



Application of the neutrosophic system to tax havens with a criminal approach

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Abstract

The investigation questions transparency (legitimacy) on the one hand and tax evasion (illegality) at tax haven on the other, so this paper the highlights importance of tax havens, either to the detriment of economies suffering from significant capital flight or to the benefit of jurisdictions declared as paradises, whose economy had been favored by the inflow of capital and investment Foreign. Tax havens are mechanisms of defense of wealthy taxpayers who seek to escape with their wealth from state taxes with progressive tax systems for the financing of social protection, education, and security of their population. Much of the study had to be based on the analysis of the information collected to clarify its importance with the support of neutrosophic numbers for the determination of fuzzy sets for a better understanding of the phenomenon under study inserted in tax havens. Besides, the heuristic evaluation methodology was used, as a form of financial investment with neutrosophic representation, since it allowed the search for qualitative results that helped to emphasize investment problems in those States, territories or jurisdictions that do not have taxation, profits, or apply it at very low rates, with serious limitations in the exchange of information (bank secrecy) and a marked absence of transparency. As the main conclusion, it was argued that governments should continue their transparency campaigns to prevent the continued use of money of public origin as a consequence of illegal acts, without affecting the sovereignty of each country.

Keywords: Administration; circumvention; evasion; fiscal; international; neutrosophic number; tax havens; transparency; tribute

1. Introduction

It is understood as a regime of Fiscal Transparency International, the intention of one State to tax, through the tax administration, those enrichments to obtain the investors or taxpayers domiciled in a determine country, from their investments in the territory or jurisdictions of low taxation which the laws international taxation have identified as Tax Havens [1], [2].

In this order of ideas, the application of strong fiscal pressures by some governments to promote their economies led to the creation of tax havens, which allow businesses to that work financial advantages, competitive and prosecutors do not exist in the world. In this sense, it is estimated that a high percentage of international transactions have been processed in some way, in the intervention of one of these jurisdictions, with the consequent detriment in of many countries that legally have the right to it [3], [4], [5].

The multiplicity and complexity of economic relations, internationalization, and globalization each day more extended to all areas of life have determined that the countries incorporate fiscal measures to regulate situations caused by the coexistence of tax regimes in different States. For example, consider $\emptyset = \Lambda$ (the minimum operation, with $n = 2$). Then, for $A, B: X \rightarrow J$, define $A \wedge B: X \rightarrow J$ by $(A \wedge B)(x) = A(x) \wedge B(x)$, for $x \in X$. Besides, tax identities are maintained between operations in J also spread punctually, producing tax identities for fuzzy sets. For example, the commutative and associative laws for \wedge in J produce the same laws for fuzzy sets in X . Equality and order relationships in J extend to fuzzy sets. $\wedge J(x) \rightarrow$ its define $A \wedge B: X \rightarrow J$ by $(A \wedge B)(x) = A(x) \wedge B(x)$, para $x \in X$. A [6], [7], [8].

Thus, neutrosophy has based tax havens on the analysis of oppositional propositions, as dialectic does, but on analysis of neutralities in between them as well.

In this case, neutrosophic Logic viewed as a general framework for the unification of many existing logics, such as fuzzy logic especially fuzzy intuitionist logic, paraconsistent logic, and intuitionist logic. The essential idea of Neutrosophical Logic was to characterize each logical statement in a 3D-Neutrosophical Space, where each dimension of the space represents, respectively, the truth (T), the falsehood (F) and the indeterminacy (I) of the statement under consideration, where t, i, f are real standard or non-standard subsets of $]-0, 1+[$ but in the connection between them [9].

Therefore, instead of a logical value with two clear states 0 or 1, the neutrosophic approach considers a representation by a triplet (t, i, f) where these three absolute values represent the equivalent of probabilities for truth (t) , indetermination or neutral state (i) and falsity (f) respectively. As it, belonging functions according to the vocabulary used in fuzzy logic. These three values are between 0 and 1. Thus, the two classical binary logic values 0 and 1 are represented respectively by $(0,0,1)$ and $(1,0,0)$. Now a simple probability p of having the value 1 and therefore $(1-p)$ of having the value 0 is represented by $(p, 0, 1-p)$. In this particular case, the neutrosophic representation mainly brings a general formulation (just like for a binary value), and thus it also makes possible to represent this conception which it encompasses in its generality (also for fuzzy logic and its numerous varieties of which the so-called “intuitionistic” one). [10].

What brings us a consequence problem with a high degree of complexity, which among others range from tax voracity of the different branches of national tax and their sense expansive, until the trend of some citizens to tax avoidance or evasion simple, passing through the complexity of economic relations and of the legal institutions and the difficulty of control of States on international relations. Intending to avoid the evasions of a fiscal nature and to protect the collection by the income generated in jurisdictions of low taxation, and under which there are no agreements for the exchange of tax information or conventions to avoid double taxation since the countries that are considered within the assumptions of these jurisdictions remain at the margin of the instruments of an international character, the tax authorities should seek alternative mechanisms that allow for the monitoring of the operations to be carried out in those countries through rules of an internal nature. In this regard, the investigation was justified to the extent of providing a referential theoretical framework of a regime of Transparency International Prosecutor and an analysis of the current situation of the fiscal control mechanisms implemented by the Tax Administration in general, since this legislation is only in its beginnings, in terms of the relevance that has in the tax law. On the other hand, this research is of great utility, as studied and addressed some series elements that will allow us to understand and identify the mechanisms of administrative control, technical or other nature established by the international tax administration [11], [12].

The implementation of an efficient and effective fiscal control system by the international tax administration is not an easy task, so it presents a series of interests that, given the current situation in the world, does not have the necessary resources to carry out this work. Therefore, analyzing the fiscal control mechanisms implemented by the Tax Administration to the International Fiscal Transparency regime involves elements of value judgment on the correspondence or inconsistency of duty.

To explain the importance of tax havens, either to the detriment of economies that suffer significant capital flight or to the benefit of jurisdictions declared paradises, whose economy has been favored by the influx of capital and foreign investment. A brief analysis of the implications of tax havens and current regulations is made. Taxes are instruments whose role is fundamental as a counter-pressure to the necessary common services received in society when a more developed and advanced society is required plus taxes to satisfy collective needs that citizens individually will not be able to attend to. Tax havens are defense mechanisms for wealthy taxpayers who seek to escape state taxes with their wealth with progressive tax systems to finance the social protection, education, and security of their population.

For its elaboration, the type of documentary research was used, with a bibliographic design, at an argument level, which favored defining concepts and establishing criteria. Much of the study had to be based on the analysis of the information collected to clarify its importance with the support of neutrosophic numbers for the determination of fuzzy sets for a better understanding of the phenomenon under study inserted in tax havens [13], [14]. Besides, the heuristic evaluation methodology was used, as a form of financial investment with neutrosophic representation [15], since it allowed the search for qualitative results that helped to emphasize investment problems in those States, territories or jurisdictions that do not have taxation, profits, or apply it at very low rates, with serious limitations in the exchange of information (bank secrecy) and a marked absence of transparency.

2. Questions of research, definition and example

Community international financial development is reinforced through tributary responsible behavior.

Consequently, the objective of this study is to analyze the mechanisms of fiscal control, implemented by the Tax Administration to the regime of International Transparency that is related to the active participation of the sector financial suggested by ISO 26000 standards.

The use of Neutrosophy was proposed by Florentin Smarandache [16] for the treatment of neutrality, it is a branch of philosophy that studies the origin, nature, and scope of neutrality. This has formed the basis for a series of mathematical theories that generalize classical and fuzzy theories such as neutrosophic sets and neutrosophic logic as referred to in [14]. The original definition of true value in neutrosophic logic is shown in [17].

According to the analysis of the theoretical bases carried out, the use of neutrosophic statistics is required for the analysis of tributary responsible participation in the international community. Neutrosophic statistics are useful because they describe the statistical calculation for several different samples that contain indeterminacy, each of the same size. The use of single-valued neutrosophic sets [18] (SVNS) was proposed, which through them it is possible to use tax terms [16], to obtain greater interpretability of the results obtained with this type of data.

With the use of classical statistics, we know the data, formed by clear numbers, in neutrosophic statistics the data have some indetermination, the data can be ambiguous, vague, imprecise, incomplete, contradictory even unknown. Instead of sharp numbers used in classical statistics, sets (which approximate these sharp numbers respectively) are used in neutrosophic statistics [19, 20, 21, 22].

Additionally, in neutrosophic statistics, the sample size may not be known exactly (for example, the sample size may be between 90 and 100), this may happen because, for example, the statistician is not sure what approximately they refer to, which are the individuals in the sample whether or not they belong to the population of interest, or because the individuals in the sample only partially belong to the population of interest, while partially do not belong). Another approach would be to consider only partially the data provided by individuals in the sample whose membership in the population of interest is only partial.

For example of neutrosophic data employed by investors in tax havens are the following sets: {4, [2, 6], [7, 8], 10, 23, [20, 23]} and {5, [4, 7], {1, 2, 6}, (65, 70), (4, 5)}. See that some data are imprecise like [7, 8] and {1, 2, 6}, because the exact datum is not known. In the framework of a neutrosophic sample, we can also have an imprecise sample size, where the sample size can be stated in 90, 91-100.

However, the neutrosophic statistic is appropriate for this analysis since results are obtained that require interpretability. In that sense, neutrosophy was used in this study, like it, consider $\emptyset = \wedge$ the minimum operation, with $n = 2$. Then for $A, B: X \rightarrow J$ define, $A \wedge B: X \rightarrow J$ by $(A \wedge B)(x) = A(x) \wedge B(x)$, for $x \in X$.

Thus so let X be a universe of discourse, a space of points (objects) and x denotes a generic element of X . A *Single Valued Neutrosophic Set* (SVNS) A in X is characterized by a truth-membership function $T_{A(x)}$, an indeterminacy-membership function $I_{A(x)}$, and a falsity-membership function $F_{A(x)}$. Where, $T_{A(x)}, I_{A(x)}, F_{A(x)}: X \rightarrow [0, 1]$ such that: $0 \leq T_{A(x)} + I_{A(x)} + F_{A(x)} \leq 3$. A *single valued neutrosophic number* (SVNN) is symbolized by $\langle T, I, F \rangle$ for convenience, where $T, I, F \in [0, 1]$ and $0 \leq T + I + F \leq 3$.

In a numerical calculation, each value has an effect, possibly very small, on the final result. This corresponds better to the case of reality, where there are many cross - influences. A particular quantitative approach is a probabilistic approach. Each entry or intermediate result is no more longer, either true or false, but a probability of being true [23].

Based on the foregoing gives rise to the following questions:

- What are the mechanisms with which account the Tax Administration, to control the investments made in the territory of tax haven exists?
- Does the Tax Administration with the human resource, infrastructure, technology, and equipment needed to achieve an efficient implementation of the regime of Fiscal Transparency International?
- What do functional units of the Tax Administration, are responsible for controlling the implementation of the regime?
- What is tax havens?

3. Object of transformation

It is a well-known fact that with the dynamism of modern life, the international mobility of companies and capital has highlighted the need for its consideration in the field of international tax jurisdictions, because, given the diversity of national tax regimes, it is logical to some extent, that the people and companies seek a reduction of the tax burden through various combinations, that even within the more orthodox legality, provide them with such a result. Today more than ever the tax incidence is one of the reasons why determinants of transfer or location of capital and enterprises.

The allocation of income and expenditure on the part of the companies that work in various tax jurisdictions can mean a formula to locate utilities in certain countries or to evade taxes in all of them, governmental interests are at stake and therefore shall endeavor at all costs avoid a decline in its collection, establishing formulas or generally accepted criteria aimed at reducing fraud and tax evasion [24].

The current trend toward the globalization of economies at the international level, particularly the growth, efficiency and integration of capital markets, the need to broaden the tax base and hence tax collection, has

generated in the Latin American countries a change concerning the criteria of fiscal policy, on which have been structured their tax systems.

On the other hand, it is necessary to highlight the concept of power tributary in the legal theory, which is generally regarded as an element or attribute in the State.

So the tributary power, or taxing powers of the States, refers to the ability of the State to impose mandates of conduct to the people, consisting of the contribution of economic resources to the public coffers of the State [25], [26]. In many countries as a criterion conferring the powers of taxation, the principle of territoriality, based on circumstances of an economic nature of the passive subject of tribute, such as the headquarters of the business or the source in which it originated the taxable wealth.

For which they shall be considered taxable in the country, all the income received by the subject, whatever its source, national or foreign, subordinated the taxing powers of the State through linking criteria subjective, such as the domicile, nationality, and residence, to establish a nexus or substantial connection between the State and the passive subject, to tax the totality of the income obtained by the latter, in or outside the country. Equally, a permanent establishment or fixed base of natural or legal persons, not resident or non-resident will be taxed by the global enrichments attributable to that permanent establishment or fixed base in the country.

It indicates the classic position of the Latin American countries contained in the model of the Andean Pact, which holds the criterion for the application of the source as an exclusive criterion, given the feature imminently from importers of capital from these countries, and the contemporary position, which consists in the use of the source as a criterion of priority and with discretion, without prejudice to the restrictions which can be agreed in the treaties for the avoidance of double taxation, to tax the alternative income from foreign sources.

The adoption of the principle of global income, to create taxes on taxable transactions that occurred wholly or partly outside the national territories; is justified by reasons of tax technical and economic policy, aimed among other, to the implementation of special rules of fiscal control, governing investments in countries classified as jurisdictions of low taxation, or also called tax havens, given the current incident of the removal of the national capital. Tax Havens are understood by those countries, territories, or jurisdictions where the authorities have removed or reduced to its minimum expression, taxes imposed on foreign investment [27], [28]. The characteristics of the tax havens are:

1- Many were colonies of European metropolis (primarily) and in a few cases the possession of the United States of America. 2 - Some have achieved its political independence, but continue linked to the respective metropolis, for economic reasons. 3 - Are mostly islands or archipelagoes of little territorial extension and others are located in territorial areas. 4 - Most lack strong natural resources to develop farming activities, mining, or oil. 5 - With a low population and can low level of economic development and life. 6 - domestic economic activity does not generate enough wealth to levy taxes and to be able to survive without the cooperation of foreign investment. 7- Many of them offer beauties and natural landscapes that converts them into tourist havens. 8- Foreign investors have facilities legal and tax advantages, either natural or legal persons [29].

These jurisdictions provide restrictions on the exchange of information with the tax authorities of other countries, such territories offer confidentiality to develop financial operations, so that the ownership of bank accounts and the shares of the companies domiciled among others, are information reserved for third parties.

On the other hand, they are used as escape routes to less favorable tax rates and to the laws of fiscal control that implement the countries, which leads to a detriment in the collection of the country that legally has the right to it.

Following this order of ideas, it is defined as that the principle of fiscal transparency requires that tax laws in a broad sense, including regulatory orders, circulars, lines, among others, guidelines will be structured in such a way that they are technically and legally presented. The maximum intelligibility possible and its provisions are so clear and precise as to avoid any doubt about the rights and duties of the taxpayers, both in these as well as officials in the tax administration and with the arbitrariness in the liquidation and collection of taxes. [30].

The good performance of these powers leads to shelter from the fiscal interests, a situation that is reflected in the levels of tax collection with that account of the National Treasury of each country.

Following this order of ideas, this research has as its fundamental purpose, analyze the mechanisms of fiscal control implemented by the Tax Administration, for the regime of Fiscal Transparency International.

4. Justification and importance of research

It is understood as a regime of Fiscal Transparency International, the intention of the State to tax, through the tax administration, those enrichments to obtain from investors or taxpayers domiciled in a determine country, from their investments in the territory or jurisdictions of low taxation which the laws international taxation have identified as tax havens.

The application of strong fiscal pressures by some governments to promote their economies led to the creation of tax havens, that allow businesses to that work here financial advantages, competitive and prosecutors do not exist in other parts of the world. In this sense, it is estimated that a high percentage of international transactions have been processed in some way, with the intervention of one of these jurisdictions, with the consequent detriment in the collection of the country that legally has the right to it [31], [32], [33].

The multiplicity and complexity of economic relations, internationalization, and globalization each day more extended to all areas of life have determined that the countries incorporate fiscal measures to regulate situations caused by the coexistence of tax regimes in different states. Which brings as a consequence problem with a high degree of complexity, which among others range from tax voracity of the different branches of national tax and their sense expansive, until the trend of some citizens to tax avoidance or evasion simple, passing through the complexity of economic relations and of the legal institutions and the difficulty of monitoring of the States on international relations [34], [35], [36].

Intending to avoid the evasions of a fiscal nature and to protect the collection by the income generated in jurisdictions of low taxation, and under which there are no agreements for the exchange of tax information or conventions to avoid double taxation since the countries that are considered within the assumptions of these jurisdictions remain at the margin of the instruments of an international character, the tax authorities should seek alternative mechanisms that allow for the monitoring of the operations to be carried out in those countries through rules of an internal nature. In this regard, the investigation was justified to the extent of providing a referential theoretical framework of a regime of Transparency International Prosecutor established, and an analysis of the current situation of the fiscal control mechanisms implemented by the Tax Administration, as it since in recent years, legislated fiscal rules have come to command greater attention in terms of the relevance that has in the tax law [37], [38], [39].

On the other hand, this research is of great utility, as studied and addressed a series element that allowed us to understand and identify the mechanisms of administrative control, technical or other nature established by the tax administration. Therefore, analyze the mechanisms of fiscal control implemented by the Tax Administration to the regime of Fiscal Transparency International, involves elements of value judgment on the correspondence or inconsistency between the duty be and be.

5. Theoretical bases

Principle of global income: state of the question:

The principles in the legal theory of tax havens are always of transparency as elements or attributes own from the States. The tributary power, or taxing powers of the State, refers to the ability of the State to impose mandates of conduct to the people, consisting of the contribution of economic resources to the public coffers of the State [30].

It is possible to identify the doctrinal level and most importantly, at the level of comparative legislation, two types of binding criteria that determine the scope of the powers of taxation, or of the Tributary Power or criteria of linkage between the taxpayer and the fact taxed.

In the definition of the scope of the tax rules, States resort to linking criteria subjective criteria, linking objectives, or the two types of criteria simultaneously. When they relate to the characteristics of the people or passive subjects of the imposition, they are considered linking criteria “subjective” when they relate to the characteristics of the taxable transactions, they are considered linking criteria “goals”.

The subjective criteria or personal, consider personal aspects of the taxpayer who do not serve both to the fact taxed but fundamentally inherent characteristics to the personality of the taxpayer, within which they identify the criteria of domicile and residence.

Within the so-called objective criteria, it can be considered a single predominant criterion, which would be the criterion of territoriality or source, which attends to the place where it produces the fact taxed, which has a content much more economical than the two subjective criteria mentioned above [40].

The characteristics of relationship or connection, in respect of the State, which usually relate the linking criteria, whether subjective or objective is explained by the practical needs of the Tax Administration.

The use of the criterion of the source has been normally associated with capital importing countries, in both that the criterion of residence was originally conceived by the exporting countries capitals.

The classic position of the Latin American countries supports the application of the principle of the source, as sole discretion. However, the contemporary position consists in the use of the source as a criterion of priority, understood as the recognition of the right of a country to taxing such goods in the first term, without prejudice to the restrictions that may be agreed upon in the treaties for the avoidance of double taxation, and subsidiarity to tax income from foreign sources, recognizing credits for taxes paid abroad based on the principle of the source.

The philosophies with that developing and developed countries have been structured their respective tax systems, has generated two types of tax problems, i) multiple international taxation (above all, double taxation) and (ii) evasion and circumvention, on several or all tax jurisdictions. To confront these problems, countries apply unilateral administrative measures, and measures of cooperation between the countries, which has led to the conclusion of tax treaties. The work concerning tax treaties at the level of developed countries has been collected important background in the Organization for Economic Cooperation and Development (OECD). In Latin American countries the concern for these problems is located at the level of the Latin American Free Trade Association (ALALC) and members of the Cartagena Agreement (Andean Pact) [41], [42].

All countries that have a system of income tax or the capital, applied to some extent the principle of the source, which has a universal character. The developed countries, but also developing countries as applied simultaneously with the criterion of domicile or the nationality criterion for these countries govern what is called the criterion of the global income.

When a State assumes the connecting factor of domicile or residence, is said to be in the presence of the principle of the “global income”, because enrichment shall be determined by the physical presence in a given country and will, of course, be taxed, in principle, enrichments that obtained in other countries that have adopted the connecting factors of Territoriality and nationality [43].

According to the principle of the global income, natural persons residing, and legal persons domiciled taxed by the totality of its enrichment obtained within and outside the country. Also, the permanent establishments or fixed base of natural or legal persons, not resident or non-resident will be taxed by the global enrichments attributable to that permanent establishment. Administrations should, on the one hand, to adapt to the constant changes in the legislation, and on the other, ensure the improvement of existing systems and the sustainability of tax collection. To do this, the reform process must be understood as a dynamic process, which requires adjustments and amendments in line with the new realities. But the greatest effort should be directed at strengthening of fields as to the oversight and control of evasion [44], [45].

Incidence of the principle of world income Tax:

The current trend toward the globalization of economies at an international level, particularly the growth, efficiency and integration of capital markets, the need to broaden the tax base and hence tax collection, has generated in the Latin American countries a change about the criteria of fiscal policy, on which have been structured their tax systems.

Following this order of ideas, it is presumed that the existence of permanent establishments in situations such as:

1. The possession or existence of a local or fixed place of business.
2. The existence of any center of activity.
3. The possession of agencies or representations authorized to act by order and account of the taxpayer.
4. The implementation of activities relating to the extraction of natural resources.
5. The conduct of professional activities or artistic by itself or using representatives.
6. The possession of installations for the purchase of goods or the provision of services.
7. The provision of independent professional services, by person resident abroad.

It should be noted that the concept of a permanent establishment, is a concept developed in the models of agreements to avoid double taxation, of the Organization of United Nations (UN) and the Organization for Economic Cooperation and Development (OECD) [46], [47].

The model of tax treaties for the avoidance of double taxation prepared by the OECD, expresses in its article 7 the concept of the permanent establishment, noting:

Article 7: the profits of an enterprise of a Contracting State may only be subject to tax in that State if be that the company performs its activity in the other contracting State through a permanent establishment situated in him. Or If the company carries out its activities in such a manner, the benefits of the company may be subject to tax in the other Contracting State, but only to the extent that they are attributable to that permanent establishment [48].

Thus, the concept of global income, means that the companies or natural persons carrying out activities to the detriment of the country, pay tax on the enrichments that obtaining in that territory or abroad. In this regard, the final declaration of this tribute must consider not only the income received in the country but also those obtained through investment abroad, among which are those made in tax havens.

The implementation of the principle of world income tax system should be observed rationally, inscribed in the stage of open competition with other countries of the continent and the world in general, which implies higher care and attention in the structuring as well as the participation of guard to the taxpayer of tax measures that can break the balance that should exist in the relationship treasury-contributor.

The fight against the tax breach refers to the need to establish mechanisms to detect and implement effective sanctions that discourage, which should minimize the evasion and thus safeguard the principle of equity in the collection of taxes. The international community is concerned by the proliferation of financial activities in districts of low taxation, known as “tax havens”, because it adversely affects the fair competition and erodes the tax bases of nations. Without wishing to block the economic exchange, States have established policies aimed at avoiding double taxation, as well as the tax evasion originated in jurisdictions of low taxation. Therefore, measures are taken on Fiscal Transparency International, transfer pricing, and a network of international treaties. The use of tax havens has an impact both on the taxpayer who uses it as the country where it is coming from the capital. Definitions:

Etymologically the word transparency at its meaning more approximate to the economic sphere-legal means Political Economy: characteristic of the markets of perfect competition, in which all buyers know the proposals of all sellers and also in the opposite direction [49], [50].

The principle of tax transparency requires that the tax laws in the broad sense, i.e. including the regulations orders, circulars, line, among others, guidelines (...) will be structured in such a way that submit technically and legally the maximum possible intelligibility and its provisions are just as clear and precise as to preclude any doubt on the rights and duties of the contributors, both in these same as officials in tax administration and with it the arbitrariness in the liquidation and collection of taxes [51].

Objectives:

The fundamental objectives of the International Regime of Fiscal Transparency are:

1. Avoid conducting commercial transactions, financial, or any other type of relations with entities domiciled in jurisdictions of low taxation, to minimize the avoidance and tax evasion indirect taxes such as income tax.
2. Incorporate by Providence Administrative, a list of countries considered as jurisdictions of low taxation.
3. Accumulate for shareholders or beneficiaries residing in its countries, profits on investments located in jurisdictions of low taxation.
4. Forcing residents to inform and report annually the investments held in jurisdictions of low taxation.
5. Consider not deductible those payments that are made to entities located in jurisdictions of low taxation, except proof of your cancellation to market value.
6. Set by way of the presumption that payments between natural or legal persons resident or domiciled in its countries and entities located in jurisdictions of low taxation, payments are made between related parties.
7. Improve the system of global income, allowing tax at the head of the contributors the income derived by the foreign entity that has not been taxed in the outside, or has been taxed with lower rates.

Purpose:

The rules on Fiscal Transparency International is based on the constitutional principles of each country by its tax law, as are the contributory capacity, equality, justice, progressivity and not confiscation, give satisfaction to the same, will require tax following the totality of the income earned by the natural and legal persons domiciled in each country and this implies to do this regardless of the place where the abovementioned income had been produced [52].

On the other hand, a high percentage of international transactions have been processed in some way with the intervention of jurisdictions of low taxation, “tax havens”, with the consequent detriment of collection of the country that legally has the right to it, this reason justifies the adoption of legislation of specific character, anti-tax havens.

Another of the aims of the regime of Fiscal Transparency International is to ensure that legal persons to pay the taxes to which they are entitled, irrespective of the country where the payment is made, this leads to the situation that the claim of the rules of Transparency International Prosecutor, is to prevent tax avoidance that there would be, about the principle of global income through, the interposition of non-resident entities [53], [54].

Avoid the reduction of the tax burden or in their case the deferral of its causation, product of the materialization of tax planning by the utilization of tax havens, is other of the purposes to which the regime of Fiscal Transparency International.

Taxable persons:

Are subject to the regime laid down taxpayers who possess investments made directly, indirectly or through another person, in branch offices, legal persons, movable or immovable property, actions, bank or investment accounts, and any form of participation in local authorities with or without legal personality, trusts, associations in participation, investment funds, as well as in any other legal figure similar, created or acting under the foreign law, located in jurisdictions of low taxation.

It follows that they are taxable persons subject to the regime, taxpayers natural or legal persons domiciled in the country that have investments in jurisdictions of low taxation made in: (i) branches; (ii) legal persons; (iii) movable or immovable property; (iv) actions; (v) bank accounts; (vi) investment accounts and; (vii) trusts, associations, or accounts in participation or other similar [55].

Within the framework of the provisions will depend on the time in which the taxpayer decides to carry out the distribution or distribution of yields, profits or dividends from the jurisdictions of low taxation, or when you have the control of the administration of the same, either directly or indirectly or through another person.

Likewise, it establishes the presumption in the absence of proof to the contrary, that the taxpayer influences the administration and control of investments.

Will not have the character of passive subjects of the regime of Fiscal Transparency International, the Republic, the States, and the districts of the investments made in the form directly or through its decentralized entities in jurisdictions of low taxation.

Taxable income:

1. Income from investments in jurisdictions of low taxation, when causing in proportion to the direct or indirect participation in the investment.
2. Those income, dividends, or profits not distributed in this concept.
3. It is presumed that the amounts received from the jurisdiction of low taxation are gross income or dividend derived from the investment made in that jurisdiction.

Costs and deductions admissible in the regime of Fiscal Transparency International:

Shall be deducted in full the costs and expenses related to the income arising in jurisdictions of low taxation, in proportion to the participation you have the taxpayer in such investments, always and when available accounting as a means of proof and submit an informative statement of such investments.
Income not subject to the regime of Transparency International Prosecutor:

Income from activities in jurisdictions of low taxation, when more than 50 percent of the total assets of these investments consists of fixed assets affections to the execution of such activities and are located in those jurisdictions [56].

Such an exception shall not apply where the taxpayer obtains income from the temporary use or enjoyment of property, dividends, interest, profits from the disposition of property or royalties representing more than twenty percent of the total income from investments held by it in such jurisdictions.

The investment located in a jurisdiction of low taxation when:

1. The accounts or investments of any kind are in institutions located in that jurisdiction.
2. There is a home paragraph portal in that jurisdiction.
3. There is a business address or effective administration or main.
4. There is a permanent establishment in that jurisdiction.
5. It is constituted a company or has a physical presence in that jurisdiction.
6. Be Held, regulate, or refine any type of legal business following the laws of such jurisdiction.

It was also considered as investments made in a jurisdiction of low taxation: presumptive element

When a taxpayer opens accounts at financial institutions of the jurisdiction of low taxation, its name, or to benefit your spouse, cohabitee or cohabitee, ascendants, descendants, proxies, or if the power conferred to the latter, gives them the power to sign or sort transfers.

It is presumed, in the absence of proof to the contrary, that the transfers made by the taxpayer to deposit accounts, investment and savings, opened in a jurisdiction of low taxation, are transfers made to accounts whose ownership belongs to the same taxpayer.

The loss or gain on sale of shares in investment in the jurisdiction of low taxation or revenue derived from the liquidation or reduction of social capital in investments in these jurisdictions. The procedure is the same as indicated in the case of foreign income (global income).

About the accreditation of the tax paid in the jurisdictions of low taxation: the taxpayer subject to the regime will be able to credit the tax paid in the jurisdictions of low taxation by the procedure for accreditation of imposed from outside, in the case of the global income provided for in the new law.

Tax Havens: definition and types of tax havens

It is understood by tax haven, anyone a sovereign country that has an income tax system that essentially excludes the application of any type of tax on the income earned by natural persons or legal persons domiciled in their territory. In other simple words, Tax Havens are understood by those countries' territories or jurisdictions where the authorities have removed or reduced to its minimum expression, taxes imposed on foreign investment [57].

Operate in them is open to any person without having necessarily great wealth, allowing a decrease in its taxation increase, the performance of its investments, preserving the anonymity, and acquiring a wider vision of the economy

and business. In this sense, the tax haven operates as a kind of a free zone or free port from taxation. The English term of a tax haven is “Tax Heaven”, which means port franc prosecutor, unlike the free port of trade [58], [59].

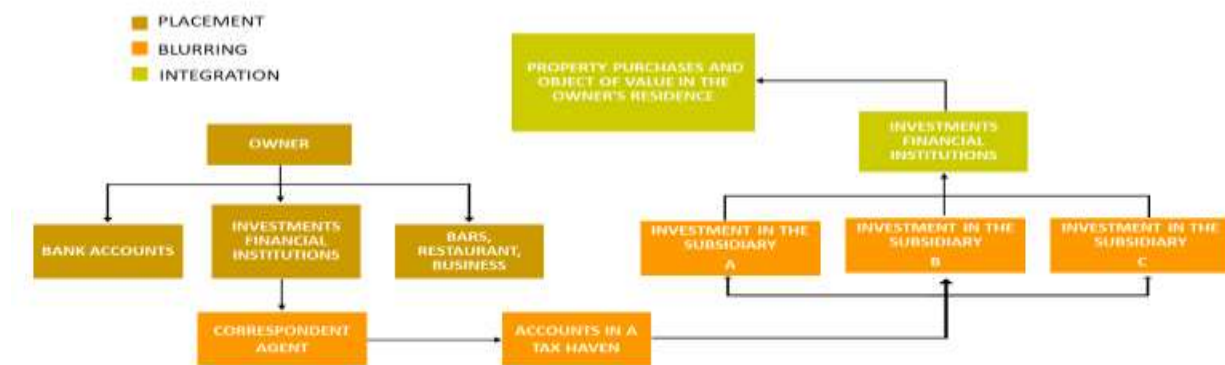


Chart 1. Process for money laundering through tax havens (source) [60].

This chart shows a process of money laundering in which the person has their assets, high investments in places where Banking Secrecy is relevant within the current regulations. In this way, the owner through the bank or a correspondent agent through a trust transfer ownership of property or rights to an investor or agent, so that it can trade with him through a third person [61].

Tax havens can be classified according to their graduation, by the greater or lesser degree of tax freedom that grant:

1. Countries or units with the absence of taxation.
2. Countries or dependencies that only taxed the acts and activities within its territory and not the Extraterritorial Income.
3. Countries that tax the acts and activities in its territory and the extraterritorial income at a very low rate; are also, with an important network of treaties to avoid double taxation.
4. Countries that privilege fiscally certain types of operations and societies [62].

Findings:

In general, the tax havens possess a series of characteristics and particular conditions, which leads to list them as elements of any jurisdiction typify qualified as a tax haven, being these features that are listed below:

- Absence or favorable level of taxation. As has been pointed out, there are four levels of jurisdictions based on the level of taxation that drives the denomination of privileged tax regimes.
- Absence of withholding taxes at the source on dividends or interest abroad. Companies incorporated in jurisdictions of low or zero taxation excluded from its tax legislation rules that establish any deduction at source.
- Secrecy and confidentiality financial and banking. It is a necessary and indispensable for the existence of tax havens.
- Banking regulation liberal. The owners of companies incorporated in tax havens can open accounts in any part of the world, besides, to counting with modern banking legislation, various financial services, and access to international credit systems.

- The network of communications and transport. Maintain excellent air services, telephone, postal, and couriers is indispensable to ensure that the operations are conducted with the corresponding speed.
- Proximity to major financial centers. Tax havens have been geographically in areas close to large financial centers.
- Legal and accounting services. In these jurisdictions, there is a multidisciplinary bureau, which will engage only in the specific provision of legal services, accounting, trust, maritime, and aviation, among others, to societies there constituted.
- Simplicity for the additions. Some jurisdictions incorporated societies with procedures that last very few minutes.
- Modern corporate laws. Presented as the dominant feature the absence of compulsory nominatives stockholding, in addition to corporate additions nearly instantaneous, and minimum requirements for the operation.
- Without double taxation conventions. Most of the tax havens do not have signed agreements of this kind since otherwise vulnerability confidentiality own of these territories.
- Political and economic stability. The Certainty, confidence, protection, and security of the assets in the jurisdiction chosen are elements that are considered in any capital investment.
- Absolute freedom would change. The entry and exit of foreign currency without restrictions and the invariance of change are conditions that offer these jurisdictions.
- Investment incentives. To advantages implied in these jurisdictions, are added rules that give favorable treatment to the location of industries, re-export and chartering, centers of marketing, administration, distribution centers, and transport.

7. Conclusion

As it can be seen in the manuscript, the government's strategy of alleviating the tax burden in a country or region is aimed at obtaining greater foreign investment, however, this can be considered as negative for the countries from which the resources that inhibit the collection of taxes for works necessary for the community. Financial globalization has brought with it the emergence of many offshore companies looking to maximize their profits. The various tax regimes encourage companies to take refuge in paradises that place a less financial weight on them. Due to its "secrecy" character, drug trafficking and various forms of corruption have a haven of refuge in their tax havens.

Governments should continue their transparency campaigns to prevent the continued use of the money of public origin because of illegal acts, without affecting the sovereignty of each country. One of the reasons why some countries do not undertake a mass struggle against these offshore uses is because, when inquiring about the company's accounts, they run the risk of investing or capital flight.

Acknowledgment: "The author is highly thankful to the Editor-in-chief and the referees for their valuable comments and suggestions for improving the quality of paper".

Funding: "This research received no external funding."

Conflicts of Interest: "The authors declare no conflict of interest."

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