

## Youth participation university in tax advice via the learning service

**Jorge Luis Garcia Bacuilima\***, Universidad Politecnica Salesiana, Calle Vieja 12-30 y Eliat Liut, 010150 Cuenca, Ecuador

**Veronica Natalia Espinoza Farfan**, Universidad Politecnica Salesiana, Calle Vieja 12-30 y Eliat Liut, 010150 Cuenca, Ecuador

### Suggested Citation:

Bacuilima, J. L. G. & Farfan, V. N. E. (2018). Youth participation university in tax advice via the learning service. *Global Journal of Business, Economics and Management: Current Issues*. 8(3), 95–99.

Received from September 10, 2017; revised from April 22, 2018; accepted from October 15, 2018.

Selection and peer review under responsibility of Prof. Dr. Cetin Bektas, Gaziosmanpasa University, Turkey.

©2018 SciencePark Research, Organization & Counseling. All rights reserved.

---

### Abstract

Taxation is one of the main sources of income of a country. When the government wants to increase the economic and social development of its country, it is necessary to raise tax rates on the tax base. However, it becomes complicated when the informality of the economically active population has remained at around 45%, as is the case of Ecuador, and the people who are forced to pay these taxes mostly have questions or unaware of it. For this reason, the Politecnica Salesiana University decided to sign an agreement with the Internal Revenue Service so that accounting students could provide tax advice in solidarity to taxpayers who have questions in their tax return forms. This article analyses the development of the office of voluntary taxpayer assistance implemented in the university, and how service learning influenced students and 250 taxpayers in the sector. Also, suggestions to other universities to implement a similar programme are provided.

**Keywords:** Accounting, university, learning service, tax, university students.

---

\* ADDRESS FOR CORRESPONDENCE: **Jorge Luis Garcia Bacuilima**, Universidad Politecnica Salesiana, Calle Vieja 12-30 y Eliat Liut, 010150 Cuenca, Ecuador. E-mail address: [jgarciab@ups.edu.ec](mailto:jgarciab@ups.edu.ec) / Tel.: +593 7-286-2213.

## 1. Introduction

Everyone pays taxes, from modest people to big entrepreneurs. Taxes and fiscal balance affect a country's economic stability (King & Rebelo, 1990) and contribute to a more equal, more transparent and better-adapted system (Piketty, 2011). Taxes are as old as society itself. Among the fundamental principles (Smith, 1937) we have: comfort and certainty; in which it is stated that taxes should be collected in the most convenient way and in the right time; the payment due date, the way to do it and the amount to be paid should be very clear for the taxpayer and for people in general.

However, what are the consequences when taxes become rough to be paid, the payment due date expires and it is paid more than it should be due to the lack of knowledge about how to pay taxes properly? In this case, the taxpayers are unsatisfied and show resistance towards taxes. To prevent problems, such as the resistance towards taxes and the discomfort to declare them, the local universities that have careers of Accounting and Business Administration should apply the 'Service Learning' method; with this method, university students could provide supportive taxation advice in their communities in order to reduce taxpayers' resistance and discomfort since the participation of young people is important in the development of nations (Garcia & Sastre, 2015).

The 'Service-Learning' is an educational methodology that combines learning that takes place in classrooms with the service provided to the community. Being aware that this service is an integral responsibility of leadership, and that students should cultivate it (Piper, 1993). The 'Service-Learning' method in Business Administration careers started since 1969 when the Internal Revenue Service of the United States opened a programme called Volunteer Income Tax Assistance (VITA) through high schools and universities to assist low-income taxpayers, elderly people, non-English speakers and disabled people (Kenny, 1991).

Currently, the 'Service-Learning' method can be performed through technology. Using a computer and the Internet, students can update their knowledge much faster as opposed to what it was 20 years ago. If a student has doubts of how to calculate or how to report a particular tax, he, through technology, can consult and advise more effectively, think about and provide a better service, even beyond his area of development (Laborda, Sampson, Hambleton & Guzman, 2015). Also, students start to develop a collaborative learning and to work in teams for a common purpose (Keser, Uzunboylu & Ozdamli, 2011).

Given this background and based on that the universities ought to promote the 'Service-Learning' method to their students to enrich their learning and to renew the communities (Boyer, 1994), The Politecnica Salesiana University of Ecuador, Cuenca Headquarters decided to sign an agreement with the Internal Revenue Service of Ecuador (SRI) in April 2011. The agreement enabled a space of partnership with the community, and also it allowed the students to do internships tutored by a professor providing tax advice to micro-businesses of the surroundings, but the advice is mainly done to businesses without the Taxpayer Identification Number (RUC) because these two types of taxpayers have represented 40% and 45% of the economically active population during the period 2002-2009 (Albornoz & Oleas, 2011).

Finally, this article describes and analyses the development of the Volunteer Income Tax Assistance programme and the influence of the 'Service-Learning' method on students and taxpayers of the community. It also includes detailed instructions of this method for other universities that have not implemented this social service to allow them to implement a similar programme. Furthermore, it is presented a discussion about the taxes that need higher tax advice in the community.

## 2. Study area

Politecnica Salesiana University is a non-profit private institution of higher education created by Law No. 63 published in the Official Register No. 499 of 5 August 1994. Its principal residence is located in El Vecino area; a populous neighbourhood of the city of Cuenca surrounded by numerous

domestic business. Cuenca is a city located in the southern centre of the Republic of Ecuador and is the capital of Azuay province. It is located in the southern part of the Ecuadorian Andes.

According to the Business Director of the National Institute of Statistics and Census (INEC, 2013), Cuenca has 48,355 business and enterprise, of which 7,762 companies keep accounts and 40,593 companies do not; 380 companies are special contributors and 16,304 belong to RISE which is a new voluntary system of applied incorporation since 1 August 2008 which replaces the payment of IVA and income tax through monthly payments.

### **3. Methodology**

#### ***3.1. Creation of a tax advice office***

The first management of the entire process was the creation of a tax advice office at Politecnica Salesiana University. To achieve this goal, six previous steps were performed as follows: a) Approval of the Superior Council of the School; b) Informing the students about the opportunity to apply for internships and work with the community on tax advice; c) Registration of interns; d) Training students in tax advice; SRI participation in the process of training students and teachers.

#### ***3.2. Tax counselling for micro-enterprises of the sector***

The second part was the allocation and equipping of a physical space for the operation of the tax advice office which was named 'Tax Clinic', then promotion and publicity of the office were carried out. One of the office policies was to provide a prompt help to any tax concerns and generate an updated Data Service Users basis.

#### ***3.3. Evaluation of the impact of the project implementation***

The measurement of the impact of the implementation of the tax advice office was based on statistical indicators that measured the level of user satisfaction and the participation of students of the Accounting and Auditing School in the programme. In addition, monitoring reports of student internships and project progress reports were also requested.

### **4. Results**

The total cost of the project was US \$5,600; this value was assigned by Politecnica Salesiana University Cuenca. This amount covered the costs of computer equipment, office equipment, office supplies and advertising in community and office supplies. The execution of the project lasted 6 months. The project approval was on 26 July 2012 and since then, it has been providing continuous service to the community. In addition, a continuous evaluation of this project has been carried out.

Until 2015, the tax advisory office of the University has helped 250 taxpayers. From this total, 191 individuals are not required to keep accounts (76%), 24 are asked to keep accounts (10%), 34 belong to the voluntary incorporation regime (14%), and one is a partnership (Figure 1). All these contributors have visited this office in order to seek advice, on an average 2.28 times. Twenty-two percent of people who visited this department move from informal businesses to formal ones. Twenty-seven percent provided professional services, 7% automotive service, 6% food services, 1% cosmetology service, and the remaining 37% belonged to other business type (Figure 2).

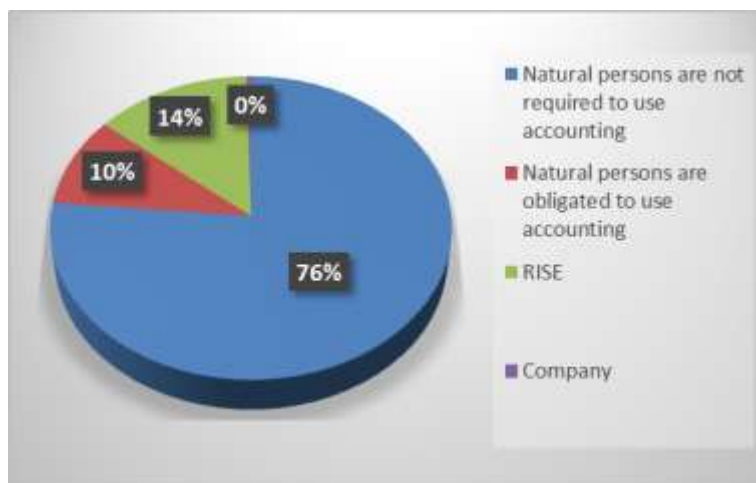


Figure 1. Number of taxpayers.

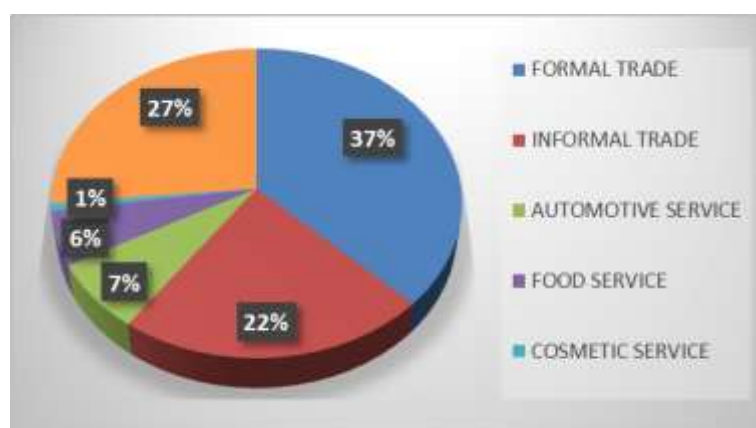
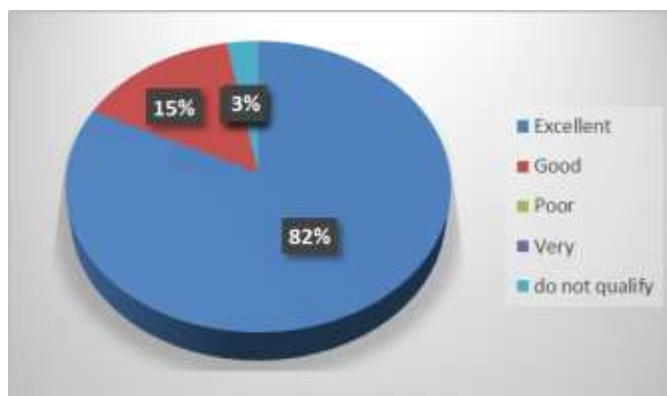


Figure 2. Classification by economic activity.

The counselling that was undertaken the most by students was the income tax with 37.14%, followed by VAT with 34.29% and the remaining 28.57% was the Simplified Tax System (RISE) and the Single Taxpayer Registry (RUC).

## 5. Conclusions

The tax advisory office of the Politecnica Salesiana University, called Tax Clinic, has been a laboratory of the Accounting and Auditing Career, in which teachers have been promoting service-learning with their students so that they can apply the knowledge gained in their classrooms on a voluntary basis. Service-learning is a methodology that encourages the voluntary service of young people to society. Nowadays, it is very necessary for the development of nations; then, by asking all advised taxpayers: the 82% mentioned that the service was excellent, 15% was good and 3% were not satisfied with the service (Figure 3). As you can see, 242 taxpayers of 250 have acknowledged the service given by the students; it is clear that there are citizens who have not been helped successfully, but we must also recognise that the service is jointly and is being conducted by students who are training for their future and are not experts yet.



**Figure 3. Service rating.**

In addition, by resolving concerns or issues of the community, the young students feel more confident about what they learn in the classroom, so students can see that taxes are most in need of advice or implies greater surveillance, as in the case of VAT and income tax which are the ones that taxpayers who came to this tax advisory office have the greatest problems with.

It is important to mention that an advisory office to the community can also accommodate students with physical disabilities, providing appropriate input and output resources, showing that service-learning is flexible and adaptable to any community.

Finally, with this experience, we can say that all universities can establish advisory offices in order to solve the problems that society needs for its economic and social development. Service-learning can be combined and applied with technology, this tax consulting department is an example of that.

## References

- Albornoz, V. & Oleas, M. R. Y. S. (2011). La Informalidad en el Ecuador 2000–2009.
- Book, W. F. (1910). The role of the teacher in the most expeditious and economic learning. *Journal of Educational Psychology*, 1(4), 183.
- Boyer, E. (1994). *Creating the new American college*. Chronicle of.
- García B. J. & Sastre, M. S. (2015). *Participación de los Jóvenes en la Planificación del Desarrollo: Caso de Sayausí (Parroquia Rural) Cuenca—ECUADOR*. XIX Congreso Internacional de Dirección e Ingeniería de Proyectos, Granada, Spain, pp. 1971–84.
- INEC. (2013). *Directorio de empresas de Ecuador*. Retrieved from [www.ecuadorencifras.gob.ec/directoriodeempresas/](http://www.ecuadorencifras.gob.ec/directoriodeempresas/)
- Laborda, J. G., Sampson, D. G., Hambleton, R. K. & Guzman, E. (2015). Guest editorial: technology supported assessment in formal and informal learning. *Journal of Educational Technology & Society*, 18(2), 1–2.
- Kenny, W. J. (1991). Aiding international students and scholars to comply with US taxation: A training program for accounting students. *Journal of Accounting Education*, 9(1), 105–121.
- Keser, H., Uzunboyulu, H. & Ozdamli, F. (2011). The trends in technology supported collaborative learning studies in 21st century. *World Journal on Educational Technology*, 3(2), 103–119.
- King, R. G. & Rebelo, S. (1990). Public policy and economic growth: developing neoclassical implications (No. w3338). *National Bureau of Economic Research*.

Bacuilima, J. L. G. & Farfan, V. N. E. (2018). Youth participation university in tax advice via the learning service. *Global Journal of Business, Economics and Management: Current Issues*. 8(3), 95-99.

Piketty, T. (2011). La “Révolution fiscale”: entretien avec Thomas Piketty, digital site Alternatives Economiques. Retrieved from <http://www.alternatives-economiques.fr/la--revolution-fiscale----entretien-avec-thomas-piketty-fr-art-633-53012.html>

Piper, T. R. (1993). A program to integrate, leadership, ethics, and corporate responsibility into management education. *Can Ethics be taught*, pp. 117–160.

Smith, A. (1937). *An inquiry into the nature and causes of the wealth of nations*. Рипол Классик.