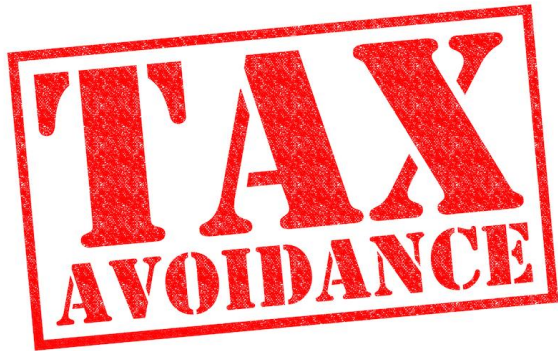




Tax Avoidance & Tax Evasion

Alexa Leyva | Nyadean Campbell | Quiana Duarte

What is Tax Avoidance?



Is the use of legal methods to modify an individual's financial situation to lower the amount of income tax owed. This is generally accomplished by claiming the permissible deductions and credits.

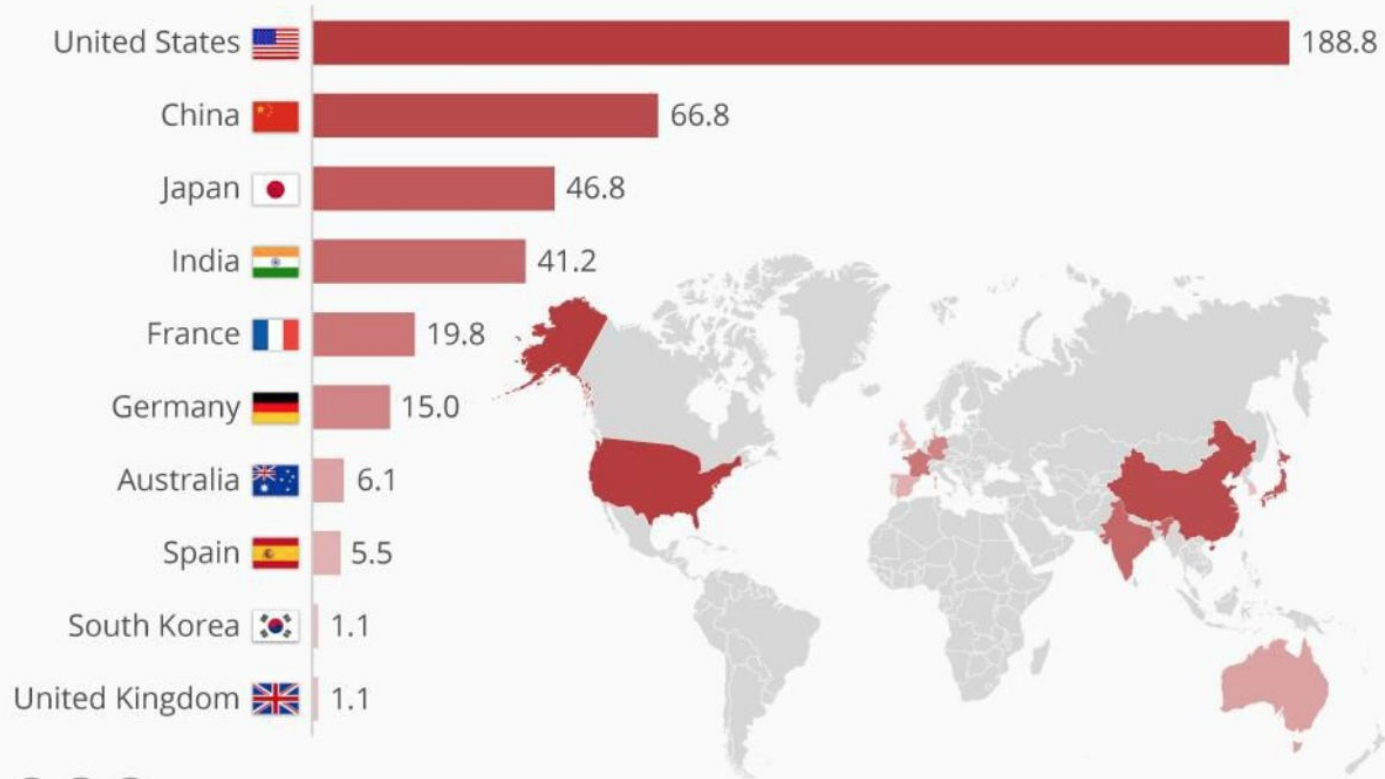
What is Tax Evasion?



The illegal practice of not paying taxes, by not reporting income, reporting expenses not legally allowed, or by not paying taxes owed.

The Global Cost Of Tax Avoidance

Estimated annual corporate tax losses in selected countries (billion U.S. dollars)



@StatistaCharts Source: UNU-WIDER

United States & Taxes



IRS (Internal Revenue Service)

- Collects information on size and composition of the tax gap and enforces tax laws.

On-Demand Platforms & Tax Avoidance

- Companies such as Lyft, Airbnb, and Etsy, don't have to report incomes under \$20,000 and in turn their employees don't file for taxes.

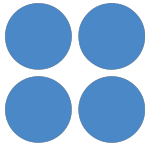


Mexico & Taxes

SHCP



SECRETARÍA
DE HACIENDA Y
CRÉDITO PÚBLICO



SAT

**Código Fiscal
de la
Federación**

In view of the high level of non-compliance with the tax obligations of taxpayers as well as the non-transparent exercise of the tax authority in the allocation of public resources both to the citizen and intergovernmental, in recent years the Ministry of Finance and Public Credit (SHCP) through the Tax Administration Service (SAT), has implemented various actions to reduce this problem.

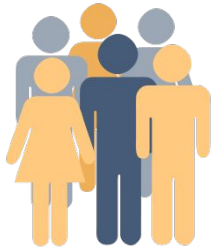
Regarding the low collection observed, the SAT has resorted to enforcement actions through the implementation of information crossings between taxpayers, regulation of the printers of tax receipts, mandatory tax audit reports for more taxpayers as well as mechanisms for simplification and administrative facilities, among others.

The president of Mexico, Lopez Obrador, signed a decree on the fiscal absolution, that have generated tax evasion of 21,000 million dollars from 2007

Welcome to ESSCAland!



ESSCAland



60 million population



Total tax burden
40%



Growth
2%



GINI
35



Developed
Country

ESSCAland Laws

Regulations against tax havens



Tax Haven - a country that offers foreign individuals and businesses little or no tax liability in a politically and economically static environment

Penalize companies who use tax havens.

If a company uses a tax haven then they will not be allowed to operate in ESSCAland.

Join the OECD!



The **Organization for Economic Cooperation and Development** is where the governments of 34 democracies with market economies work together, as well as with 70 non-member economies to promote economic growth, prosperity, and sustainable development

Unitary Tax



Involve taxing multinational corporations according to the real economic substance of where they actually do business.

REFERENCES

Tax Avoidance. Investopedia

https://www.investopedia.com/terms/t/tax_avoidance.asp

What is the Difference Between Tax Avoidance and Tax Evasion. The Balance Small Business

<https://www.thebalancesmb.com/tax-avoidance-vs-evasion-397671>

Five Solutions. Tax Justice Network

<https://www.taxjustice.net/solutions/>

Tax Avoidance Cost the US Nearly \$200 Billion Every Year. Forbes

<https://www.forbes.com/sites/niallmccarthy/2017/03/23/tax-avoidance-costs-the-u-s-nearly-200-billion-every-year-infographic/#4ee3a5992f0d>

REFERENCES

What is the OECD. US Mission to the OECD

<https://usoecd.usmission.gov/our-relationship/about-the-oecd/what-is-the-oecd/>

Are Airbnb and Others Costing the Government Billions. Boston Globe

<https://www.bostonglobe.com/business/2016/05/23/airbnb-others-pay-out-billions-beneath-irs-radar-study-finds/o57SNCizMzHSEjH0A1MNMM/story.html>

Tax avoidance and corporate social responsibility in Mexico. UANL

<http://eprints.uanl.mx/3865/1/Memoria%20011-003%20PON%20elusion%20fiscal.pdf>

Mexico aims to end tax evasion of large taxpayers. El Pais

https://elpais.com/economia/2019/05/20/actualidad/1558375172_066428.html

Thank you!