RELATIONSHIP BETWEEN TAX COMPLIANCE AND SELF-REGULATION OF THE BRAZILIAN FEDERAL REVENUE

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ABSTRACT

Purpose: Studies regarding the self-regulation project of the Federal Revenue of Brazil are still embryonic. Considering this situation, the research aimed to identify the relationship between tax compliance and self-regulation of the Federal Revenue of Brazil.

Methods: The study concerned Brazilian individuals who were notified by the Federal Revenue of Brazil and of data were collected from reports of the annual inspection plan of the Federal Revenue of Brazil from 2015 to 2018. Pearson's Correlation test explained the relationship between the variables.

Results and conclusions: In this sense, the results showed a positive relationship between tax compliance and self-regulation, suggesting the following: as individuals received notifications from the Federal Revenue of Brazil, the tax collection has increased. Showed that tax collection increased according to the reduction in tax refunds, which was caused by the rectification of health-related expenses.

Originality/value: The study helps public administration to develop strategies in order to stimulate tax compliance.

Keywords: Self-Regulation, Conformity, Correlation.

RELAÇÃO ENTRE CONFORMIDADE TRIBUTÁRIA E AUTORREGULARIZAÇÃO DA RECEITA FEDERAL DO BRASIL

RESUMO

Objetivo: Os estudos presentes na literatura quanto ao projeto de autorregularização da Receita Federal do Brasil ainda são embrionários. Considerando esta lacuna, a presente pesquisa teve o objetivo de identificar a relação entre a conformidade tributária e a autorregularização da Receita Federal do Brasil.

Métodos: O estudo limitou-se a abarcar pessoas físicas brasileiras que foram notificadas pela Receita Federal do Brasil e a coleta de dados foi realizada por meio da busca de dados nos relatórios do plano anual de fiscalização da Receita Federal do Brasil, referentes ao período de 2015 a 2018. O teste de Correlação de Pearson foi utilizado para conhecer a relação entre as variáveis.

Resultados e conclusões: Os achados apresentaram uma relação positiva entre conformidade tributária e autorregularização, sugerindo que, na medida em que crescem as notificações em malha fiscal às pessoas físicas, aumenta também a arrecadação tributária. Revelaram, ainda, que o aumento na arrecadação foi oriundo da redução das restituições do imposto, causadas pelas retificações de valores declarados com gastos relacionados à saúde.

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1 INTRODUCTION

Tax avoidance, popularly known as tax planning, is a tool that developed along with the capitalist business society of large companies, in which managers found themselves in the need to avoid the amount paid in taxes through legal tools and loopholes in the law (Borges, 2014). Also according to this author, at the moment, small and medium-sized companies understand that, in order to become more competitive in the market, they need to follow in the footsteps of the large entities. Thus, tax planning is practiced in companies through corporate tax management in order to learn about the legal and reasonable possibilities to assist in decision making that brings about the reduction of taxes (Martins, 2002; Borges, 2014).

On the other hand, the reduction of the amount of taxes paid by entities through illegal channels, that is, in the opposite direction to what preaches tax planning, is called tax evasion, much known by the population as tax evasion.

For Falcão (2002), tax evasion is the nomenclature used to express abuse of legal forms. Along these lines, Hanlon and Heitzaman (2010) define it as the adoption of practices aimed at reducing taxes, without any observation of the lawfulness.

There is a fine line on the differences between evading and evading, because in both cases the taxpayer’s intention is to reduce the amount paid to the State. The evasion occurs by means of evasion, falsification and omission of data and values before the tax, while the avoidance is a study that works mainly on the incidence of the tribute, its generating event (Torres, 2005).

In Brazil, there is a predisposition to non-payment of the tax for several reasons. One of them is that the amount collected is not applied in the form society corresponds to the amount paid by the population (Siqueira & Ramos, 2006).

In order to minimize tax evasion in Brazil, the Federal Revenue Service of Brazil, in 2012, instituted the fiscal mesh project, with the objective of promoting spontaneous self-regulation of the taxpayer in correcting possible errors of filing in the declarations and in the assessment of taxes, before the initiation of formal review procedure.

According to the Annual Audit Plan of the Federal Revenue Service of Brazil (IRS, 2019), promoting tax compliance is one of the work processes of the IRS value chain that aims to encourage and facilitate compliance with the tax obligation, whether primary or ancillary. The enforcement prioritizes actions focusing on taxpayers who act intentionally to evade, "warning" about indications of errors in complying with the tax obligation. Therefore, the purpose of self-regulation is to increase the degree of tax compliance.

In the light of the above, the following research problem was elaborated: "what is the relationship of tax compliance with the self-regulation of the Federal Revenue Service of Brazil?". The study was limited to the analysis of the annual inspection reports available from the Federal Revenue Service of Brazil. Thus, the analysis period comprised the data contained in the reports from the 2015 to 2018 financial year, referring to Brazilian individuals who were notified through the "fine mesh".
In view of the research problem posed, the study aimed to identify the relationship of tax compliance and self-regularization of the Brazilian Federal Revenue Service of Brazilian individuals.

The research is justified by a theme that contributes to the effectiveness of tax collection based on economic, social and environmental factors, contributing with the State to identify whether self-regularization generates positive results or merely disguises the practice of tax evasion. In this way, the contributions of the study are applicable to the theoretical field, because they assist in the conceptual refinement and of assumptions that can reinforce the basis of studies on tax compliance. From the practical point of view, the research shows that the actions established by the State help to minimize tax evasion. The study also contributes to public administration in determining strategies to stimulate tax compliance.

It is worth pointing out that research on this subject in Brazil is still embryonic, considering that they have concentrated, in greater number, on responsive self-regulation in the sphere of state and municipal tributes.

2 THEORETICAL PICTURE

2.1 Tax Avoidance and Evasion

In order for there to be effective tax planning of entities, it is necessary to understand that the whole system of the company needs to be structured and planned with a view to reducing the tax burden in a lawful manner. However, entrepreneurs believe they can keep their companies only with the knowledge they have of the market, which is a flawed statement (Maximiano, 2006).

In this sense, a survey carried out in 2003, by means of a quanti-qualitative questionnaire, in the region of Passo Fundo (RS), with the purpose of showing how the businessman was attentive to the questions of taxation of his company, proved that the vast majority of the partners delegated tax functions to accounting offices (58.33%) or to accountants hired by the company (37.50%), giving little importance to tax issues. Over the course of the decade, from 2003 until now, a lot has transformed itself, and today an entrepreneur who does not pay attention to the theme does not survive in this ferocious capitalist world. It is almost indisputable that good tax planning provides the basis for bargaining prices and reducing costs, thereby raising the prices of services and products. Tax planning aligned with good business planning is one of the ways a company can survive in a country like Brazil, where tax burdens are so high (Oliveira et al., 2015).

Tax avoidance or planning in the business environment is the way the entity plans its strategies, using the tax object as a basis to legally reduce the amount paid and without harming legislation. It is a preventive organizational practice to confront possible future effects and try to offer a less costly path to the same activity (Rocha et al., 2016).

Tax avoidance is questioned in view of its essence. Even if it does not cause the State to be wronged, some fronts argue that companies cannot use this artifice, since the principle of non-payment of taxes is the same that governs tax evasion and, in both cases, the objective is to reduce the tax payable (Rocha et al., 2016).

According to Ribeiro (2008), in order to characterize tax avoidance, the following requirements must be present cumulatively: (I) practice of a legal act, the form chosen is not suited to the purpose of the rule supporting it, or to the will and effects of the acts performed expected by the taxpayer; (II) unique intention to eliminate or reduce the amount of tax due; (III) identity or similarity of economic effects between the acts performed and the event giving rise to the tax; (IV) protection of the legal order to the way chosen by the taxpayer to evade the tax; (V) present a tax saving in relation to the act provided for in law of tax consequences.
Along these lines, Gutierrez (2006) states that tax avoidance is not used as a remedy after the incidence of the tax, but as a prevention, considering that its action occurs before the incidence of the chargeable event.

However, the study of tax evasion, in short, consists of the taxpayer’s action or omission in order to suppress, reduce or even delay the fulfillment of the tax obligation.

As explained above, Brazil is a country that has a tendency to evade taxes, because the population believes that its way of distribution to society is flawed. This is a problem that directly affects the country's economy, where, even in a crisis scenario, 35.07% of the country's Gross Domestic Product was collected in taxes in the year 2019. This was the highest gross in the last 17 years (Fernandes, 2019). This is an amount of great representativeness and that suffers interference from evasion or simulation, which ends up harming the actions of the State before the people and reducing the tax equity (Siqueira & Ramos, 2006).

According to Poço (2013), social and sociological reasons provide moral support for non-compliance with the tax obligation. Also, according to Poço (2013), other arguments that justify the act of evading taxes are the cases of corruption, tax diversion and an unfair tax system. All of this makes the population believe that the amount raised is much higher than what actually returns to society in the form of benefits.

From this perspective, Sá et al. (2014) argue that political factors, individual satisfaction, trust in others, institutional trust, and religiosity significantly influence the propensity to use illicit practices.

In the light of the above, what differentiates avoidance and evasion is that in evasion the act will always be unlawful, by means of fraud or simulations, always incurring distortions of the information transmitted to the State and committing an offense to the event giving rise to it. Tax avoidance, in turn, is not illegal because it is usually an attitude that precedes the chargeable event, so that it does not occur and thus results in the non-incidence of the tax. Tax avoidance uses lawful practices and legal strategies, from the use of tax benefits granted by the government itself, including exemptions or reductions of taxes for certain purposes. An example is the free zone of Manaus, Amazonas, where the rates and taxes for certain types of companies and certain types of service are reduced with the aim of stimulating the development of the site (Brazil, 1967).

From this perspective, the Brazilian Federal Revenue Service instituted self-regularization, the purpose of which is to encourage and facilitate the correction of irregularities and, consequently, discourage tax evasion.

### 2.2 Self-regulation

In 2012, the Federal Revenue Service launched the Alert Program, which provides an opportunity for self-regulation so that taxpayers can correct errors in filing declarations and in the assessment of taxes. The idea is for the taxpayer to do it before the opening of the formal review procedure (IRS, 2012).

Initially, some transactions were chosen to communicate possible inconsistencies to taxpayers and guide them on the procedures for self-regularization. At first, the IRS, through postings and communication actions, alerted taxpayers to inconsistencies in the data they reported. The inconsistencies were ascertained by cross-checking the data available in the tax authorities' systems. Although the data do not constitute proof of the existence of an infringement of tax legislation, it is possible to identify divergences between the data declared by the taxpayer and the data obtained through third parties or in special tax control systems (Revenue, 2012).

With this initiative, the Federal Revenue Service directs taxpayers to check the data transmitted to the Tax Authorities and, noting misunderstandings, to promote self-regularization spontaneously and free of tax burdens. Therefore, self-regularization, by
rectifying the statements submitted and without the imposition of a fine of letters, can be carried out by the taxpayer provided that the tax procedure has not started (Revenue Federal, 2012).

The Alert Program stems from the successful experience of the Personal Fabric, a procedure in which, annually, about 500,000 taxpayers self-regularize. This avoids thousands of charges and consequent discussions in the administrative and judicial spheres, which presents itself as a benefit to the whole society (Federal Revenue, 2016).

According to the IRS (IRS, 2016), it is important to highlight that the Alert Program:

1. It does not alter the spontaneity of the taxpayer to promote the rectification of the declarations made to the Tax Office;
2. Does not certify tax regularity for taxpayers who do not receive the communication for any of the three programs;
3. It does not restrict the hypothesis of self-regularization only to taxpayers who received the communication from the Federal Revenue.

According to the Secretary of the Federal Revenue of Brazil (Revenue Federal, 2016), the objective of the Annual Plan of Surveillance of the Federal Revenue of Brazil is to promote tax compliance, which is one of the work processes of the value chain that aims to encourage and facilitate the fulfillment of the main or ancillary tax obligation. Thus, two actions can increase the degree of compliance and therefore reduce the cost of compliance: self-regularization actions and simplification of ancillary obligations.

In this sense, the Under-Secretary of Supervision of the Federal Revenue, as recipient of the information provided by taxpayers, has sought to alert taxpayers who intentionally evade: they receive a statement about indications of errors in the fulfillment of the tax obligation (Federal Revenue, 2016).

In this way, the actions instituted by the Federal Revenue of Brazil, besides simplifying the process of self-regularization and compliance with ancillary obligations, contribute to the reduction of the cost of compliance. Therefore, it is expected that there will be a reduction in tax evasion.

According to data collected by the Brazilian Federal Revenue Service in 2019, it requested companies to evaluate their tax data for the calendar year 2014, signaling that among the states that should bear the most penalties, are: São Paulo, with more than R$ 318.68 million; Rio de Janeiro, with about R$ 140.65 and Bahia, with R$ 63.31.

In the 2019 Annual Audit Plan (IRS, 2019), the IRS reported that the amounts recovered by its auditors have increased consistently. From 2013 to 2018, the value acquired jumped from R$ 9 million to R$ 21.92 million. Meanwhile, the tax credit recovered went from R$85.70 million to R$87.70 million between 2017 and 2018. The technology is pointed out as the main improvement, in view of the facilitation promoted by the e-Social projects, SPED (Public System of Digital Bookkeeping) and NF-e (Electronic Invoice).

Since establishing the Fiscal Tax Network, the Brazilian Federal Revenue Service has promoted self-regulation to generate spontaneous collection, reducing fines for individuals and entities, with the aim of establishing a relationship of transparency and compliance.

### 2.2.1 Tax supervision in Brazil

León (2007) defines review as the act of monitoring, examining and verifying the assets, income and economic activities of the taxpayer, with the aim of assessing the legality of those activities from a tax point of view. It is within the competence of the tax administration to supervise, in order to avoid damage to the treasury that occurs through tax evasion. In this sense, the supervisory bodies have the specific mission of exercising a function of control, of compliance with tax obligations directed at a variety of situations, regardless of the possible introduction of taxes in individual cases (Xavier, 1997).
In the light of the constitutional permissive, tax supervision and special tax supervision, within the scope of the Union's fiscal competence, are expressly provided for in Law No. 9.430, of December 27, 1996 (Brazil, 1996). Article 196 of the National Tax Code (Brazil, 1966) establishes the form of the exercise of supervision and states that the authority must draw up the necessary terms for documenting the initiation of the procedure and specifying the applicable legislation. In this way, the National Tax Code induces the existence of only one type of supervisory exercise, i.e. steps in the establishment of the taxpayer. However, supervision can take place within the farm office itself, in tax offices, in customs offices or even on streets or roads where the transit of goods takes place and within the Union.

The supervision in the form indicated by the National Tax Code (Brazil, 1966) is exercised when steps are carried out in the establishment of the taxpayer and a tax action term is drawn up, in which the applicable legislation is indicated. The procedure shall set a maximum time limit for the completion of the work. The inspection within the farm's own division is carried out on the basis of the statements made by the taxpayer and thus the tax administration can be found to have committed illegalities. The same occurs when the inspection is carried out at tax offices, at customs offices, or even on streets or roads where the goods are transported. In the act in which the illegality is committed, the review takes place instantaneously. Finally, there is the special review, carried out within the framework of the European Union, in exceptional cases, indicated in the law itself.

In relation to the inspection carried out in the ranch office, through the declarations made by the taxpayers, the Secretary of the Federal Revenue of Brazil, in the years 1993 and 1994, disclosed studies that showed the increase in the level of tax evasion and its effects on the equity of the Brazilian tax system. Studies have shown that large companies and wealthier taxpayers have benefited from weak enforcement and weak tax legislation. It was found that large companies failed to comply with their tax obligations, in addition to showing deviation of behavior as regards the late payment of taxes and delaying judicial remedies. With regard to the most wealthy taxpayers, 100% of these understated their income (IRS, 2012).

According to the IRS Annual Audit Plan (IRS, 2019), for the year 2015 and 2016, 68% and 77% of the fines, respectively, were targeted at large taxpayers for making use of abusive tax planning, in order to avoid paying taxes. As regards personal taxpayers notified for irregularities in the financial year 2014, 49% corrected their declarations to increase the tax due or reduce the amount to be repaid and another 51% were fined.

In the light of the foregoing, it appears that the commission of unlawful acts is permanent, and action by the State through the tax administration is necessary, in addition to the power of the police to supervise the activities of the taxpayer, with a view to reducing tax evasion. The evasion can only be combated by the joint application of surveillance, imposition of sanctions and measures to strengthen the constitutional identity (Botelho, 2005).

A 1992 study by the International Monetary Fund's (International Monetary Fund, 1992) department of tax affairs on tax administration reform found the main causes of tax evasion: the perception that the tax system is unfair, the complexity of tax legislation, the iniquity of the penalty system, the low levels of integrity and professionalism of administration officials, and the fragility of surveillance programs.

Since then, the Federal Revenue Service of Brazil, through the Sub-Secretariat of Supervision of the Federal Revenue Service of Brazil (SUFIS), acts in order to inhibit the practice of illegal acts, through: (I) monitoring of large taxpayers; (II) promotion of tax compliance; (III) conducting research and selection of taxable persons that will be supervised; and (IV) carrying out the supervision, whether of an internal (review of declarations) or external nature (audits). The Federal Revenue Office acts with the objective of ensuring the collection necessary for the functioning of the State and for the fight against tax evasion and other illicit taxes. To achieve these goals, all actions are conditioned to the tripod: (I) provide the best technological tools; (II) continuously train each professional who acts in the respective work.
processes; and (III) disseminate the knowledge produced in the organization (Federal Revenue, 2016).

In the light of this, it can be seen that the repression of tax evasion is an action of the State aimed at attending to the primary interest in making use of free competition and the secondary interest in obtaining resources for the functioning of the public structure. Therefore, fiscal supervision must be efficient, in the sense that it must not only be exercised lawfully, but producing positive results for the public administration, in its way of organizing, structuring and disciplining and for the community, through the provision of public service (Di Pietro, 2003; Meirelles, 2005).

3 METHODOLOGICAL ASPECTS

The emphasis of the research is on the evaluation of the control system used by the Federal Revenue Service of Brazil, which is based on cross-checking information from the declarations sent by the taxpayers themselves to the tax administration. This system is called the fiscal mesh. Therefore, the study is dedicated to identifying the relationship between tax compliance and self-regulation of the Brazilian Federal Revenue Service, focusing on the individuals who contribute to income tax.

The purpose of the research is to measure the effectiveness of voluntary compliance with tax obligations by taxpayers when they are notified by the Federal Revenue Service of Brazil through the "fine mesh". However much the relationship between Tax and taxpayer is understood as a unilateral imposition of the State, a vision based on a proper relationship, the taxpayer can self-regulate and the results can be more consistent than an action of the tax administration (Barbosa, 2017).

This research adopts the deductive scientific method defined by Lakatos and Marconi (2003) as a process that seeks to explain the content of the premises, by means of a chain of reasoning in descending order, of analysis from the general to the particular. As for the technical approach, the procedure used was secondary data collection by means of the annual inspection reports of the Federal Revenue Service of Brazil.

The population that makes up the object of the study includes potential individuals who were notified by the Federal Revenue of Brazil, as expressed in the annual inspection reports.

To meet the general objective, it was initially necessary to know the Annual Supervision Plan made available by the Secretariat of the Federal Revenue of Brazil (Revenue Federal, 2019) for the period 2015 to 2018. This led to the identification of the quantity of personal taxpayers who, by means of the "fine mesh", were notified to regularize their tax situation. Subsequently, the number of taxpayers who opted to self-regulate was identified in order to avoid penalties from enforcement. Based on the collection, and from the spontaneous action of the taxpayer, it was possible to know the relationship between tax compliance and self-regulation, using Pearson's correlation to measure the correction between the variables.

To find out the relationship between self-regulation and tax compliance, the Pearson correlation coefficient (r) was used, which ranges from -1 to 1. The sign indicates positive or negative direction of the relationship and the value suggests the strength of the relationship between the variables. A perfect correlation (-1 or 1) indicates that the score of one variable can be determined exactly by knowing the score of the other. In the other opposite, a zero-value correlation indicates that there is no linear relationship between the variables (Pearson et al, 1994).

4 RESULTS AND DISCUSSION

From the data collected from the reports available in the period 2015 to 2018, it was possible to make the descriptive analysis as presented below.
Self-regulation is only allowed if the taxpayer does so before being notified or intimidated by the Revenue. It is done through the rectifying statement, which serves to correct declared data. For the taxpayer, self-regulation, besides leaving it in conformity with the State, avoids a fine of 75% of the unpaid tax ascertained by the Revenue. Self-regulation is active until the beginning of the tax procedure, so taxpayers who have non-conformities in previous years can also self-regulate (Federal Revenue, 2019).

Figure 1 shows the amount of taxpayers who have self-regularized and the amount of tax fines in the period 2015 to 2018.

As noted, in the year 2015, 2,342,725 taxpayers self-regularize. In 2016 there were 2,370,581, while in 2017 it had 2,553,277 self-regularizations and in 2018 2,753,771. An increase of 17.5% over the period analyzed here is noticeable. In this way, there is considerable growth in self-regulating taxpayers. And such figures show that the government is managing to raise the level of compliance from the notifications sent to income tax taxpayers, allowing self-regularization by rectifying tax returns. Actuations in the grid fluctuated during the period studied and it is expected that there will be a decrease in the amount of taxpayers under tax deductions.

As regards the volume of collection, Figure 2 shows the composition in the period from 2015 to 2018.

It can be observed that there was a constant evolution in the period between 2015 and 2018, showing an increase of 61% in collection through self-regularization. Meanwhile, mesh filings have generated an increase in revenue of 100% compared to 2015 and 2018. However, the oscillation in the period from 2015 to 2017 was slight. The purpose of self-regularization is that the mesh value is lower than the self-regularized value. It is presumed, therefore, that the figures quoted in the fiscal mesh are still greater than the self-regulated ones, considering that the surveillance still concentrates its force in reviewing the data that end up being caught by the fiscal mesh.

**Figure 1** - Self-regularization and fines in individuals

Figure 2 - Self-regularization and fines, in millions of reals, of individuals


Self-regularization is an effective strategy for the population and for government, since it gives the individual the opportunity to reassess the tribute if he has made some mistake or let some information go unnoticed. At the same time, the procedure assists the government in tax compliance, in addition to being able to increase the amount of taxes to be collected by the taxpayer and decrease the amount of refunds by the government.

Figure 3 demonstrates the result of self-regularization in monetary values.

The annual reports of the Federal Revenue of Brazil revealed that in 2018, base year 2017, self-regularization recovered a total value of R $ 1.36 billion, of which 956 million corresponded to the reduction of income tax refunds and R $ 401 million corresponded to an increase in the value of income tax to collect. Looking at the last years of the self-regularization program, it is clear that most of the "gain" from the program comes from the reduction of taxes to be refunded which, in each year, was higher than the value of taxes to be collected. In 2018, base year 2017, the tax gain amount to be refunded represented 70.44% of the total amount recovered. The year 2017, base year 2016, represented 70.05% which totaled 786 million to be repaid, against 336 million to be collected. In 2016, base year 2015, the amount to be repaid represented 88.84% of the amount recovered, where 951.5 million came from reduction of refund and 220 million came from the increase of taxes payable. In the year 2015, base year 2014, it was no different: 74.18% of the amount recovered by the Tax Office came from the reduction of the refund that represent, in numbers, 615 million of the total of that year.
The reduction in income tax refunds and the increase in income taxes payable are due to two factors: increase in the declared value of income received in the year and reduction in the values of deductions claimed, as shown in Figure 4.

According to Figure 4, the Fiscal Office scored as the most recurrent in self-regularization medical expenditure, which in 2018, base year 2017, was estimated at 1.62 billion. In the year 2017, base year 2016, the figure was 1.363 billion; in 2016, base year 2015, there were 637 million; and, finally, in 2015, base year 2014, 865 million.

From the analysis of the data extracted from the Annual Plan of Surveillance of the Federal Revenue of Brazil and taking into account the research problem exposed, it can be said that self-regularization interfered in the tax compliance of the personal income tax in Brazil, since after the descriptive analysis of the data, referring to the period 2015 to 2018, significant results were obtained.

To find out the relationship between tax compliance and self-regularization, we used the Pearson correlation coefficient, whose data are explained in Table 1.
According to the information presented in Table 1, there is a high correlation between self-regularization and the amount collected in self-regularization. Thus, it can be inferred that, for the period studied, the test showed a relationship between the variables, although it did not have statistical significance due to the quantity of observations. In this way, as the number of taxpayers notified through the tax network increased, so did the amount collected in self-regularization. Thus, the data revealed that there is a positive relationship between tax compliance and self-regularization.

<table>
<thead>
<tr>
<th>Table 1 - Pearson's correlation</th>
<th>Total declarations</th>
<th>Total Self-regularization</th>
<th>Mesh Performance</th>
<th>Value raised from self-regularization</th>
<th>Fabric-actuated value</th>
<th>Self-regulation amount collected (incremental tax payable)</th>
<th>Self-regulation fee (tax reduction to be refunded)</th>
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<tr>
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<td>Correlation Coefficient</td>
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Source: Search data.
5 FINAL CONSIDERATIONS

The present study aimed to identify the relationship between tax compliance and self-regulation of the Brazilian Federal Revenue Service of Brazilian individuals. The analysis of the research was carried out using the Pearson correlation statistical test.

In order to stimulate tax compliance in Brazil, in 2012, the Federal Revenue of Brazil instituted the fiscal mesh project to promote spontaneous self-regulation by the taxpayer, which would have the opportunity to correct possible errors of filing in the tax returns and assessment.

With this in view, the present research has undertaken an analysis of the data made available by the Brazilian Federal Revenue Service, through the annual reports of the Multiannual Plan, inherent to the period from 2015 to 2018.

The data revealed that there was a steady increase in revenue, 61%, in the period from 2015 to 2018, through self-regulation. Meanwhile, mesh penalties have generated an increase in revenue of more than 100% when comparing the period from 2015 to 2018. However, it is expected that the increase in revenue presented in self-regulation will be higher than the value presented in fiscal mesh for the strategy of self-regulation to reach the goal established by the Brazilian Federal Revenue.

It is also assumed that the Federal Revenue of Brazil also acted in the enforcement actions, which provided greater revenue by drawing a comparison with the evolution of the collection due to self-regulation.

In addition, it was possible to observe that the volume recovered in taxes by means of self-regulation came from the reduction of tax refunds caused by the corrections of amounts declared with health expenses.

From Pearson's correlation analysis it was possible to infer that there is a relationship between tax compliance and self-regulation in Brazil for the period studied. It is also possible to demonstrate a positive relationship between self-regulation and collection, that is to say, as the notifications in tax mesh increased, the volume of collection by means of self-regulation also grew.

Therefore, the results found in the course of the research are useful to assist the public administration in the implementation of effective strategies that stimulate tax compliance in the country. In this way, the State will be able to make use of actions that discourage tax evasion, with a view to reducing the tax gap.

The limitations of this research should be highlighted so that due care is taken in the use of the results. Although the statistical analysis showed a high correlation between the variables, it is noted that there was no statistical significance, considering that only four periods were observed. Therefore, it is recommended that future studies expand the observations initiated by this research and that future studies be directed to a defined target audience, using another research methodology. It is suggested, in order to continue the work started here, that behavioral factors and determinants of an individual's fiscal conduct be investigated.

REFERENCES


