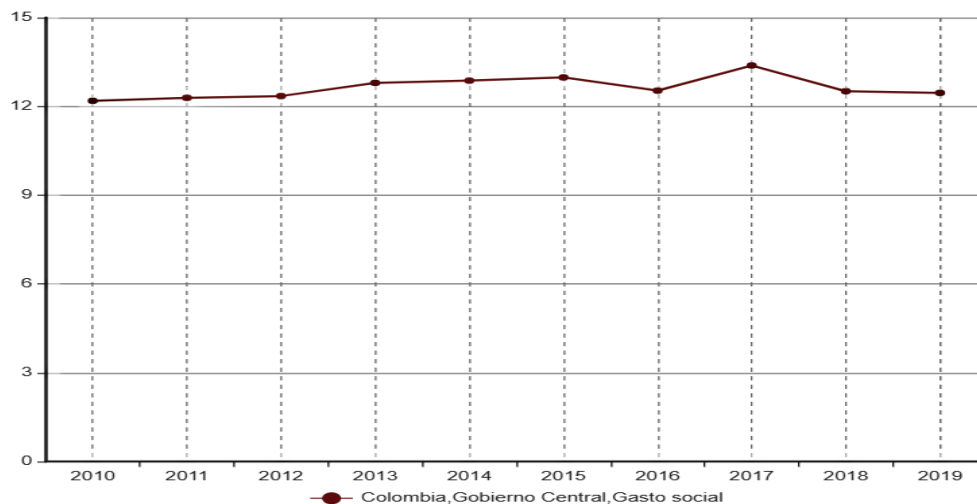


Figure 3. Social spending behavior following the implementation of tax reforms.

Source: (CEPALSTAT, 2023).

It can be seen in Figure 3 that during the last 10 years the average social investment expenditure at the state level is between 12 and 13.5%, which according to experts such as the World Bank is still exceptionally low.

The tax reforms conducted since 2016 have in common principles based on improving social inequality as a historical and cultural consequence that Colombia brings as a burden, even though the Gini index, which measures this variable based on income distribution, is high. and worrying given its little downward trend over the last 10 years, the origin of this is due to the low redistributive capacity of taxes and evasion according to (Burdín et al., 2022).

Likewise, Rodríguez (2020) indicates that the financing law seeks resources from two actions, one aimed at the incorporation of VAT to various products with differential rates, in this case it is the family basket, which went from 53% to 80%. , except that to prevent an impact on strata 1, 2 and 3 the strategy goes to the reimbursement of 53,000 COP per month; The second action focuses on the low VAT collection; As a result of the implementation, the collection was expected to be 11.3 billion pesos, of which 2 billion would be distributed

to lower-income households; For the author, these decisions, despite the technicality used, are minor efforts that only seek to act on the inequality variable in small proportions, there are many microeconomic factors that must be considered to achieve a favorable effect starting with the redistribution of income (Rodríguez, 2019).

For 2023, a new reform emerges which aims to raise \$25 billion in 2023, that is, 1.72% of the Gross Domestic Product, GDP. Where a collection of 1.39% of GDP on average is projected by 2023; The structural components are based on 5 key axes as seen in the table.

Table 4. Components of the 2023 tax reform.

Component	Description
Justice, equity, simplicity and efficiency	Related to historical social debt
Fiscal stability	Income and expense ratio
Diagnosis of the Colombian tax system	Collection 13% lower than the average in Latin America by 1.7%
Fiscal and social effects	Related to extreme poverty

Note: Taken from (Becerra, 2022).

According to the above, these components are defined in 4 pillars which propose as a first measure the tax on natural persons with income greater than \$10 million pesos per month, there will be no VAT for the family basket, elimination of the three days without VAT, in the second stay reduce or avoid tax evasion, which is on the order of \$50 billion, as the third pillar is healthy taxes and the fourth pillar refers to limiting the benefits of companies and the productive sector (Pérez, 2022).

By virtue of the above, it is important to highlight the fact that this reform has a social focus in theory, however, we must not leave behind the current problems of devaluation, inflation, foreign investment, the latter threatened by left-wing political interference which is seen as a threat by private capital and therefore foreign investment funds; This context does not bode well for redressing social inequality.

According to the above, social investment proposals to combat inequality problems are based on the efficient management of fiscal resources, this is when a biunivocal and symmetrical relationship is presented between the net contribution of households with greater economic power and the net receipt as a result of the transfer of money to the most vulnerable households through programs such as families in action, senior citizens and family subsidies from compensation funds; It is here that in the need to be able to guarantee health, education, housing, pension subsidies, it is necessary that these social investment actions take on great relevance within government investment priorities (Martínez, Meléndez, & Tenjo, 2021)

Factors Generating Inequality Because of the Implementation of Said Reforms

As described previously, the tax reforms in their entirety respond to a particular situation where the difference in resources for social investment is increasingly wide; Some of these data that reveal the concept of inequality correspond, for example, to the increase in the unemployment rate, which maintains an average between 2020 and 2021 of 12% and an average index of 50%, which is high and reflects the mismanagement of fiscal policies, which makes the inequality even more visible as indicated (Hallerberg, 2017).

Inequality is multifactorial in nature, and arises from the nation's inability to allocate income based on the different administrative management proposals or policies within the framework of social investment; For example, for the year 2020, the Gini income inequality indicator was at 54.6%, that is, 0.3% more than in 2019, clearly showing a gap in the effects of social investment in concepts such as such as poverty and extreme poverty.

Consequently, for García & Castellanos, despite the tax reforms carried out, the problem of inequality is even more critical over time; On the one hand, poverty rates are not supported by greater collections by the state, much less associated with tax reforms, given that the percentage variations increase over time, with extreme monetary poverty being more noticeable, since The decrease is small and proportional to the increase in tax collection (Ocampo & Castellanos, 2019).

Likewise, among the factors that affect inequality are minimum wages, the behavior of markets for both goods and services act on primary income, that is, they are inseparable; Another relevant factor corresponds to the collection mechanisms such as taxes and transfers, since at this point based on the taxable bases for declaration

and the progressive increase of the same as an action to increase the cash flow for the state, there is an impact the availability of income in families or homes, compressing the dynamics of purchasing power for them (Ohno et al., 2021; Troiano, 2017).

The phenomenon of social inequality becomes relevant, considering that the contribution rates that come from the legal entities on which the tax structure falls are increasingly higher, considerably increasing evasion and making visible the lack of control and monitoring of the state bodies in charge of this missionary factor (Garay, 2019).

When analyzing inequality, it must be considered that all these tax reforms with a neoliberal approach are designed under three main pillars or factors, which address the sense of increase in indirect taxes, the decrease in income taxes in different types of companies and the increase to natural persons, in order to improve inequality, strengthen the economy and employment; Despite this, Colombia occupies the second place as the most unequal country in Latin America, a fact that is not minor and that suggests despite the government's efforts that the decisions made in tax matters fall short of the goals proposed to improve these variables, either due to the effect of non-investment or lack of diagnosis to determine if the current programs have the expected effect or if there is a concentration of the action on certain social groups (Burdín et al., 2022b; Rodríguez, 2019).

Another aspect is related to tax evasion and its effect on poverty, given that at this point reforms for social application arise and are justified; Despite the fact that the efforts made by control entities, such as in the case of the DIAN, on a larger population of taxpayers that guarantee a greater value collected are more demanding every day, the lack of the treasury grows in the same way, on the one hand the High informality of the workforce, companies, corruption, mismanagement of funds do not generate the necessary trust for collection to be strengthened, seriously affecting investment budgets (Patiño, 2019).

From the above it is clear that as long as these evasion phenomena exist, governments must necessarily opt for more rigid fiscal policies that do not give rise to the flight or loss of collected capital, since the only dynamic tool to generate an impact on the distribution of wealth to the most vulnerable sectors in Colombia necessarily part of the tax collection.

REFLECTION

The analysis process carried out allows us to infer in the timeline that, despite the efforts made by the governments in power, the extrapolated portions of the social classes in the country are increasingly evident, this phenomenon is not only national, it has a global behavior that only touches and impacts the most underdeveloped or economically poor countries; From this simple description the sense of inequality and inequity imposes its bases on this phenomenon. More and more households are entering the poverty or extreme poverty line, and this effect depends on a large number of micro and macroeconomic components.

In this sense, it is essential that tax reforms are designed with a very progressive approach, so that many have more economic ability and protect a more vulnerable sector. In addition, it is necessary to combat tax evasion and ensure non-compliance.

To reduce these gaps, governments are obliged to dispose of the resources that the state itself generates from tax mechanisms, however we cannot ignore that this issue is part of the global agendas developed from the sustainable development objectives (SDG); From a microscopic perspective in the desire to strengthen the implementation of social programs, the succession of reforms as responses to the changing conditions and context of the country to finance itself have generated an erosive effect on the social structure, which was evident in the high rates of Gini on distribution of income and that despite all the efforts to prorate them do not show an improving condition.

On the one hand, the problem of high unemployment rates as a result of a poor policy for generating sources of employment, which enhances informality and this in turn increases the level of evasion as part of this labor activity, does not show an encouraging outlook that enable radical improvement; What is evident is that, as mentioned above, the polarization of socioeconomic strata due to low labor participation, unskilled labor and, in many cases, the lack of access to subsidies worsens this problem.

Each government period implies a high demand for the resources necessary for the execution of its programs; However, the underlying problems and these increasingly marked social distances and global changes pose a negative panorama at the social level. This directly affects looking for through taxation, as in the case of Colombia, greater parameterizations in the sectors and in the different business units for greater fundraising, which leads us to ask some questions such as:

To what extent can the current tax model include new actors?

How to maintain the balance of income and expenses in Colombian families?

Do policies, as well as social investment programs, really correspond to a solution to current problems?

The above directly implies greater visibility and asymmetry in the income of Colombian families, given that as long as factors such as evasion or those described above exist, confidence in taxation in the case of the reporting sector will be a high-impact factor that contributes to the reduction in the attainment of tax revenues.

The Colombian State has a large social debt; which is evident in the high levels presented in the relationship between poverty and inequality; However, the development of tax mechanisms to guarantee attention to social problems clearly generates greater disapproval on the part of the taxpayer society.

Social inequality is not only reflected in poverty gaps, it is a component that leads governments to develop plans and programs, which is why it is necessary for governments to obtain resources that can almost entirely be granted by taxes, this is where in this frenetic search they increasingly involve multiple actors ranging from natural to legal in all their forms of organization.

Social investment is necessary, however, the analyzes carried out on the latest tax reforms show how, despite this, the country is immersed in a problem based on the lack of resources to give sustainability to these programs, the above raises the fact that make an exhaustive analysis of how long it is planned to finance social programs and which of these should be redirected in order to combat social inequality.

The root cause of the problem of social investment is not solved only with progressive and subsidized reforms, but it implies a comprehensive review of the public system, of social, economic, and legal policies that guarantee a principle of equality and law, it implies a radical change in the way we live and how the state intends to maintain a balance of powers that guarantee, among other issues, transparent investments that show a true relationship of growth and the conviction of sustainable policies and programs over time.

New variables of analysis on social inequality must be considered, for example, the recent peace treaties and submission to justice that little by little compromise a large percentage of the national budget, added to the creation of new state organizations.

Article Data: It comes from an analysis of literature on tax reforms in the country from a social perspective at the Universidad Surcolombiana.

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