

# Theoretical perspective of International Financial Administration

## Perspectiva teórica de la Administración Financiera Internacional

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### Abstract

This bibliographic review article analyzes and reviews various epistemological postulates and other contributions, generated through the development of different investigations carried out in various latitudes of the world in relation to the issue of the international financial administration. The objective of this theoretical article of bibliographic review consists of reviewing various postulates in relation to Financial Administration and taxation. As is academic knowledge, Financial Administration abroad is considered as a process that is carried out to establish strategies in the decisions related to cash movements that occur in the field of companies abroad. Due to the above, being this subject of capital importance for the knowledge of the different professionals in the area and researchers, this text focuses on presenting various positions that, in the area of financial markets and their taxation, exist on this subject.

**Keywords:** International Financial Administration; Fiscal Policy; Taxation; Customs Policy; Exchange Policy.

### Resumen

El presente artículo de revisión bibliográfica, analiza y reseña diversos postulados epistemológicos y otros aportes, generados a través del desarrollo de distintas investigaciones realizadas en variadas latitudes del mundo en relación con el tema de la administración financiera internacional. El objetivo del presente artículo teórico de revisión bibliográfica, consiste en reseñar diversos postulados en relación con la Administración Financiera y la tributación. Como es de conocimiento académico, la Administración Financiera en el extranjero, es considerada como un proceso que se realiza para establecer estrategias en las decisiones relacionadas con los movimientos de efectivo que se presentan en el ámbito de las empresas en el exterior. Por lo anterior, siendo este tema, de capital importancia para el conocimiento de los distintos profesionales del área e investigadores, este texto se enfoca en presentar diversas posturas que, en el área de los mercados financieros y su tributación, existen sobre este tema.

**Palabras clave:** AFI; Política Fiscal; Tributación; Política Aduanera; Política Cambiaría.

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## Introduction

This Bibliographic Review article entitled: theoretical perspective of International Financial Administration, set as main objective to outline various postulates in relation to the Financial Administration and international taxation of South American countries, product of their fiscal policy, impacts of the new tax regulations of Colombia. Analysis of the impact of taxation due to the implementation of new social policies in social matters.

Thus, the interest of designing, structuring and publishing in English, a review article on the subject of the International Financial Administration, henceforth (IFA) lies in being able to contribute to the knowledge of Accounting and administrative economics of the University of Quindío, epistemological inputs, which contribute both to the aforementioned faculty, as well as to future researchers, interested by the (IFA).

The importance of this article of bibliographical review, is to conduct a web-graphic inquiry that allows to track various positions in relation to the topic (IFA) and become inputs to other researchers in the area of Economic and management Sciences who wish to address the various aspects that are taken into account in the processes of IFA, as well as generate significant contributions to the managers of companies who wish to dabble in topics of International Management have enough supplies in this field.

In relation to the academic decision to write a theoretical article on (IFA) is absolutely relevant, since this type of bibliographic and epistemological compilation allows to establish the state of the art of the topic and contribute to the dissemination of international topics among members of the community of Economic Sciences worldwide. In addition, the citation of primary and secondary sources of the last 12 years, ensures a validity of the text so that it is mandatory consultation for those who want to know the main aspects of (IFA).

## Materials and methods

This bibliographic review article is part of the qualitative research approach, as it sought to investigate different characteristics and components of a specific problem, which refers to the Financial Administration and international taxation, as a point of analysis for the development of fiscal policy in Colombia. In relation to the type of study, the study corresponds to the historical descriptive, based on which it reviews various documents in different latitudes of the world in order to try to understand the specific theme of the research.

On the other hand, the research method is inductive deductive, based on which it begins with the analysis of the issue at the international level, until settling on the phenomena of fiscal policy in Colombia. Thus, for this research are taken into account fifty theoretical and research of various authors, who have developed acquisition research in the area of interest, according to the sources of information that, for this case, account is taken of sources primary and secondary, with which it is intended to give academic validity to the bibliographic review article.

## Reference Framework

### Theoretical Framework

From the perspective of international IFA, specifically on the subject of international finance, Cheol s, Eun; Bruce G, Resnick; (2007) states that: "there are three basic dimensions that distinguish International Finance from national finance, namely": (P. 5)



Political and foreign exchange risks.  
Market imperfections.  
The expansion of the set of opportunities. (P. 5)

According to these authors, these fundamentals are presented since: "sovereign nations have the right and powers to issue currency, formulate their own economic policies, tax and regulate the movements of people, goods and capital that pass through their borders". Cheol S, Eun; Bruce G, Resnick. (2007). And in some ways, this position is related to the taxation, inspection and control regime, which states around the World establish to ensure their fiscal policy and the development of their towns. In this sense, these powers correspond to the executive, subject to legislation to be introduced in this respect by the Legislature in each country, everything depends on the type of government in which the powers are developed. However, regardless of the type of State and government that has been formed, the risks, imperfections and opportunities mentioned by Cheol s, Eun; Bruce G, Resnick. (2007). these are general and inherent aspects for the vast majority of states.

For his part, Delgado V, (2014) expressed that in the field of the IFA there are various types of companies, such as: national companies which are characterized by attending to customers in a single country; international companies that in addition to the aspects of the previous one, carried out export transactions and international trade; in the same way, raises the author that there are multinational companies with owners in one country but business in various places of the world and finally, transnational corporations which are characterized by their greater size, and with owners and clients in many parts of the world.

In this sense, what the author mentions as a balance of payments is that, "the summary of all the economic operations of a country with the rest of the world, over a given period of time, recording all foreign exchange inflows and outflows". Delgado V, (2014). (P. 14). In this sense, the balance of payments is an X-ray of the financial movements that are presented in a country and a very important indicator for the positioning of each nation. In this sense, the balance of payments over a given period can generate information to optimize the categorization of a country or vice versa.

Consistent with the above, for García Chévez, (2015) citing Culcay Lopez J. (2015) concepts that financial administration is broken down by the responsibilities and functions of managers in relation to aspects such as: "investment decisions, financing and asset management, dividend decisions of an entity and the types of sources that are usually internal or external of financing". (P. 16).

Sources of funding include: payment benefits, goods and services. So one of the important functions of financial management is to plan and manage all funds in an efficient way trying to maximize the value of the entity or organization.

Regarding the benefits that are obtained from proper administration García Chévez, (2015) mentions that they consist in the entrepreneur being able to compete and even surpass his competitors successfully and optimizing resources. In short, The Financial Administration is the basis for meeting the goals and objectives proposed by the entity because with proper planning and an effective budget can empower the company.



In this order of ideas, Esquivel Contreras, (2018) citing Roa (2013) proposes that:

*The financial management is the system of theory, techniques, and procedures of analysis, assessment, planning, evaluation and financial control of the resources for decision making financial investment and the obtaining of monetary resources, which have a direct influence on the efficiency in the use of scarce resources and the efficiency of the organization as a whole, Roa. (2013) Esquivel Contreras, (2018) (P. 18)*

Thus, the financial administration deals with the acquisition, financing and management of assets with a focus on a specific goal. In other words, it projects the company's investments into the future, thanks to the analysis of the capital flows that it currently has. This function is of the utmost importance, as it allows business expansion and projection and, above all, greater profits for investors and business partners.

In such a sense, Manco Nuñez, (2018). Citing Ortega (2008) defines financial management as:

*This discipline, through the help of others, such as accounting, law and economics, seeks to optimize the management of the human and material resources of the company, so that, without compromising its free Management and future development, obtain a maximum and balanced benefit for the owners or partners, workers and society. (P. 7).*

In connection with this appointment, Manco Núñez focuses on 2 key aspects to take into account in the IFA, such as optimization and resources; that is to say that in addition to supporting other disciplines and sciences, IFA strives to employ principles of Efficiency and Effectiveness that will generate the best results with the resources that we have at the moment of establishing strategies of expansion, in sum. It is a discipline of the Economic Sciences that allows to project the investment in time and, therefore, the development of the company.

Consistent with the previous postulate, Rodriguez Abrego, (2018) citing Fred R. David defines in relation to strategic management as a formulation strategy, "consists of performing all those managerial activities that relate to preparing for the future. Specific tasks include forecasting, setting goals, designing strategies, developing policies and setting goals." Fred, R. D. (2003) Rodriguez Abrego, (2018).

An important perspective of IFA, which has to do with Financial Management, Erraez Quezada, (2014). It's defined as: "a process that involves the revenues and expenses attributable to the realization of the rational management of money in companies, and consequently the profitability (financial), generated by the same". Erraez Quezada, (2014). Likewise, for Martinez Gonzalo, (2016). From the contributions of Prasanna Chandra (2008), she explains the three fundamentals of IFA, as follows:

The first of these fundamentals is the "capital budget (Capital Budgeting)" is in relation to the business assets, in which decants the annual investments for the flow of the business in accordance with the sector of the economy to which it belongs; as for the second factor, is the capital structure which consists of the resources that will finance each of the operations, and finally the Management of Working Capital in connection with functions of management and administrative that allow us to choose the best strategies of investment and market for the products and services provided to the company in order to streamline processes such as cash flow, inventories, suppliers, and goods in warehouses. Martínez Gonzalo, (2016).

Similarly, for Bartolucce Eisenhowen, (2010), financial management (or fund movement management) is called “all processes that consist of obtaining, maintaining and using money, whether physical (banknotes and coins) or through other instruments, such as checks and credit cards. Financial management is what turns vision and mission into monetary operations”.

Bartolucce Eisenhowen, (2010). (P.39). Funds are understood to be the amount of cash or its equivalent.

In relation to the topic of the importance of financial administration, Martínez Villanueva, (2018) quoting Lopez (2014), proposes that: “financial administration is the management and administration of money in its various forms: cash, securities, investments or assets in general. It is an activity that adds both natural and legal persons, because money represents the most important resource for a company to operate” (Lopez, 2014). Martínez Villanueva, (2018) (P. 35)

For Bach Puicon, ET. al. (2018) in connection with the integrated System that is the financial administration and relying on Alvarez (2011), defines that “the ISFA is a system of automated registration of operations and processing of the information by the State to the entities of the public sector, using the information of the activities that is generated in the sub-systems of budget, procurement, treasury, and accounting [...] this is why its proper use is crucial, and appropriate training to staff to improve substantially the production of goods and services, making an institution more effective and efficient [...] to take decisions and to have a system that responds to the expectations of the growth in the volume of operations reports and budget” (p. 9). Bach Puicon, ET. al. (2018) (P. 35)

And to conclude this first topic, we bring up the contributions of González Cómbita, (2014) in relation to financial theory, who, relying on various authors, defines finance as:

*Discipline of the Economic Sciences that begin to consolidate from the twentieth century (Amat and Puig, 2003) and since then have had several approaches that have constituted it as an autonomous discipline and with a high degree of solidity. Rivers, (2008).*

Thus, according to various authors, the epistemology of Finance has been built on two pillars, traditional finance and postmodern finance. González Cómbita, (2014) (P.22). In this sense, the study of finance at all times, have allowed to control and project capital flows for companies, and above all, become a scientific research platform, so that through various formulas and mathematical developments can be applied the best strategies of business development.

Secondly, when dealing with the issue of IFA, it is necessary to outline the spectrum of International and National Taxation, which begins with the contributions of Castañeda Rodriguez, (2010), who proposes that: “taxes as the main source of financing that a state has, become a central element that delimits its degree of intervention in the economy” Castañeda Rodriguez, (2010) (p. 5). This implies that governments and states provide beneficial conditions for the development of the economy and in general the various transactions that must be carried out by legal and natural persons as part of trade in goods and services. For its part Moore, Mick, (2007) outlines various aspects that are generated for the economic policy of a country, the relationship between taxation and social development that should have countries in boom. The above, since I followed the author:

*Taxation or its absence affects the quality of governance through two main channels. One is the extent to which governments are dependent on general taxation to obtain their financial resources, and the second is non-tax revenue from hydrocarbon exports. Moore, Mick, (2007)*



In this sense, is of great importance to the IFA, the topic of taxation in each country, on the basis that it is the reflection of the attraction of entrepreneurs to invest in these territories and generate in any way confidence in your investment; the former on the basis that some countries have taxation scheme simple, but others have double taxation, and in each case, with advantages and disadvantages, generate various types of analysis in the field of the IFA for an entrepreneur to move their operation to a particular country and invest their resources to produce new values and services in that region.

In this order of ideas and given the complexity of the tax system, Ramirez Sarmiento, ET. al. (2016) argues that:

In an ideal tax system, both natural and legal persons are required to file their returns and make their respective payments. However, when the rule is omitted by a group of society, for example, the informal ones, the obligations to which all are subject are being ignored and the right to justice and equity of those who do fulfil their obligations to the state is also violated. (P. 5)

On the other hand, Ruiz de Castilla ET. al, (2013) propose that, in Peru, in South America, "to the extent that the duty to contribute implies a state of subjugation on the part of the citizen to the state", (P.17): it is indispensable that citizens tax the state coffers, in order to maintain the projections of economic, entrepreneurial and social development of the nation and then according to this author, one could have the impression that "the actors are faced with the configuration of a predominantly vertical relationship between these". (P. 17). That is, a relationship of power and at the same time of dependence arises between the people, represented by the citizens of a nation and the government, which represents and is responsible for the operational and financial administration of a state.

In this sense, both natural and legal persons have the obligation to tax between the tax authorities, taking into account aspects relevant to the calculation of their tax, such as tariffs and the settlement rate. For his part, Herran Ocampo, (2000) in relation to double taxation in the international field sought with his research, analyze the pros and cons of this tax model, both for legal and natural persons who pay the tax, as well as the impact that generates in each country, this administrative decision of the executive. (P. 17). In Colombia, for example, at present, the collection and control of the tax is carried out by the National Directorate of taxes and national customs, created since 1992 through Decree 2117 and is the entity that applies the regulations provided for in the Colombian tax statute, under the parameters established by a simple tax regime, such as that of Colombia.

Consistent with the above, in the field of globalization, and financial administration, appears the subject of taxation, in this sense, Castañeda Rodriguez, (2016) analyzes:

*The main challenges posed by globalization for tax systems in the world and an econometric exercise is proposed that includes OECD countries and Latin America to identify which taxes have been affected. The Dreher Globalization Index is used as a measure more in line with the multidimensional nature of the phenomenon. It is found that the collection of taxes on personal income and internal trade. Castañeda Rodriguez, (2016).*

It is relevant and important the position of Castañeda Rodriguez, (2016), based on the need for this type of analysis so that investors, entrepreneurs and governments in general establish the implications of being part of a double taxation system and what are its benefits and harms both in the medium and long term. And with an econometric analysis of this situation, it is feasible to establish interesting results when making administrative and governmental decisions.



For its part, Armas A, (2006) in relation to the topic of taxation and electronic commerce analyses "the applicability of taxes to commercial operations carried out through electronic means of communication". In this sense, for the author, to tax the electronic transactions ensures the uptake of taxes for a country and further guarantees that such transactions are conducted with greater safety for all users and at the same time, allowing the settlement and recruitment timely manner the Value Added Tax (VAT), for each one of the business that is conducted over the internet, both in the case of sales and electronic purchases, as well as in the provision of services by this means. He concluded that "it is necessary to strengthen e-commerce, continue to legislate to give security to the operations carried out and the desirability of not taxing the same". Armas A, (2006). This position can be a strength for a country's development, based on the fact that globalization, international treaties, cyber information and cyber spaces need to be used with clear rules that result in equity for Trade Development and taxation.

So things are, the subject of double taxation, Portillo Fernandez., ET. al. (2004) states that: "double taxation has been regarded as an intrinsic injustice and a lack of rationality because it does not contemplate the postulates of justice and proper distribution of the tax burden". (p. 2) The authors also state that among the problems it causes, it could be mentioned that it, " complicates commercial activity, hinders international investment and ties between peoples, contrary to efforts aimed at facilitating trade and investment". (P.2).

In the various cases for collection by taxation according to the Ombudsman's office of Colombia (2014) defined the process of "coercive collection as a special procedure contained in articles 823 and following of the tax statute, which empowers certain entities to make directly effective the claims in their favor, without the need to go to the ordinary jurisdiction". (p. 2) this type of collection allows the institutions responsible for collection in each country to carry out the processes of settlement, control and collection of the tax directly. According to the Public Prosecutor's Office, its purpose is "to obtain the forced payment of the obligations in its favor, including through the sale by public auction of the debtor's assets, when the debtor has been reluctant to voluntarily pay its obligations". (P.2). And in some cases, it is necessary that the institutions responsible for the collection of taxes, resort to such legal figures to order the defaulters to cancel their obligations, since their actions of elution and evasion put at risk the fiscal security of a state.

However, Rengifo, (2014) in relation to the topic of taxation in specific sectors of the economy such as mining and hydrocarbons, expressed that, in Peru, "in accordance with the current legislation for the mining industry, among the most important investments in the framework of a mining project are those related to the mining concession, exploration costs and development costs". Rengifo, (2014). In the case mentioned by the author, the mining sector becomes an important contributor to the economy of this country, and somehow generates high IFA indicators in this nation since the taxation for this strip of the economy is quite high and its dividends are very representative for a country like Peru.

In Colombia Concha, et. Al. (2017) state that "the evolution of the tax structure in Colombia between 1985 and 2016 has served different purposes: stabilizing public finances, replacing external taxes with internal ones, equity, neutrality, simplicity, competitiveness and financing public strategies" (p.7). In this sense, these tax reforms allow evidence of a development and government intelligence in the consolidation of a viable and prosperous state that tends towards the generation of principles of honesty, compliance and fiscal responsibility both by natural and legal persons and by state actors, who ultimately are responsible for channeling the resources collected to be invested in the respective lines of the economy for which they have been projected, in accordance with the provisions of the general budget of the nation of Colombia.



This order of ideas, Hernández Rodríguez, (2011) exposes that "development" and "underdevelopment" form a pair of dichotomous concepts. The dominant term is "development" and its opposite "underdevelopment", is defined negatively or as opposed to development". (p.6). Thus the commas, a nation is recognized as developed when its economy is at the level of its international developed peers and has a second and third level production, counting a state of democratic type and with sufficient freedoms for the development not only business but personal than the human beings who inhabit that country.

Consistent with the above, Clavijo, (2015) reviews the "Colombian tax structure. First, in the context of what is happening in Latin America and, second, assesses historical trends in national-territorial, direct-indirect taxes and, in particular, the important-heritage relationship". The author believes that only by establishing principles of honesty and the eradication of corruption can an adequate collection platform be structured that generates development for the country and a better living standard for citizens. Also, based on the approaches of Clavijo, (2015).

It is precisely on the issue of taxes in Colombia, that Bejarano Navarro, (2013) suggests that, "to the problems of economic crisis that may end with a reduction of the GDP in Colombia and a reduction in the tax levy for the coming years, governments have devised different mechanisms to increase tax revenue" in such a sense, the tax reform in Colombia, formed and authorized by the Congress of the Republic of Colombia through the Law 2010 to 2019, is headed in the enlargement of the basis of settlement for taxation, and to generate a state fiscally sustainable.

Finally, in order to close the semantic cycle of this section, the Colombo-American Chamber of Commerce (2005) "analyzed the Colombian tax structure from a comparative perspective. The central purpose was to assess the tax burden in Colombia in connection with an international point of reference, that allows to obtain conclusions in terms of competitiveness in the country" (p. 17) This analysis was important in its time to develop the policy for foreign investment in the country, on the basis that it was necessary to bring the factor of tariff and tax agreement with which for that moment was in force in other countries in conditions similar to Colombia, and in this way to generate attraction for foreign investment and the creation of new companies in the country to be able to increase the national Gross Domestic Product (GDP), as response to a sustainable social development.

## **Results of the bibliographic review**

According to the Colombo-American Chamber of Commerce (2005). "Comparisons of income tax and VAT rates are a common place in the debate on this matter in the country. In contrast, little is known about the effective taxation, which includes different types of taxes" are factors of the national finances that determine the development of Colombia and show it as a nation (national and territorial), various tax benefits for some sectors but with an inequality in the rate and fee collection with other. Therefore, it is necessary to generate the pedagogy of taxation and compliance in its payment, just so it is possible to capture taxes previously legislated to the benefit of the population, through investment in infrastructure and better life conditions of the citizens without neglecting the need to cover operational and running costs, which all state requires for its daily administration.

Third, Fiscal policy in Colombia is defined by Menjura Molina, (2015) as: "it is the administration of all revenues and expenses of the public sector that must be done in an effective and efficient way". (P. 23) and, in fact, from theory is the duty to be a responsible fiscal policy for a country, however, not all resources are allocated efficiently and effectively, to generate a real social impact, but in many cases large cash flows are spent on feasibility studies no longer being used for works and budgetary dedication that impacts communities in each of the regions of Colombia.





According to the author, citing Lozano, I. (2009). He mentions that "this policy aims to facilitate and encourage the good performance of the national economy to achieve acceptable or outstanding levels of social, environmental and political growth, with targets of inflation, unemployment, health, education, security, among others" Lozano, I. (2009). In this way, fiscal policies ensure the prosperity and development of the country, to the extent that they are strategically designed to motivate investment both internally and externally and ensure the effective and timely collection of taxation for the above-mentioned purposes.

In this order of ideas, an international organization such as OECD, Organization for economic cooperation and Development, (2008) it has been asked continuously in relation with the relevance and effectiveness in the investment of resources through taxation and to capture the different countries affiliated to this organization, and become the only hope to tackling poverty and inequality in Latin American societies and minimize the levels of debt that have these nations with the international banking. In this regard, the OECD (2018) states that:

*Most Latin American countries have improved their fiscal performance in recent years. The deficit, for example, has fallen significantly, but the fiscal performance is still far from comparable to the OECD reference figures. Between 1990 and 2006, the total government revenues in Latin America averaged only 23% of gross domestic product (GDP), compared with 42% in OECD countries. Public spending tells a similar story: in the same period it reached an average of 44% of GDP in OECD countries, but only 25% in Latin America. There are also marked differences in the way public revenues are structured, the degree of decentralization of tax systems, and the quantity and quality of public services that citizens receive in exchange for their taxes. (OECD Organization for Economic Cooperation and development, (2008)*

From another perspective in fiscal policy, related to the sustainability end from the approach of the fiscal rules, (Sarmiento, 2006) states that: "The imbalance in the public finances of Colombia has its origin in the permanent deficit of the accounts of the Central National Government (CNG)" (p. 13) This statement from the author is based on the bond that has the national budget to local regulations that do not allow a proper fit for public spending, favoring some sectors and hurting the majority of the population:

In relation to the outlook and challenges of the fiscal policy in Colombia, Santa María (2018) outlines three main aspects related to: "fiscal policy, the challenges of the health sector and the challenges of the pension sector". According to the author these sectors have increased the deficit by approximately \$2 trillion pesos and in 20 years the system expenses would increase by 1.8 of the Gross Domestic Product of Colombia", GDP" (P. 22).

To conclude this section we refer to the contributions of Moller, (2012) who mentions as: "Colombia has the seventh highest Gini coefficient with respect to income inequality worldwide and classifies alternative tax policy options for reducing inequality based on their effectiveness" (P.1) and, in addition, argues that "there are potentially significant redistributive gains that would be available from tax reforms if combined with good public spending decisions". (P.1). That is, the collection of proceeds is harmless until the distribution of resources is not efficient and effective, according to the historical and political moment in which the country develops.

Fourth, the IFA shows their relationship with the theme of Social Development, is addressed by micro-commerce, (2020) in Colombia, to explain fundamental aspects of such development, such as the implementation of Special Economic and Social Zones (SESZ) in the following terms: "SESZ is a special tax regime that establishes article 268 of law 1955 of 2019. Its purpose is to attract investment and job generation in the departments and cities that are SESZ", Mincomercio, (2020). This regulation seeks to generate employment and



development for various regions and cities of Colombia, which have evidenced the highest levels of unemployment and social inequality, such as: "Norte de Santander, La Guajira, Arauca, Armenia and Quibdó". Mincomercio, (2020).

Consistent with the previous position of development, and equity, is that of the Directorate of national taxes and Customs, (2018) by explaining widely that:

Non-profit organization-NPO are legally constituted legal people whose contributions, profits or surpluses are not reimbursed or distributed in any way, either directly or indirectly, during their existence, or at the time of their dissolution and liquidation, since they pursue a social or community purpose. The returns or contributions obtained in a non-profit entity are reinvested in the improvement of its processes or in activities that strengthen the realization of its corporate purpose. Directorate of national taxes and Customs, (2018)

In the same sense, and in order to close this paragraph, in the topic of tax benefits exposes the NDTC (National Directorate of Taxes and Customs), further explains in accordance with Article 257 from the E.T. (Tax Statute) and Article 1.2.1.4.2. Decree 1625 of 2016, which reads: "Article 1.2.1.4.2. Beneficiaries of the tax discount for donations. They are beneficiaries of the tax discount referred to in Article 257 of the Tax Statute (E.T).

*Income tax and supplementary taxpayers who make donations to taxpayers of the Special Income Tax and supplementary tax scheme referred to in Article 1.2.1.5.1.2. Of this decree and the non-contributing entities covered by Articles 22 and 23 of the E.T.*

In this sense, donations made by natural or legal taxpayers to tax-exempt beneficiaries make it possible to reduce the value of their tax. This situation has generated that some large taxpayers create their own foundations and in this way hope to circumvent the action of the NDTC but they must consider that their contributions contribute to the development of an entire country and therefore must be registered in an honest manner and in accordance with the provisions of the tax statute of Colombia.

## **Conceptual Framework**

In the IFA framework and its corresponding projection in the payment of taxation for each country, there are different terms and expressions proper to the web-graphic research presented in this Bibliographic Review article, as well as:

## **Financial Administration**

According to Alfonso Ortega Castro, it is, "The discipline, through the help of others, such as accounting, law and economics, seeks to optimize the management of the human and material resources of the company, so that, without compromising its free Management and future development, obtain a maximum and balanced benefit for the owners or partners, workers and society.

## **Tax status of Colombia**

It includes the compendium of rules that regulate the formal and substantive aspects that must be taken into account when collecting taxes in Colombia.

## Taxation

According to Castañeda Rodríguez, taxation is a, "contribution made by the obligated subject or tax debtor also called a taxpayer and represented by natural or legal persons domiciled or not in the country, to the tax asset or creditor that is the state, such contribution is made in a form coercively defined title and without direct or immediate counter-presentations". O'kean Alonso, (2015).

## Fiscal Policy

José Maria O'Kean Alonso defines it as: "fiscal policy is a discipline of the economic policy focusing on the management of the resources of a State and its Administration, is in the hands of the Government of the country, who controls the levels of spending and income through variables such as taxes and public spending to maintain a level of stability in the country". O'kean Alonso, (2015).

Social Development: according to James Midgley social development is "a process of promoting people's well-being in conjunction with a dynamic process of economic development" (Midgley, 1995)

SESZ: according to the Colombian Ministry of Commerce "it is a special tax regime that establishes article 268 of law 1955 of 2019. Its purpose is to attract investment and the generation of employment in the departments, and cities that are SESZ, and thus contribute to the improvement of the living conditions of the population of North of Santander, La Guajira, Arauca, Armenia and Quibdó". Ministry of Commerce of Colombia (2020)

Time frame: this Bibliographic Review article includes the analysis of various articles and epistemological developments, over a period of time from 2005 to 2020.

Spatial framework: The study entails the analysis of documents on the topics of: IFA, International Taxation and National Tax Policy in Colombia and Social Development, have been published in various latitudes of the world, such as Europe, the united States, South America and finally settling with the contributions developed in Colombia, to conclude with the Social Development aspects that are contemplated in a capital city of the same country, as it is Armenia Quindío.

## Legal Framework:

For this article of Bibliographic Review has as legal reference different jurisprudence in the tax and Fiscal area has been issued by the Congress of the Republic of Colombia, as it is related in the following chart.

NORM	YEAR	DESCRIPTION
<i>Tax Statute. Decree 624</i>	1989	
<i>Law 1607</i>	2012	"Which issue tax rules and other provisions."
<i>Decree 1625</i>	2016	"By means of which a single regulatory decree on tax matters is issued"
<i>Law 1819</i>	2016	Structural tax reform
<i>Law 2010</i>	2019	"Through which, rules are adopted for the promotion of economic growth, employment, investment, strengthening of public finances and progressiveness, equity, efficiency of the tax system"
<i>Decree 2112</i>	2019	"By means of which, the special economic and social Zone (SESZ) is created in Armenia Quindío and other cities of Colombia"

Chart 1. Nomo-graph of Web-graphic inquiry  
Source: Author's own elaboration.



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