

Informal sector in Mexico, a practical and simple taxation proposal to bring more people into the formal sector and get them to pay their taxes

Sector informal en México, una propuesta de tributación práctica y sencilla para incorporar a más personas a la formalidad y que paguen sus impuestos

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DOI: 10.35429/JFE.2020.7.4.23.32

Received July 20, 2020; Accepted December 30, 2020

Abstract

Informality in Mexico is about alarming levels, since according to INEGI, hovers around 60% in proportion to the Gross Domestic Product (GDP), and that at least 25 of every 100 pesos come from this sector for the year 2012; because of this, it is imperative to create mechanisms for people who are in the informal start to include the tax base, but that is not only nomination but also make payment of their taxes according to their ability to pay, since the tax reform implemented as of the year 2014 in our country, according to the Organization for Economic Cooperation and Development (OECD), Mexico has not had a significant increase in tax revenue.

Informality, Tax collection, Taxation scheme

Resumen

La informalidad en México se encuentra sobre niveles alarmantes, según datos del INEGI, oscila alrededor del 60% en proporción con el Producto Interno Bruto (PIB), y que por lo menos 25 de cada 100 pesos provienen de este sector para el año de 2012; debido a esto, es imperioso crear mecanismos para que las personas que se encuentran en la informalidad empiecen a incluirse a la base de contribuyentes, pero que no sea solamente de nombramiento, sino que además realicen el pago de sus impuestos conforme a su capacidad contributiva, ya que con la reforma fiscal implementada a partir del ejercicio 2014 en nuestro país, según datos de la Organización para la Cooperación y el Desarrollo Económico (OCDE), México no ha tenido un incremento importante de ingresos fiscales.

Informalidad, Recaudación fiscal, Esquema de tributación

Citation: DÍAZ, Gabriel, ORANDAY, Sara, MENDOZA, Lilibet and MALTOS, Adán. Informal sector in Mexico, a practical and simple taxation proposal to bring more people into the formal sector and get them to pay their taxes. RINOE Journal-Financial Economy. 2020. 4-7:23-32.

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Introduction

For many years, informality in Mexico has been one of the major problems afflicting the country, and immediate action must be taken. Given the current macroeconomic situation, in which oil prices have experienced various ups and downs, it is urgent to create more efficient tax collection systems that represent an incentive for the country's income, since continuing to rely on these resources for national financial stability could lead to even more complicated situations for the country, and therefore it is difficult to think that economic growth could be achieved with these elements, since in the absence of additional income, or at least projected income, the government must take immediate action. It is therefore difficult to think that economic growth could be achieved with these elements, since in the absence of additional revenues, or at least the projected ones, the government has to make adjustments to the budget, as in the current case, in which a budget cut has already been announced, representing \$124.3 billion pesos, and in terms of GDP it is 0.7% (El Economista 2015). 7% (El Economista 2015), see figure 1, which shows the various items that should have been considered in this budget cut.

RECORTE PREVENTIVO

La baja en los precios del petróleo, una desaceleración global y una mayor volatilidad ante la inminente alza en las tasas de interés de Estados Unidos, obligaron a las autoridades a realizar un ajuste al gasto. Del ajuste, -42% fue en dependencias y entidades del gobierno, sin incluir los recortes propuestos a los presupuestos de Pemex y la CFE.

DEPENDENCIA Y ENTIDAD DEL GOBIERNO	PRESUPUESTO ASIGNADO EN EL 2019 (MILLONES DE PESOS)	RECORTE	PRESUPUESTO ACTUAL	MODIFICACIÓN %
SCT	126,546.2	11,820.0	114,726.2	-9.4
SEP	305,057.1	7,800.0	297,257.1	-2.6
SAGARPA	92,141.8	7,188.0	84,953.8	-7.8
CDNAGUA	50,563.3	6,400.0	44,163.3	-12.7
SEDESOL	114,504.0	3,750.0	110,754.0	-3.3
SALUD	134,847.6	3,339.0	131,508.6	-2.5
GOBERNACION	77,066.3	2,000.0	75,066.3	-2.6
SHCP	45,691.9	1,900.0	43,791.9	-4.2
ISSSTE	208,258.6	1,500.0	206,758.6	-0.7
SEDENA	71,273.7	1,200.0	70,073.7	-1.7
CONACYT	33,706.7	900.0	32,806.7	-2.7
SEMARPA	67,976.7	760.0	67,216.7	-1.1
SEDAFU	22,080.9	700.0	21,380.9	-3.2
PROF	170,283.5	600.0	16,423.5	-3.5
ECONOMIA	20,908.1	500.0	20,408.1	-2.4
RELACIONES EXTERIORES	8,100.5	500.0	7,600.5	-6.2
SECTUR	6,844.9	500.0	6,344.9	-7.3
MARRA	27,025.5	450.0	26,575.5	-1.7
TRABAJO	5,134.6	200.0	4,934.6	-3.9
PREVIDENCIA	2,256.2	158.0	2,098.2	-6.9
SENER	3,088.8	80.0	3,008.8	-2.6
FUNCIÓN PUBLICA	1,483.9	20.0	1,463.9	-1.3
TOTAL	1'441,697.0	52,265.0	1'389,432.0	-3.6

GRÁFICO: EL FUENTE: SHCP

Figure 1 Public spending cuts

It is important to mention that, according to recent data issued by the OECD, as indicated by Dainzú Patiño of El Financiero (2015), Mexico has not recovered in terms of tax collection, even with the tax reforms implemented since 2014, so it is urgent to implement taxation schemes that help to increase tax revenues, since the need has become an obligation, due to this, the country is obliged to generate virtuous circles of business creation, jobs, etc., but that these businesses, in addition to being created or growing, contribute part of their profits in the form of taxes, But these businesses, in addition to being created or growing, must also contribute part of their profits in the form of taxes, considering for this purpose both the taxpaying capacity and the vital minimum so that these taxes are fair and equitable.

Background

The concept of the Informal Sector was first introduced in the early 1970s by Keith Hart (2012), who referred to the part of the labour sector that did not have the necessary benefits required by workers.

Likewise, in terms of the informal sector itself, it could be mentioned that: are economic activities carried out by individuals who, out of convenience or ignorance, decide not to comply with their tax obligations, either because they find the paperwork very complicated, being on the taxpayers' register, or because they see a panorama of limited or minimal profits when paying the corresponding taxes, and because there is so much unemployment, the last option left to them is to self-employ in some business, whether fixed, semi-fixed, or through the internet, in order to provide their family with the basic or minimum vital sustenance.

For Martín Carlos Ramales Osorio (2013) the term informality encompasses various factors such as:

"From the economic point of view: "the informal sector can be characterised as the non-modern or non-capitalist sector of the economy, where the use of capital is relatively low, small-scale economic activities predominate".

Now, as already mentioned, informality in Mexico, according to INEGI statistics, was as follows in 2012, as shown in Figure 2.



Figure 2 Measurement of the Informal Economy 2003-2012, Base 2008.

The data provided in the figure above shows the following: "For the year 2012 the measurement of the Informal Economy showed that 25.0% of GDP is informal and is generated by 59.8% of the informally employed population. Likewise, 75.0% of GDP is generated by the Formal Sector with 40.2% of the formal employed population.

In other words, for every 100 pesos of the country's GDP generated, 75 pesos are generated by 40% of the formally employed.

While 25 pesos are generated by 60% of the informally employed".

The same organisation also indicates how this sector is distributed according to figure 3.

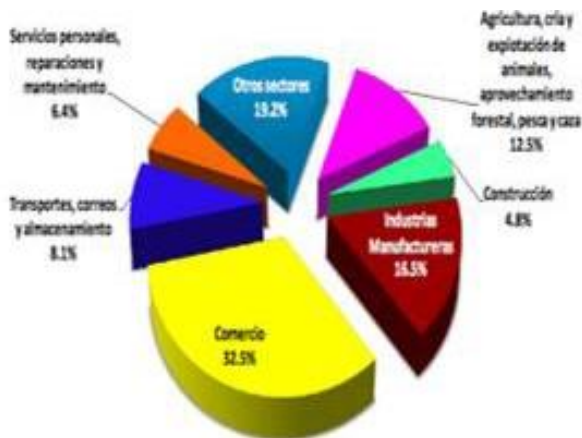


Figure 3 Gross Value Added of the Informal Economy, by sector of economic activity. Percentage Structure 2012

This means that: "The Informal Economy by sector of economic activity for the year 2012, shows that commerce is the most important sector as it contributes 32.5% of the Informal Gross Value Added (GVA), followed by the group of service activities (restaurants, entertainment, education, rentals, among others), which together represent 19.2%; in third place are the manufacturing activities with 16.5% of the GVA, while agro-industrial activities with 16.5% of the GVA. 2%; in third place are manufacturing activities with 16.5% of GVA, while agricultural and livestock activities are in fourth place with 12.5%; in fifth place transport, mail and storage with 8.1%; in sixth place other services except government activities with 6.4%, and in seventh place, construction with 4.8%".

It should be noted that this sector is basically nourished by micro and small enterprises, where the type of organisational structure is generally family based, where several members of the family run the business, the infrastructure, i.e. the premises and the working tools are also generally in a small area of the home or in some nearby premises and in most cases are restricted areas where they generally do not have sufficient tools, resulting in a very peculiar division of attending to the needs of the business according to the processes and conditions to get ahead to offer and charge for a product or service.

The responsibilities of each individual as well as the rules and policies of the business are diluted as the case may be, as there is no clear notion of how a business should be run and managed. There are several factors that affect the organisational structure such as: communication processes both internally and externally.

From the above it can be inferred that this type of taxpayers does not have the economic capacity to acquire infrastructure, as their income is low, and therefore could not cope with the tax obligations that from 2014, the federal government implemented, within these obligations are to issue electronic tax receipt in XML format, as well as in PDF, submit bimonthly returns, Income Tax (ISR), Value Added Tax (VAT) and Special Tax on Production and Services (IEPS), among others.

Thus, in order for this type of taxpayers to comply with their aforementioned obligations, and others.

It is necessary to have at least an updated computer system to be able to issue tax receipts, not to mention the bimonthly declarations that must be submitted for their income and expenses or purchases. All this overwhelms the "potential taxpayer", since the mere thought that this type of person will be able to carry out this whole range of tax obligations is somewhat difficult, since, as indicated above, they do not have the appropriate infrastructure, the technical or economic capacity, or even the cultural and educational capacity, to make a considerable outlay to be able to comply with their tax obligations. Therefore, if the aim is to incorporate the majority of individuals who are in the informal sector into the formal sector, it is necessary to have friendly schemes, as well as some benefits, but above all, the form of taxation must be practical and simple, since with a high rate of informality, it is urgent to establish ways that are more in line with the real characteristics of our country and of the people we intend to incorporate into the taxpayer base.

Tax evasion

In general terms, tax evasion is the non-payment of the corresponding taxes when carrying out an economic activity. Therefore, when mentioning the informal sector, it is immediately implied that this sector is involved in tax evasion, since the individuals located in this sector are not complying with their tax obligations.

There are some causes, which according to José Tapia Tovar (2006), may be the following:

- a) Imbalance between the tax burden and the economic capacity of the taxpayer. In this aspect, it is considered that there must be a balanced relationship between objectives and desired behaviour of the taxpayer, which allows to evaluate results and determine whether the behaviour was the desired and indicated in the positive norm.

- b) Too burdensome tax system, caused by the multiplicity of taxes or the high rates; c) natural aversion of the taxpayer to part with part of his income, which he would like to keep in its entirety, especially if it has been spent at the time when the tax must be paid; d) distrust in the correctness with which tax funds are administered by the government. This is a reason used especially by opposition political parties, in the sense that public revenues have not served to alleviate the situation of poverty, insecurity, health and other services, and yet today there is more scrutiny of public spending by the legislature, only that there is a lack of publicity of its destination; e) the complexity of tax legislation, in that it gives the possibility of legalising, through forced interpretations, evasion that was not in the spirit of the law to allow. This is a widespread complaint about the complexity of tax laws that require the hiring of experts and the creation of tax departments within the company, dedicated exclusively to integrating the documentation generated by companies into the accounting system; f) one of the most important reasons is the lack of tax awareness in the social environment, due to the lack of adequate and constant tax education to guide and orient future taxpayers on their tax obligations and rights as Mexican citizens".

In the same vein, Mauricio Cano del Valle (2006), states that there are several reasons for the existence of tax evasion, which may be the following: 1) the existence of high transaction costs related to the determination and compliance of tax obligations; 2) a deficient control system; 3) serious problems of corruption and legitimacy within the tax collection system".

As can be seen, the various reasons expressed by these authors are in the same direction, which leads to the assumption that a way, or probable alternative to be able to reduce this problem of tax evasion, would necessarily have to focus on informality, since this is where a large part of the problem lies.

Tax Incorporation Regime

As of 01 January 2014 in Mexico, taxpayers with an annual income of less than two million pesos, with economic activities such as commerce and services (not professional painters, bricklayers, blacksmiths, etc.), may be taxed under the tax regime known as the Tax Incorporation Regime (RIF), which in general terms, may be taxed as follows:

1. They must register with the Federal Register of Taxpayers (RFC).
2. Issue digital tax receipts via internet (CFDI) for their operations, being able to issue simplified receipts (sales notes), as long as at the end of the day, week, month or two-month period, they generate a CFDI for such operations.
3. Register their income and expenses in the SAT portal for each of the two-month periods of the financial year in question.
4. Make the payment of their disbursements related to purchases and investments, by cheque, debit or credit card and that are greater than \$2,000.00.
5. File bimonthly tax returns for the taxes they are obliged to pay, such as ISR, VAT and IEPS.
6. They will be entitled to 100% remission of ISR, VAT and IEPS, when their operations are entirely with the general public, that is, for the first year in which they are taxed under this tax regime.
7. In addition, persons who are in the following situations may not be taxed under this regime, as follows:

a) partners or shareholders; b) taxpayers who carry out activities related to real estate, real estate capital, real estate business or financial activities; c) individuals who obtain income referred to in this chapter by way of commission, mediation, agency, representation, brokerage, consignment and distribution, except in the case of those persons who receive income by way of mediation or commission, and these do not exceed 30% of their total income.

As can be seen, even though the rules for taxation of a person under this tax regime are set out in a general manner, these are conditions that it is very difficult for such taxpayers to meet when they have to register their income and expenditure operations in the SAT tax portal, issue CFDIs, etc., as there are too many conditions that must be met to remain under this tax regime, and many prefer to remain in the informal sector rather than comply with all these tax requirements.

What Héctor Villarreal, director of the Centro de Investigación Económica y Presupuestaria (CIEP) explained in an interview with Dainzú Patiño of *El Financiero* (2015), is that: "even with the reform, tax collection is stagnant, Chile and Peru surpass Mexico in the tax revenue index as a percentage of GDP, increasing by only two tenths in the last four years; specialists agree that the tax reform did not generate representative changes".

In addition, to look in more detail at what has taken place in recent years in terms of growth and tax revenue, he stated the following:

"Federal government revenues reached 16.9 percent as a percentage of Gross Domestic Product (GDP) in 2014, which represents an increase of less than one tenth compared to 2013 and a difference of 1.2 points compared to 2012, when it represented 15.7 per cent of GDP, according to figures from the Ministry of Finance and Public Credit (SHCP), meaning that despite the fact that the economy grew by 1.1 per cent in 2013, the *Ponte al Corriente* programme generated one of the biggest spikes in public finances in recent years, as tax revenues rose from 8.4 to 9.7 per cent of GDP, an increase of 1.3 percentage points compared to 2012. In contrast, in 2014, the year of the tax reform and with double the economic growth, tax revenues barely grew by 0.8 points, from 9.7 per cent of GDP in 2013 to 10.5 per cent of GDP last year. "When you have a regularisation programme, you will see extra revenue, an irregular revenue; that year there were also important collection efforts, there was more revenue, but what they paid was a debt. Consider that this kind of situation happens once and that's it, and this was reflected in the figures as a proportion of GDP".

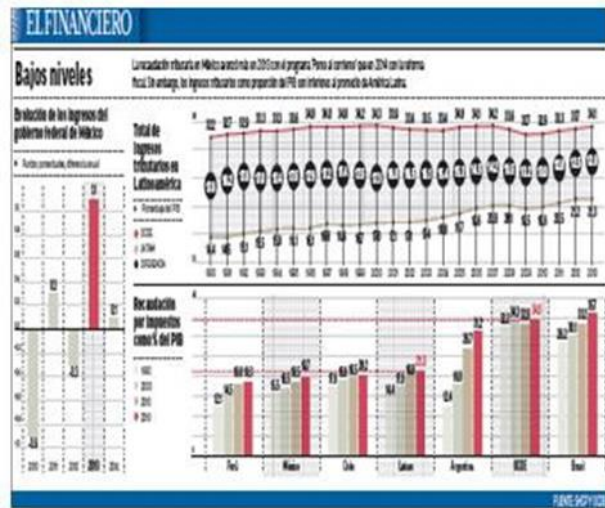


Figure 4 shows Mexico's collection levels in comparison with OECD countries

This figure clearly shows how Mexico is at the bottom in terms of tax collection compared to OECD countries, with an average of 34.1 % vs. GDP for all OECD countries, while our country only reaches 19.7 % vs. GDP.

It is difficult to think that Mexico could have a recovery in terms of tax collection if instead of collecting taxes they are remitted, as in the case of the aforementioned Tax Incorporation Regime, in which only for the first quarter of 2015, according to Paulina Gómez Robles of the newspaper *El Economista* (2015), indicates that the Ministry of Finance and Public Credit (SHCP) reported that the tax incentives for incorporating informal workers into the RIF cost the public treasury 9,271 million pesos, of which 8,008 million were ISR, 1,243 million VAT and only 21 million IEPS.

It should be pointed out that the constitution itself, in article 31, section IV, obliges everyone to contribute to public spending, and not because they are in the informal sector, these people do not use the infrastructure, nor do they receive social security services, education, etc., therefore they should also have to contribute to public spending, This is why the necessary mechanisms should be created to force them to pay, as mentioned above, based on their taxpaying capacity, while respecting their right to the minimum vital income; in other words, even when they have low incomes, they could have a part of this income to pay their taxes, thus strengthening the country's public coffers, instead of depleting them with so many tax exemptions for this and other tax regimes.

The objective of this study is to present a possible alternative solution, so that those people who are in the informal sector can find a way to access legality, for which the appropriate means must be established so that these people can register in the Federal Taxpayers Register of the SAT, and subsequently so that they can determine and pay their taxes in a simple, practical and pleasant way, taking into account the fact that they can pay their taxes in a simple, practical and pleasant way, taking into account the fact that they can pay their taxes in the same way that they pay their taxes in the Federal Taxpayers Register, They should be aware that by carrying out this procedure, they would be complying with their tax obligations, and in addition to this, the country would have better opportunities for growth by receiving greater tax revenues, which are so necessary to strengthen public finances.

Development of the proposed taxation scheme for the micro and small enterprise sector

Based on all this information, which shows the lack of tax collection, or the limited capacity to recover tax revenues, so that the government can fulfil its task, which is to provide what is necessary for citizens to have quality education, road infrastructure in good condition, so that people in the informal sector, and all those with incomes of less than two million pesos, specifically micro and small businesses, can meet their tax obligations in a simple, practical, fair and equitable way, In most cases, this confuses taxpayers and, in the worst cases, scares them away, since they do not have the economic and technical capacity, nor the adequate infrastructure to comply with so many requirements, so they decide to continue in the informal sector, and those who were already captive tend to take refuge in it.

Tax based on contributive capacity and the vital minimum

First of all, as has been stated throughout this study, the proposal for this tax is based on the taxpaying capacity and the vital minimum, since we are talking about people with little income, so it is necessary to establish a mechanism that is more in line with the taxpaying reality of these people. As Marco César García Bueno, et. al. (2008), mentions, "in a first aspect, it seeks to locate the wealth susceptible to taxation.

The legislator is not authorised to establish tax burdens where wealth is not apparent. Thus, the presence of an income, a patrimony or an expenditure index, reveal movements of wealth of the governed, presuming their taxable aptitude".

José Luis Pérez de Ayala (2004) designates the contributive capacity "as the economic aptitude of the subject to bear or be the addressee of taxes. This aptitude depends on two elements: one, the volume of resources that the subject possesses to bear the tax with them; the other, the need he has for such resources".

García Bueno, et. al. (2002) also indicates that "taxpaying capacity is conditioned by a logical requirement, the presence of economic capacity. However, the fact that the subject has an index of economic capacity does not guarantee the birth of his contributive capacity. Its origin does not lie in the power of the State, nor in the exchange of profits between the public and the taxpayer. The contribution is established not at the whim of the legislator but in accordance with the contributory capacity of the subject that guarantees the creation of the normative hypotheses".

In order to have a clearer and simpler idea of what the contributive capacity is, the following is a practical example: a person who receives an income of \$10,000.00 for his economic activities, needs to cover his basic subsistence needs, such as food, clothing, housing, education (these concepts are known as vital minimum, since it is what he must have to cover his basic subsistence needs), which represent in total 8,000.00, the income in this case should be reduced by the amount of the vital minimum and the difference would be \$2,000.00, this being his contributive capacity.

Taxpayer-friendly and practical tax reporting

In any tax system it is mandatory to have a compliance programme that is as simple as possible for those taxpayers with low incomes, and who, due to their low or no educational level, can still fill in the form to pay their taxes.

As stated by Antonio Jiménez González (2014) "the proof of the degree of simplicity of the tax system and of the tax culture of a people is the fact that the taxpayer can or cannot fill out the tax return form for the fiscal year by himself, if for this and for any return the advice of an expert is needed, something or much remains to be done in such a tax system".

Therefore, the proposal would be to generate a tax card for this type of taxpayers, which they can use to go to banks or, if necessary, to the state finance administrations to pay their taxes, and by generating their bimonthly payment, these people would be able to pay their taxes in a practical way.

Likewise, assistance modules can be established in universities with careers related to accounting or taxation, in order to meet two objectives: one is that this type of taxpayers have a more personalised support on the determination and payment of their taxes, and the other is that the students of these universities carry out real practices on this issue.

Structure of the proposal for the micro and small enterprise sector tax

Every tax must comply with various elements such as: subject, object, base, quota or rate and time of payment, in order to be considered in accordance with the constitution.

And therefore it has legal validity, so first of all, we present the structure of what would be the tax on income to the informal sector, which could be included within the Income Tax Law (LISR) according to the following:

Title IV On Individuals

Chapter II On Income from Business and Professional Activities

Section II Tax Regime for the Micro and Small Business Sector

Section II of Chapter II of Title IV of the LISR in force as of 2014 should be repealed.

Subjects of the Tax Regime for the Micro and Small Business Sector

For Dr. Miguel de Jesús Alvarado Esquivel, et al. (2008) "The taxpayer of the material tax obligation or taxpayer is the individual or legal entity on whom the law imposes the tax debt derived from the realisation of the taxable event".

Raúl Rodríguez Lobato (2006) also mentions the following for this term: "It is the person who, in accordance with the law, must satisfy a specific obligation in favour of the Treasury, whether it is their own or that of a third party, or whether it is a substantive or formal tax obligation".

For the purposes of this study, it could be said that the subject of the tax is the individual or legal entity that carries out the events provided for by the law and that consequently generates a specific tax, which must be paid to the State.

Therefore, for this proposal, taxpayers are considered to be those persons who carry out business activities, as well as those who provide non-professional services, and that both activities are strictly with the general public.

These activities may be identified as follows:

- a) Alienation of goods of all kinds, which are acquired by the general public, whether in fixed or semi-fixed locations or on internet sites.
- b) Provision of non-professional services, which are granted to the general public.

Likewise, in order to be subject to this tax, they must not have exceeded the amount of two million pesos in the immediately preceding fiscal year; and in the event of starting activities, it must be considered that they may not exceed said amount in the fiscal year in which they begin.

Purpose of the tax on the micro and small business sector

Another of the elements of the proposed tax is its purpose, for which the idea put forward by the author Rigoberto Zamudio Urbano (2005) is reflected, mentioning the following: "it is the duty of the tax law to define as precisely as possible in all cases, what the corresponding normative hypothesis or generating event of the tax or contribution is".

The second concept of the structure of the tax must fully identify the generating event that will be taxed by the tax regulation and therefore would trigger the cause of the tax, for example in this case it can be mentioned that the generating events of the tax, would be:

- a) The sale of goods to the general public.
- b) The provision of non-professional services to the general public.

Tax base for the micro and small business sector

This other element of the tax, as mentioned by Emilio Margáin Manautou (2008), is made up of the amounts that are taxed according to the assumption of the act carried out, it is also known as the value or amount to which the rate or tariff foreseen by the respective law is applied, so that there is no room for doubt, and thus fix the net amount that must be paid to the Treasury for the act referred to the assumption carried out.

For the proposed tax, the base would be the income received without any deduction, to which the following rate would be applied.

Rate for the micro and small business sector

For Luis Humberto Delgadillo Gutiérrez (2005), there are four types of tariffs: "spillover: when the amount intended to be obtained as tax yield is distributed among the taxpayers, taking into account the tax base or the specific situations foreseen in the law for the impact of the tax; fixed, when the law expresses the exact amount to be paid per tax unit; proportional, when a fixed percentage is established, whatever the value of the base; and progressive, when they increase as the base increases".

For the case of this study, the proposed rate is similar to the one used in the United States of America, which is considered to be a combination of proportional and progressive, since as more income is earned, the percentage per portion of income in the respective range would be applied, as shown in Table 1.

Level	Revenue (\$)	I.S.R. Tax. (%)
1	16,666.67	0.5
2	50,000.00	1.0
3	100,000.00	1.5
4	166,666.67	2.0
5	250,000.00	2.5
6	333,333.33	3.0

Table 1 Rate to be applied to income from the Micro and Small Enterprise Sector.

For a better appreciation see the example of the proposed tax below:

Case study determination of the tax on such income when taxed under this scheme would be as shown in Table 2.

Income up to (\$)	By (X)	I.S.R. rate (%)	I.S.R. to pay (\$)
16,666.67	(X)	0.5	83.33
50,000.00	(X)	1.0	500.00
100,000.00	(X)	1.5	1,500.00
83,333.33	(X)	2.0	1,666.67
55,000.00	(X)	2.5	1,375.00
Total		Total	
\$305,000.00			\$5,125.00

Table 2 Determination of ISR for income of 305,000.00 in the bimonthly period

From the beginning of this study, the idea has been that this tax should be fair and equitable, so that people in the informal sector, as well as those who decide to join this taxation scheme, have the legal certainty that they are fully complying with their tax obligations, and that the tax they are paying is modest. As can be seen, when using this type of scheme, in which the corresponding tax rate is applied to each block of income, in order to avoid a drastic rate jump, i.e. if the rate were applied directly to the income obtained, as in this case, it could be considered that the resulting tax would be as follows: Income \$305,000.00 for the direct rate of 2.5%, the result would be that you would have to pay \$7,625.00, because as this income is located in that rate line, it is the one that would be applied as normally used.

Methodology to be developed

In this study, qualitative methodology was used, this being a descriptive documentary type of research, based on a review of literature, and it is through these means that adequate information was gathered in order to objectively reflect this study.

This is a non-experimental study, as no variables will be manipulated, and only existing facts and events will be narrated.

Acknowledgements

We thank the Autonomous University of Coahuila and the Faculty of Fiscal and Financial Administration for all the support received in order to continue generating knowledge for the growth of our students and other colleagues who carry out the exciting work of research.

Conclusions

Based on the above study, it can be concluded that in order to attract more people to the path of formality, it is necessary to establish mechanisms in line with their economic, tax and cultural capacities, so that they feel the confidence and legal certainty that when determining and filing their taxes they do so correctly, with simple, clear and practical schemes that they can carry out themselves, without the need to hire specialists, as this would generate an additional expense to be able to pay their taxes.

By disseminating this information, these taxpayers would begin to be guided so that they have all the elements they need to do to register with the RFC, and as mentioned, one option for this would be to set up assistance or attention modules in universities to guide these people, as well as, together with the tax authorities, to give courses on fiscal civic behaviour, starting in primary education and going through the different educational levels up to university, to raise awareness of the importance of complying with their tax obligations in Mexico.

The proposed scheme aims not only to increase the taxpayer base, but also to increase tax collection, since it is urgent to overcome the difficult economic situation, the country is going through, and what better way than with tax revenues.

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