

Ecuador Proposes Legislation to Collect Unpaid Debt



Quito, April 11 (teleSUR-RHC) With the objective of improving tax regulation and helping businesses and individuals to cancel outstanding debt, the government of Ecuador is putting forward the "Organic Law of Interest Remission, Penalties and Surcharges on National Taxes."

Official figures have revealed that some \$2 billion could be collected by the Internal Revenue Service of Ecuador through this initiative. With the low international price of oil and appreciation of the U.S. dollar, this law would ultimately create revenue for the government to reinvest in the nation.

The Director of the Internal Revenue Service, Ximena Amoroso, said "all these services that the Internal Revenue Service manages can cancel their debts. To this end, the number of potential beneficiaries could reach 1 million people, speaking of the 6 million registered." For those with outstanding debt, tax amnesty would be granted for a period between 60 to 90 days. If the debt is paid within 60 days, 100 percent of taxes would be exempted, and there would be a 50 percent reduction if payment is made within 90 days. This provides an incentive for businesses to pay off their debts within a timely period, which may have otherwise never been paid.

"The composition of this debt in many cases was never going to be paid. Imagine, these are businesses that were already dissolved. Even so, there is a group of businesses that could benefit from this in some way, right? It is an important incentive, where everyone wins," said economist Jorge Salgado.

He added "the business wins because there is a reduction in their debt, which is convenient. They are receiving a discount on their debt, a debt which may not have been paid otherwise. And the government has an interesting mechanism of compensating for a reduction in earnings."

This law, debated at the National Assembly, seeks to provide greater regulation, as well as generate state revenue to reinvest in society through facilitating the payment of debt owed by citizens and businesses.

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