

**Inter-American Center of Tax Administrations – CIAT**

**45<sup>th</sup> CIAT GENERAL ASSEMBLY**



**“TAX MORALE AS DETERMINING FACTOR IN IMPROVING THE  
EFFECTIVENESS OF THE TAX ADMINISTRATION”**

**Subtopic 1.1**

**THE STRATEGIC PLANS AND TAX MORALE**

**Superintendency of Tax Administration  
Guatemala**

**Quito, Ecuador,  
April 4 – 7, 2011**

## 1. Introduction

In Guatemala, the Political Constitution of the Republic governs the principle of tax legality with the purpose of avoiding arbitrariness and abuse of power, and regulating the Tax Administration-taxpayer relationship appropriately.

In Article 239, the Magna Carta sets forth:

**“The principle of legality.** It constitutes the exclusive power of the Parliament of the Republic to decide on regular and special taxes, local taxes and special contributions, pursuant to the needs of the State and in compliance with tax equity and tax justice, as well as to determine the grounds for taxation, especially:

- a) The generating event underlying the tax relationship;
- b) Exemptions;
- c) The relevant taxpayer and joint responsibility;
- d) The tax base and the type of taxes;
- e) Deductions, discounts, reductions and penalties; and
- f) Tax breaches and sanctions.

The provisions ranking below the law, which contradict or mischaracterize the legal norms that govern the tax bases, are deemed null **ipso jure**. Regulations shall not modify such bases and shall strictly govern matters relative to administrative collection and establishing the procedures to facilitate tax collection.”

Although the principle of legality set forth in the Constitution does not explicitly refer to the tax morale understood as the intrinsic motivation to meet tax obligations, Article 135 defines, among others, the following civic rights:

**“Civic duties and rights.** The Guatemalan people hold the following rights and duties, in addition to those set forth in other norms in the Constitution and laws of the Republic:

- d) To contribute to government spending as provided for by law;”

Likewise, sub-section three of the Organic Law of the Superintendency of Tax Administration (Parliament Decree Number 1-98), sets forth:

“It is compelling to promote compliance with tax obligations, to be achieved by combating tax evasion, tax fraud and contraband, simplifying procedures, with improved effectiveness of the systems employed in collection and better taxpayer service, in order to raise the tax morale of responsible taxpayers who meet their obligations.”

With the experience gathered in twelve years of operation and in line with the international research trends that study the grounds for tax compliance and non-compliance in depth and their relation with tax policy, the Tax Administration of Guatemala has phased-in action courses in its working and operating style. Such courses, in addition to applying the usual coercive mechanisms, promote the development of the tax morale among the population.

This document seeks to describe the effort by the SAT of Guatemala to permeate citizens' conscience regarding their rights and obligations as taxpayer and tax bearer. To such end, it presents a brief overview of the main legal principles governing the tax administration-taxpayer relationship, followed by the description of the work philosophy of the institution and provides an in-depth analysis of the SAQB'E as an integral system of the methods that SAT employs in performing its functions and delivering the services to taxpayers. Subsequently, it presents the content of the Institutional Strategic Plan for 2011-2013 to promote tax compliance as a pivotal pillar for agency performance, and concludes with specific remarks on the expected outcomes of the actions undertaken by SAT of Guatemala on the promotion of the tax morale in the current and potential taxpayer.

## **2. SAT work philosophy**

In SAT, as well as in other organizations, the principles that drive planning and performance are chiefly the mission, the strategic vision and the institutional values.

### **2.1 Mission**

“To collect the funds required for the State to render the vital services and offer Guatemalans better advancement opportunities, by obtaining the maximum yield from taxes; to enforce the tax and customs legislation with fairness and to the fullest extent; and to facilitate citizens' voluntary compliance with tax and customs obligations”.

“To collect the taxes enforced by the State effectively”.

## 2.2 Vision

“To stand as a modern institution, prestigious and credible, which manages the tax and customs system effectively and with transparency, applying the best tax performance and administration practices, producing value for citizens, taxpayers and its officials and employees”.

“Paying taxes easily and accurately”

## 2.3 Values

Pursuant to tax laws and in line with the contents set forth in the institutional vision and mission, all SAT officials and employees shall abide by a set of principles and values deemed vital to honor the commitment towards taxpayers, users and the population overall. Such values comprise:

- 2.3.1 **Responsibility**, all the functions and tasks that the tax administration officials and employees shall undertake are carried out effectively and timely with discipline and esprit de corps.
- 2.3.2 **Transparency**, all the attitudes and actions of SAT officials and employees are aligned with the moral and social norms of conduct governed by ethics.
- 2.3.3 **Productivity**, all the attitudes and actions of SAT officials and employees are aimed at making the best use of resources, to ensure the appropriate use of work material to achieve the expected results.
- 2.3.4 **Integrity**, all the functions and tasks assigned to SAT officials are carried out with honesty, irreproachable behavior, and consistency in thoughts, expressions and actions.
- 2.3.5 **Professionalism**, all the functions and tasks assigned to SAT officials and employees seek to duly apply knowledge with skill and effort until the expected results are achieved, with passion for excellence.

The mission brings the institution closer to the State, while the vision brings SAT closer to Guatemalans and the values are necessary to achieve the objectives.

In summary, SAT holds an economic commitment towards the State, a moral commitment towards Guatemalans and a human commitment towards values.

## 2.4 SAQB´E

In 2006 and with the support of the Inter-American Center of Tax Administrations (CIAT), SAT developed a new technological tool in order to align performance to fulfill the institutional mission, achieve the vision and strengthen the institutional values.

This tool integrates digital document administration and workflow management into one platform. The new platform was originally implemented in 2007 for the customs sector.

During the development and implementation process, an internal contest was organized to give a name to the set of tools.

The successful name was **SAQB´E**, which in several Mayan languages means “**White and Transparent Path**”.

In SAT and in line with the foregoing, SAQB´E represents a new work philosophy, arising from the internal development of SAT, aimed at collecting the resources required for the State, while facilitating Guatemalans’ compliance with tax obligations, with transparency and efficiency in its operation.

## **2.5 SAQB´E as the SAT work philosophy**

The SAQB´E philosophy sets forth that the Tax Administration shall meet the objectives of fulfilling its mission of collecting the resources required by the State and the vision of paying taxes easily and accurately, based on its institutional values and by always pursuing excellence in any internal and external administrative proceeding it undertakes.

### **2.5.1 Direct and indirect benefits:**

By relying on the SAQB´E work philosophy, SAT expects to reap the following benefits:

- a) **TO PROJECT** the philosophy upon the whole institution in order to position and disseminate the results from the institutional projects aimed at making the Tax Administration more transparent and efficient.
- b) **TO GENERATE** reasonable and realistic expectations among the public opinion.
- c) **TO CONTRIBUTE** in strengthening the SAT image and enhancing its credibility.
- d) **TO POSITION** the institution as the pioneer in Public Sector Modernization and Transparency.
- e) **TO RENDER** SAT as the first Public Sector Institution that relies on a work philosophy.
- f) **TO ESTABLISH** a defined course of action, transcending the years.

### **2.5.2 Concrete implications of SAQB´E in SAT**

SAQB´E is a path, the white path, which is correct, transparent and efficient. Just as any path, SAQB´E requires several fundamentals in its development. Such fundamentals are grouped under four pillars:

- a) Human resources.**
- b) Security.**
- c) Infrastructure.**
- d) Processes.**

Overall, the changes and improvements in each of these four pillars shall lead along the road of SAT where institutional values are experienced and perceived in the internal as well as external sphere; where increasingly greater excellence and transparency is pursued in furthering the mission and fulfilling the vision of an Easy and Accurate SAT.

Notwithstanding the foregoing, a critical success factor in building a solid path that prevails is that any effort shall be carried out in the framework of quality performance.

The SAQB'E philosophy pursues quality performance in all the tasks of the tax administration, to meet internal as well as external expectations regarding facilitation, standardization, excellence, efficiency and thorough compliance with the regulations in effect.

According to this quality performance, the organization shall shift to the process-based performance approach, with continuous improvement, working with a systemic and holistic approach in the operational evolution, based on the available technologies and research on best practices.

For quality performance and the process-based performance approach to become rooted in the institution, an institutional methodology shall be maintained and applied, which enables the administration and development of processes and quality performance.

#### **a) The human resources' pillar**

The SAQB'E philosophy seeks professional human resources with commitment towards the mission, vision and institutional values of SAT.

In that sense, the following are expected:

- Personnel shall be reliable, since they have passed reliability tests. They shall be hired, evaluated and assigned functionally pursuant to the procedures established and in line with the administrative career path.
- Personnel shall feature a service-centered attitude towards internal as well as external customers, act in compliance with the code of ethics, the institutional values, and the procedures and norms in effect, and be mindful of their personal image and, above all, show professionalism as well as kindness and respect.
- Personnel shall feature technical qualifications or professional specialization, according to the businesses' requirements, enabling them to perform their functions appropriately and with authority.

- Personnel shall earn compensation, according to the career plan, performance and compliance with institutional objectives; with internal equity, consistent with the labor market. Career path participation and permanence in the institution is promoted.

### **b) Security pillar**

The SAQB´E philosophy is based on Security mechanisms that promote the sense of certainty regarding the proceedings conducted under SAT jurisdiction, to guarantee the operational continuity of the Institution and contribute to creating and maintaining an appropriate working and service environment, in line with the SAT mission and vision, and according to institutional values.

Within the security sphere, we must apply:

- Security protocols for individuals' access and permanence in SAT facilities, as well as to protect the assets of the Institution.
- Industrial safety protocols, according to the industrial safety standards in effect, enabling to keep facilities safe.
- Mechanisms that enable SAT personnel to be identifiable inside facilities.
- Policies that govern access to information and such access shall be recorded and restricted according to the access level profile of individuals and the type of information.

Likewise, the use of technology shall consider data security and transaction traceability, as well as recording and detection of anomalies, with the lowest degree of disruption for users.

### **c) Physical and technological infrastructure pillar.**

The SAQB´E philosophy seeks to operate in appropriate and equipped facilities that provide for high level of service according to the institutional vision and values. To such end, the following are deemed relevant:

- A suitable, comfortable, accessible and standardized environment to render the service, for our personnel as well as customers.
- In Customs, a common area for SAT and the other entities that must render services in our facilities, under the vision that all actors operate jointly under the notion of land port.
- Equipment to facilitate communication and interaction between our personnel and customers.
- Infrastructure supporting the degree of systematization and/or automation for the institutional operation.

### **d) Process-based performance pillar**

The SAQB´E philosophy entails shifting the business towards process-based performance. To such end, the following three key elements have been identified for performance improvement:

1. A systemic approach.
2. The importance of identifying, defining, documenting and updating processes.
3. Business processes are developed by applying the workflow management tool and the available technology, provided it has been approved by the institution.

Processes are developed according to the following key criteria:

- Compliance with legislation.
- Simplification and standardization, pursuing greater use of the Internet.
- Avoiding discretionary behavior and increasing transparency.

With a view to having sufficient resources, according to the business requirements and the maximum timeframes to process the different formalities in SAT, the operation is monitored with performance indicators incorporated in the technological platform.

The process automation with the platform enables the following:

- An integral tool that does not require logging in and out of different applications, with information accessible from a single location.
- Streamlined and expeditious formalities, with simplified processes and automated controls, with information-crossing among systems.
- It facilitates performance indicators' monitoring to improve the service level and efficiency of our operations.
- It reduces the discretionary behavior of our personnel, consequently improving our working environment and enhancing confidence for our customers.
- It enables working with uninterrupted flows and electronic processing of internal files, avoiding the need to move physical documents.
- It allows users to monitor their formalities via the Internet, thus increasing transparency.
- It facilitates more Internet-based formalities with SAT, gradually leading users towards the virtual SAT.

Pursuant to Superintendency resolution No. SAT-S-456-2008, the governing entity for the process-based performance platform -SAQB'E- is made up by the following three bodies: the General Secretariat, the IT Department and the Planning and Institutional Development Department.

### **3. Tax Compliance in the Institutional Strategic Plan for 2011-2013**

Based on the end and purpose set forth in the institutional mission and vision, SAT incorporates and explains the objectives and means by which they shall be attained on the Institutional Strategic Plan.

For the purpose of this paper, we shall highlight the actions in each one of the key elements of the Plan, since each one of them and the operation of the whole shall enable us to fulfill the strategic objectives of the three-year period.



### **3.1 Improving tax compliance and reducing tax evasion. “Taxpayers’ payment shall be accurate.”**

From the standpoint of SAT raison d’être, this objective bears the greatest impact with regards to substantial results, and relates to the actions undertaken to achieve an improvement in taxpayers’ level of tax compliance and, therefore, a reduction in tax evasion.

It seeks to increase collection to the fullest extent possible by having taxpayers pay the applicable taxes; increasing risk perception and the possibility of detecting and punishing noncompliance.

#### **3.1.1 Increasing taxpayers’ risk perception.**

The aim is to increase awareness among taxpayers and the overall population regarding the possibility of being detected as noncompliant with tax obligations. Therefore, specific actions have been considered to redefine the risk analysis policy by incorporating new risk management models, focusing on selective audits, and informing the population of the results of implemented actions.

The key projects and actions defined to achieve this objective are the following:

- Improving security of the electronic VAT form, and reviewing the forms for the year that is filed.
- Compelling taxpayers who file statements with a payment amount equal to zero to use electronic media.
- Redefining the strategy of joint efforts and tax audits.
- Redefining the Ex-post Control Model.
- Systematizing risk analysis in customs areas, incorporating fixed rules for customs proposals.
- Coordinating risk management at the inter-institutional level, to promote integral audits by all the entities involved.
- Focusing selective tax audits on the most recent fiscal years.
- Promoting/driving the approval of legislation enforcing customs penalties and apply temporary regulations in the meantime.
- Forming an institutional working group with the main role of coordinating tax intelligence between internal risk management and foreign trade efforts.
- Defining the grounds for internal economic tax studies and foreign trade studies, by activity or group of taxpayers according to the risk profile.
- Including risk in multinational corporations on the risk management models.

### **3.1.2 Increasing tax compliance and timely compliance.**

This objective seeks to incorporate new effective taxpayers into the tax base. It identifies and demands compliance, within the term established by tax legislation, from individuals who are registered for different taxes and fail to file their statements and pay their taxes.

The key projects and actions defined to achieve this objective are the following:

- Requiring and/or verifying the use of electronic media from specific groups of taxpayers.
- Establishing criteria for the mandatory use of the electronic invoicing system for special taxpayers.

### **3.1.3 Improving the effectiveness of enforced proceedings.**

It is aimed at improving the effectiveness of enforced proceedings.

The key projects and actions defined to achieve this objective are the following:

- Filing high-impact cases in Court.
- Implementing the electronic attachment System.
- Providing legal assistance and ongoing training in the following stages: registration, massive audit and control, administrative collection, taxation and audits' resolution, and in the foreign trade sphere, in processing allegations.
- Strengthening the process to unify institutional criteria.
- Classifying the portfolio according to the collection potential, to prioritize court proceedings.
- Redefining the strategy and enforced proceedings' efforts; expediting internal processing timeframes, implementing performance controls – including the coercive economic proceedings, contentious-administrative proceedings, criminal proceedings, etc.
- Coordinating the creation of an Institutional working group whose main role is to identify loopholes or legal vacuums and the promotion and advancement of tax reforms.

### **3.1.4 Improving the effectiveness and broadening the scope of tax audits.**

The aim is to improve effectiveness of taxpayers' audits and controls, by broadening their scope upon increasing foreign trade audits.

The key projects and actions defined to achieve this objective are the following:

- Increasing the use of information-crossing initiatives based on internal and external sources (forms, electronic invoices, *retenISR*, *asistelibros*, etc.).
- Increasing foreign trade audits.
- Prioritizing quality instead of quantity in the execution of selective audits.

- Incorporating fields on the existing forms enabling the control of payments from actions in the first instance of the audit proceeding.
- Creating a working team to conduct expeditious audits and develop a brief procedure to collect differences.
- Strengthening regulations and the procedures to determine the source of tax credits' refunds.

### **3.1.5 Improving the effectiveness and the scope of audits and controls in the administrative collection stage.**

This new objective seeks to improve effectiveness in the administrative collection stage, in order to increase tax collection in the short-term and reduce tax omissions in the long term.

The main action defined to achieve this objective is the following:

- Improving control mechanisms to authorize documents and to enable taxpayers to settle pending situations.

### **3.1.6 Broadening customs performance control processes and extending their scope.**

This objective pursues greater effectiveness in customs controls enabling stronger controls and broadening customs scope of performance.

The key projects and actions defined to achieve this objective are the following:

- Redefining the action strategy of the Inter-institutional Commission for Prevention and Combat of Contraband and Customs Fraud. It includes the promotion of the actions executed, and strengthening audits in maritime customs.
- Redefining the strategy for customs compliance supervision and the enforcement of customs proceedings.
- Completing the implementation of the customs traffic control initiative based on satellite devices.
- Redefining the customs dispatch control logistics centered on deploying more personnel for immediate controls.
- Completing the implementation of the Safe Customs initiative in the three maritime customs.
- Establishing an assessment base for the goods based on inputs from internal and external sources.
- Establishing procedures and regulations arising from the new insurance act (substituting bonds with insurance).
- Improving controls in the systems for grace periods and exemptions.
- Defining and implementing a strategy enabling to increase the effectiveness of controls in customs facilities and their systematization.

### **3.2 Improving the quality of taxpayer service. “Good, Fast and Easy Service”**

The success of the tax performance greatly depends on the communication, relation and service towards taxpayers, users and the general population. This objective entails implementing a quality of service management model, by which the taxpayer is acknowledged as a Tax Administration and Customs Administration Customer.

#### **3.2.1 Simplifying tax and customs compliance.**

The aim is to continue with the actions to simplify and expedite the main proceedings relative to internal and foreign trade taxes, and achieve significant improvement in quality of service as well as assistance and guidance for taxpayers, based on the organization of the information available on the portal for taxpayers to query and minimizing the discretionary approach towards the enforcement of procedures and requirements.

The key projects and actions defined to achieve this objective are the following:

- Forwarding information to taxpayers by target group employing all the available means, including voice messages.
- Creating the Training Portal.
- Completing the implementation of the alternative option to *BancaSAT* to file and pay taxes, without requiring a bank account -*DeclaraGUATE*-.
- Expediting customs proceedings and dispatching formalities.
- Expediting tax registration procedures and registration of vehicles with the tax authority.
- Electronic communication of procedures and requirement for compliance with tax obligations (internal taxes and foreign trade).
- Implementing an electronic accounting system for Micro, Small and Medium-Sized Enterprises (*Cuenta Cabal*).
- Systematizing customs relief procedures.
- Continuing with the implementation of the Authorized Economic Operator.
- Training taxpayers and registered individuals by prioritizing the use of virtual media.
- Analyzing and organizing the information available on the SAT portal, and drafting regulations to update and standardize the information.
- Assessing the effectiveness of the implementation of *INFOCENTROS* and if considered functional, installing *INFOCENTROS* in the San Rafael Tax Agency and the venues of the Northeastern Regional offices (Zacapa) and Southern offices (Escuintla).
- Implementing a platform enabling the online assessment of the service rendered by technical experts and professionals through the SAT windows.
- Measuring at the national level the degree of taxpayer satisfaction with the service rendered.

- Minimizing discretionary application of the procedures and requirements in all the SAT service and customs offices.
- Assessing the feasibility of extending the office hours in SAT and customs.
- Implementing the Human Resources Organization System in Tax Offices.

### **3.2.2 Promoting the tax culture.**

This program seeks to create awareness in potential taxpayers, chiefly children and youths, by instilling a positive attitude towards the civic duty of paying taxes. To such end, the guiding principle is that the State requires resources mainly arising from the taxes paid by taxpayers, in order to meet its constitutional mandate of ensuring the common good and providing the population with the basic services it requires.

Taxes may be paid by using coercion or appealing to reason. Force is set forth in laws and their mandatory compliance, while reason may be driven only by Tax Culture with solid grounds.

Undoubtedly, a significant incentive (or disincentive) for taxation is the management and use of public funds, in addition to the fact that, for many citizens, paying taxes is a discretionary act, in line with their positive or negative perception of the use of funds.

One of the tax education objectives is precisely to break that vicious circle and create awareness on the fact that taxation is not just a legal obligation, but a duty of each individual before society. Likewise, citizens shall be convinced that meeting such responsibility confers the moral authority required to demand that the State makes the appropriate and transparent use of public resources.

In order to strengthen the Tax Culture (understood as the set of values, beliefs and attitudes shared by a social group with respect to taxation and its governing laws, which leads to permanent compliance with tax duties), the population is required to learn about the issue and understand the importance of their tax responsibilities.

Such understanding shall be based on timely information and appropriate education, which shall lead to the acceptance arising from awareness. It is vital to achieve strong and sustainable collection in the middle and long term, to facilitate honoring Peace Agreements and the Fiscal Agreement commitments.

In summary, the central axes involved in promoting the Tax Culture are information, education and awareness, which are articulated around reason as the desirable fundamental driver of the act of paying taxes, and they are incorporated in a communication strategy with the key message:

“In order for the State to meet its obligations, I, the citizen, shall assume my responsibility of paying taxes, since in doing so, I am supporting Guatemala.”

In this context, for 2011-2013, we seek to promote and deepen the tax culture in the population, by extending and strengthening the actions to sponsor and disseminate the tax culture.

The key actions defined to achieve this objective are the following:

- Extending and strengthening the actions to sponsor the tax culture in the education system.
- Strengthening the programs for tax culture dissemination and promotion of civic values.

### **3.3 Improving institutional effectiveness “Effective, Integral and Transparent SAT”**

In order to improve tax compliance and the quality of taxpayer service, it is vital to enhance institutional effectiveness by means of efforts to improve organizational, management and information systems, as well as the physical infrastructure and the equipment of the tax and customs administration facilities.

#### **3.3.1 Strengthening the human resource capital.**

This objective seeks to continue with the actions enabling to strengthen and develop SAT human resources.

The main projects and actions defined in attaining this objective are the following:

- Establishing a human resources policy that supports the implementation of the institutional strategy of integral control.
- Deploying the appropriate number of individuals to all the Institutional processes, prior evaluation of workloads, considering the reallocation of positions.
- Designing and executing effective training and specialization programs, focused on the development of competencies.
- Strengthening results' evaluation criteria (including performance assessment, merits and demerits).
- Assess the salary structures at the institutional level in 2012, by job family.

#### **3.3.2 Promoting the quality and control of information systems.**

This objective seeks to pursue the improvement of the quality of the information available to SAT, including the aspects relative to information collection, processing, quality, and its use.

The key projects and actions defined to achieve this objective are the following:

- Updating and disseminating the IT Strategic Plan.
- Refining the information on the current account and extending its scope.

- Defining the needs for interconnection of computer applications and priority assistance thereof.
- Evaluate and stabilize the SAQB'E system.
- Evaluate the option to improve the current RTU system or the creation of a new Unified Tax Registry system.
- Implement the ITIL methodology on service level management procedures.
- Enter into an agreement with RENAP for regular updates of the list of deceased citizens for SAT.

### **3.3.3 Improving and maintaining the infrastructure and the physical, technological and operational security.**

This objective seeks to provide SAT with physical, technological and operational infrastructure that meets the minimum requirements to provide efficient service for taxpayers, facilitate minimum conditions for officials and employees, and to rely on mechanisms that secure physical, technological and operational security.

The key projects and actions defined to achieve this objective are the following:

- Reactivating and strengthening the Infrastructure Committee.
- Updating and prioritizing the Infrastructure Investment Plan, pursuant to the execution feasibility and the availability of the budget.
- Evaluating the implementation of the manual to assist in case of emergency and other contingencies.
- Certifying the Chemical Fiscal Laboratory (ISO 17025).

### **3.3.4 Developing an organizational service culture.**

The aim is to pursue a service-centered culture, for internal as well as external users.

The key projects and actions defined to achieve this objective are the following:

- Defining, developing and evaluating a Customer Service Training Program.
- Updating and implementing the internal and external communication plans.

### **3.3.5 Redesigning critical processes and improving the planning and performance control culture.**

This objective seeks to redesign the key institutional and support processes, and improve the planning and performance control culture.

The key projects and actions defined to achieve this objective are the following:

- Promoting the operation of the Auditing Committee, in order to meet the internal control regulations.

- Systematizing and improving internal processes and acquisitions and hires.
- Defining the ERP implementation strategy in SAT.
- Reviewing and updating the joint planning and budget procedure.
- Completing the pilot plan for implementation of the quality management system in customs.
- Updating the records' management system.
- Defining the internal control model under generally accepted standards.
- Developing and implementing a program to redesign critical processes.
- Strengthening the backup procedures for institutional documentation.
- Creating an Institutional committee that monitors or verifies compliance with the recommendations arising from allegations and potential irregular actions.
- Implementing the electronic notifications tool.

### **3.3.6 Adjusting the internal organization for the purpose of decentralization.**

It seeks to develop and implement customs operations and legal affairs in a decentralized structure through the Regional Management offices and the respective agencies.

The key projects and actions defined to achieve this objective are the following:

- Defining and executing the plan to decentralize the legal affairs' operative functions to the Regional Offices.
- Defining the middle and long-term vision in customs and preparing and executing the plan to decentralize the operative functions.



#### **4. Final remarks**

The Tax Administration of Guatemala is aware that the progress made in promoting initiatives to instill the tax morale in the Guatemalan people has been greatly based on enforcing coercion, increasing risk perception of taxpayers with regards to tax audits, more than on creating awareness on the responsibility of fulfilling a civic duty set forth in the Political Constitution of the Republic. The purpose of SAT is to achieve a higher sense of tax morale.

Therefore, it is vital for SAT officials and employees to keep in mind the institutional vision and mission as a means that conveys among taxpayers the perception that our treatment is equitable. Additionally, by the attitude towards taxpayers and as a direct effect of the specific tax culture programs, we wish to help the population to understand the purpose of paying taxes and the negative consequences of tax evasion.

The effective interaction among education, service and compliance activities is crucial for SAT, since reinforcing taxpayers' willingness to meet their tax obligations largely depends thereupon.

## **Bibliography**

Superintendency of Tax Administration. Institutional Strategic Plan for 2011-2013. Guatemala. February 2011.

Detailed Report and Work Account, 2010. Guatemala. February 2011.

---

Lago-Peñas, Ignacio and Lago-Peñas, Santiago. The Determinants of Tax Morale in Comparative Perspective: Evidence from a Multilevel Analysis. Institute for Tax Studies' Edition. N.I.P.O.: 602-08-004-3. I.S.S.N.: 1578-0252 Legal Deposit: M-23772-2001. Spain.

Torgler, Benno. **TAX MORALE:** Theory and Empirical Analysis of Tax Compliance. DISSERTATION der Universität Basel zur Erlangung der Würde eines Doktors der Staatswissenschaften. Basle. July 2003

The tax morale in Latin America. IR 02. AFIP Institute Review. October 2007.