

# Personal income tax (PIT) gap in Ecuador

Sebastián Carvajal Mantilla  
([scarvajal@sri.gob.ec](mailto:scarvajal@sri.gob.ec))



# What is the tax gap?

# What is the tax gap?

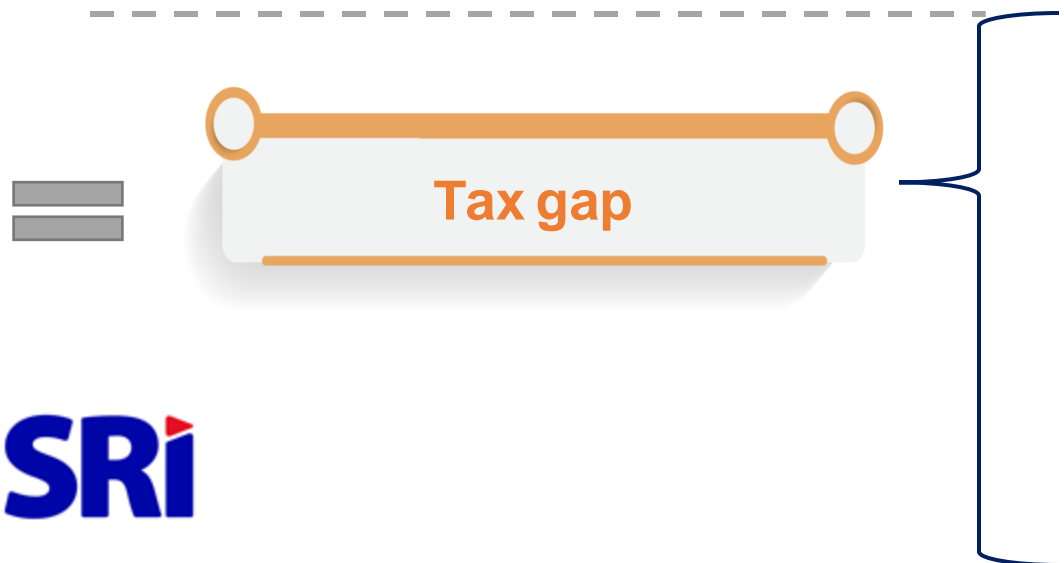
Potential revenue



Effective revenue

**High complexity**

Due to the progressive design, a potential income distribution function is required



Highly informal economy



Weak tax compliance



Lack of fiscal knowledge

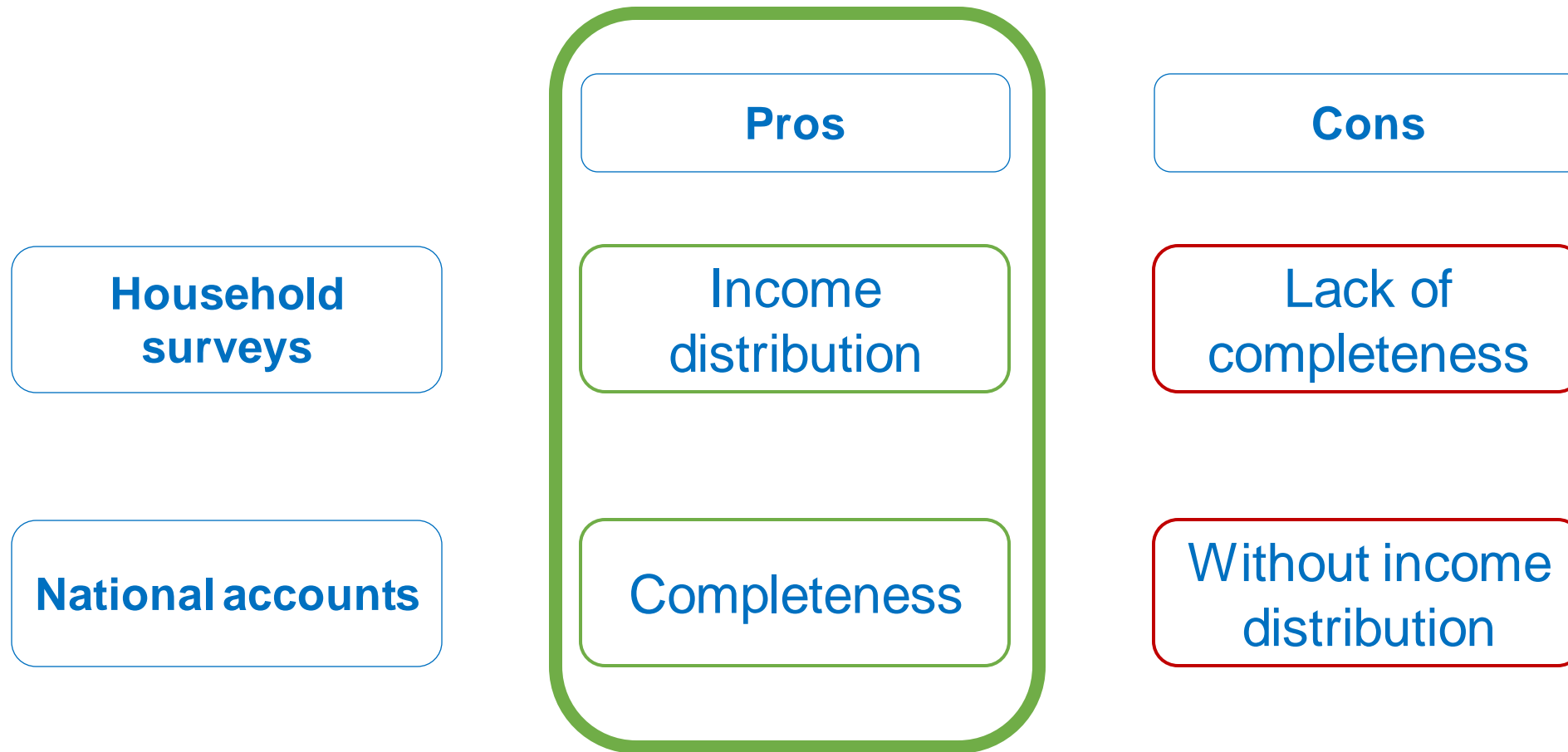


Fiscal evasion/tax avoidance

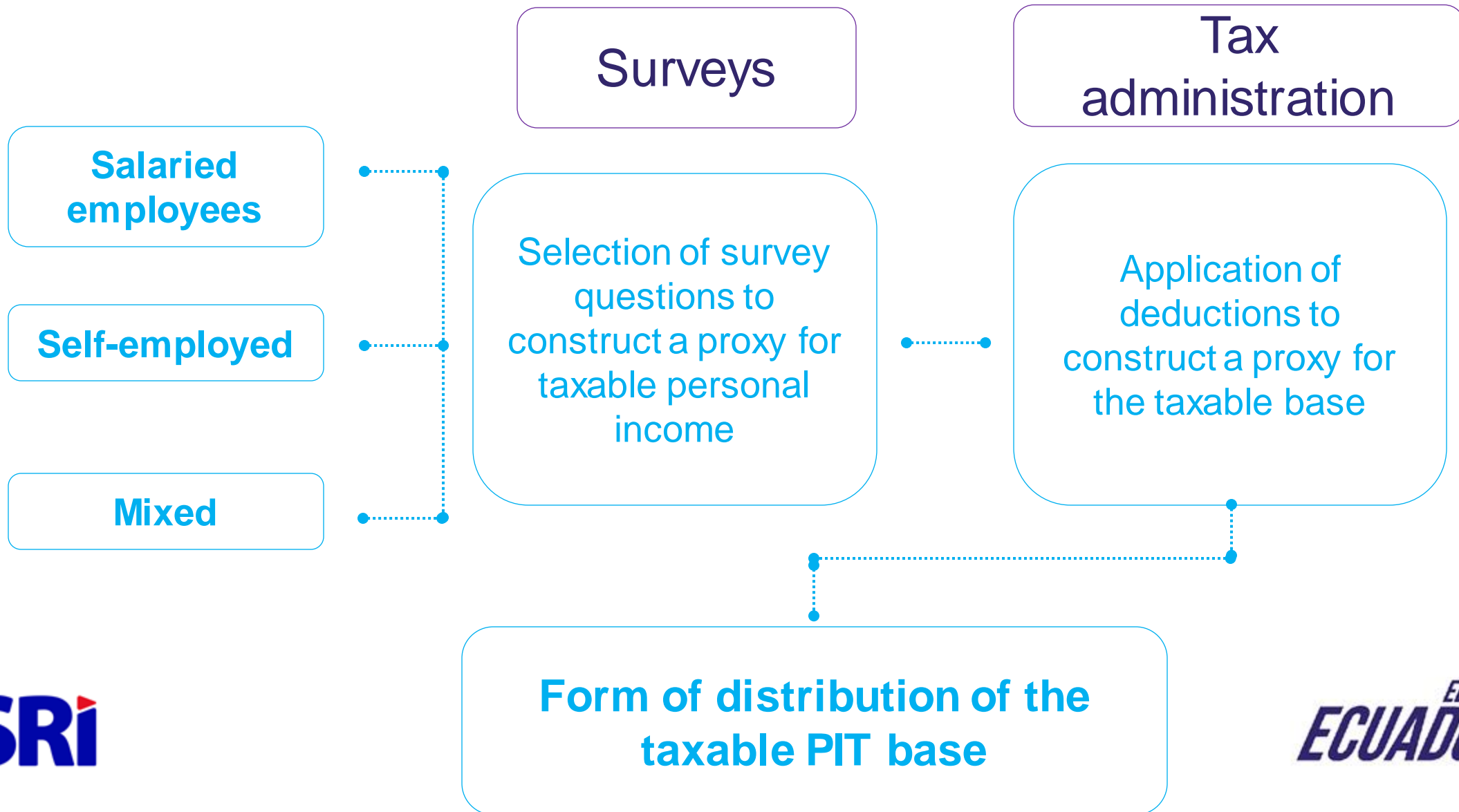


# Structure of potential revenue

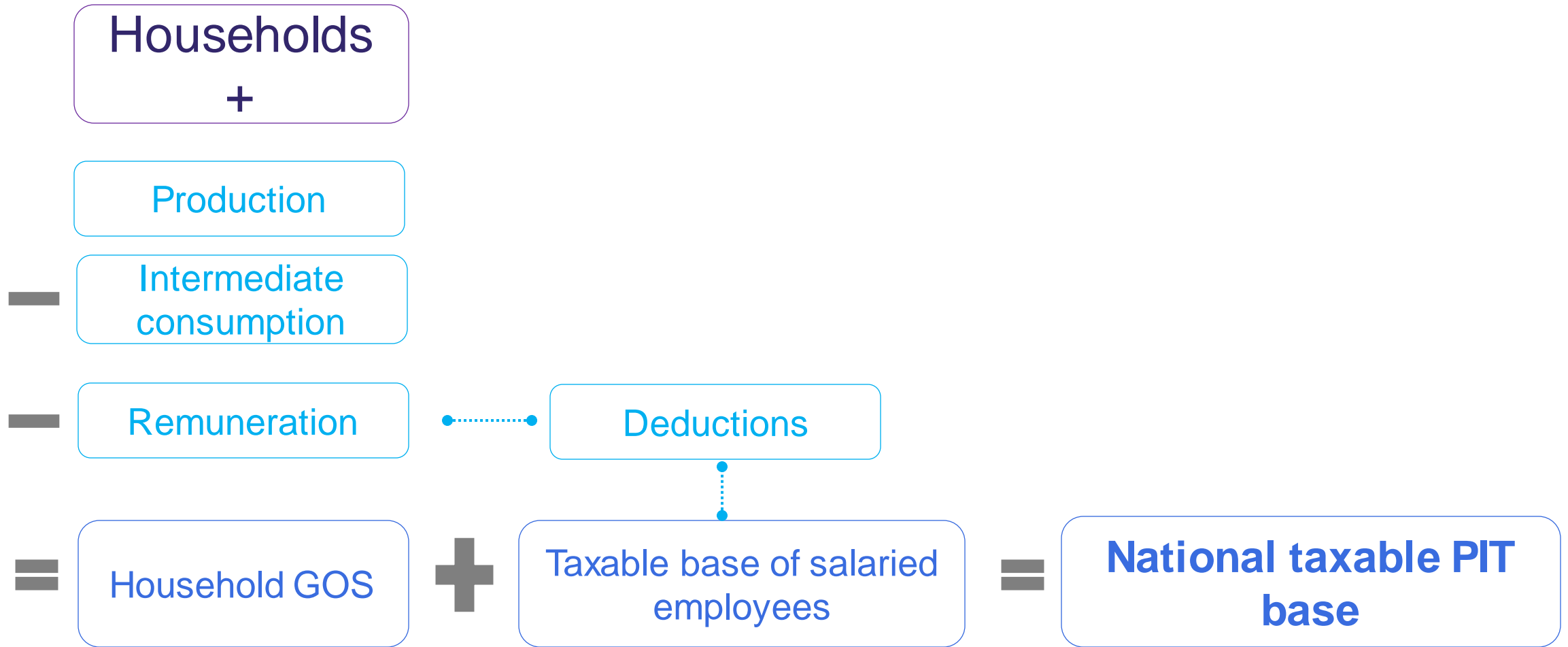
# Calculation of potential PIT – Source of data



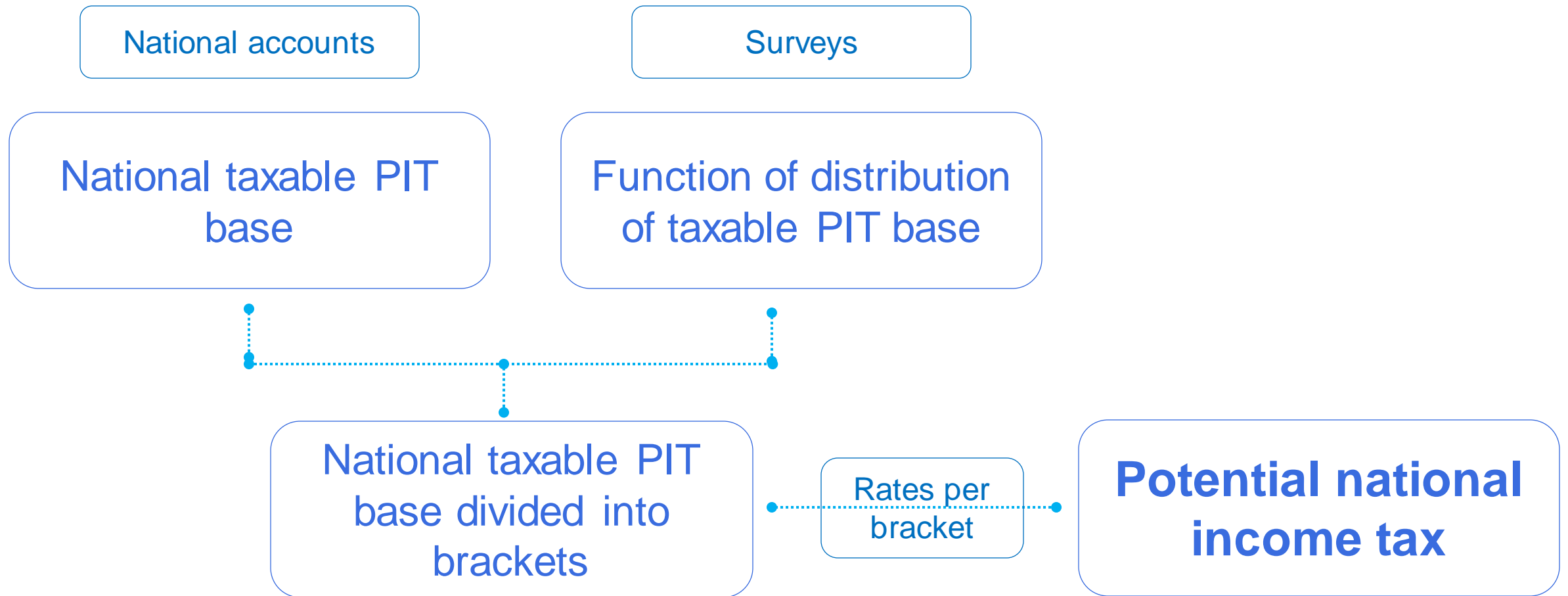
# Distribution of taxed income – household surveys



# / National structure of taxed income – national accounts



# National structure of incurred tax – potential

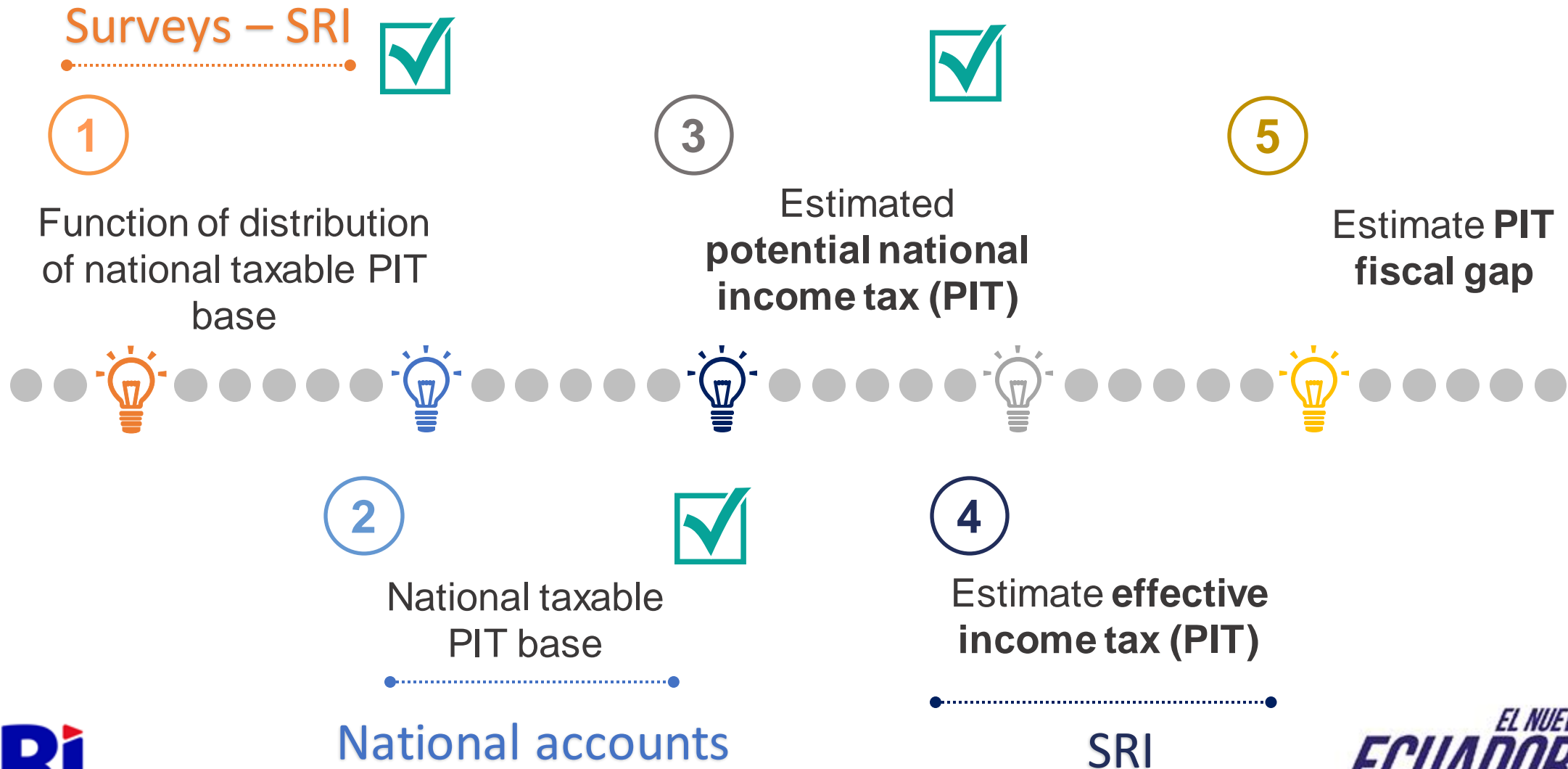




A close-up photograph of a person's hand in a blue shirt pointing at a digital bar chart on a tablet. The chart features several white wireframe bars of varying heights. The background is a blurred blue surface.

# Estimation of gap

# Method for calculating the tax gap – PIT

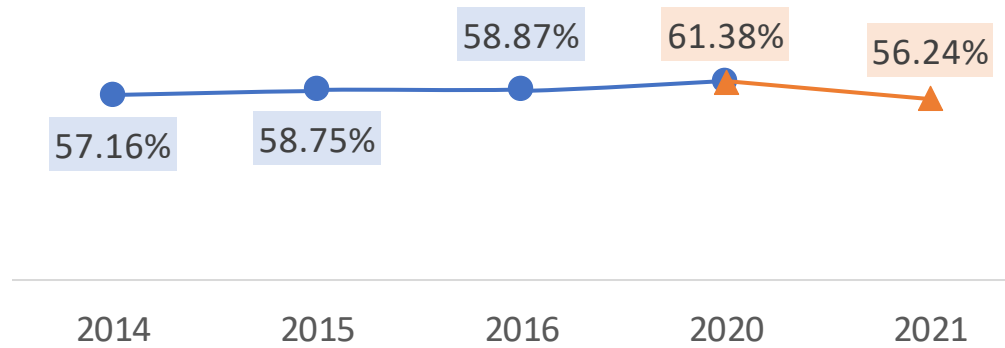


A close-up photograph of a person's hand in a blue shirt pointing at a digital bar chart on a tablet. The chart features several white wireframe bars of varying heights. The background is a blurred blue surface.

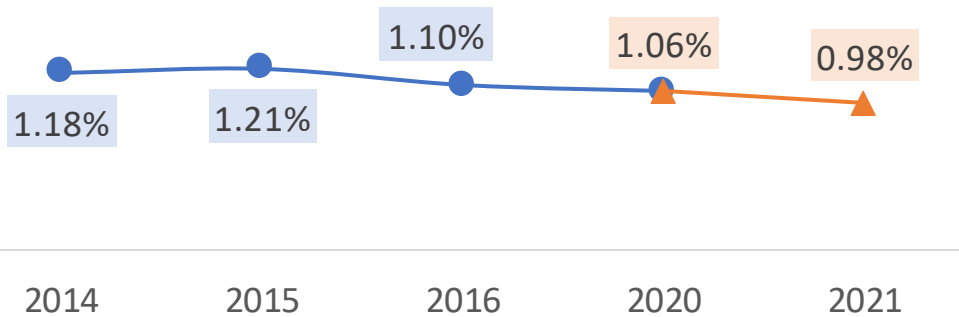
# Results

# Tax gap results – PIT – Ecuador

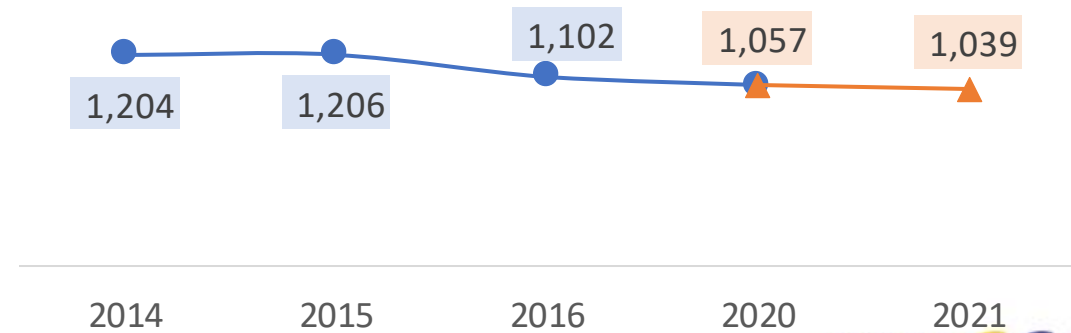
Gap (% of potential)



Gap (% of GDP)



Gap in millions of US dollars



**Note:** The results for 2017-2019 have inconsistencies in terms of the external sources of information for the estimation of the tax gap indicator.





*EL NUEVO*  
**ECUADOR**  **SRI**