Influence of the MYPE Tax Regime on the profitability of the Red Claro Phonecenter S.A.C. company

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Abstract

In the business sector, Peru faces serious complications in the formalization and tax collection, where companies prefer informality and operate outside the tax law to ensure the functionality and profitability of their operations; however, in the long term it ends up affecting the company and the country. In this sense, the objective of this research was to demonstrate the link between the influence of the SME tax regime on the profitability of the company Red Claro Phonecenter SAC. Thus, the research was designed as a non-experimental study of correlational and descriptive type, whose approach was determined as quantitative. For this purpose, a sample of two administration officials and experts in tax matters participated in the study, to whom an 18-item questionnaire was applied. In this way, the reliability and correlation of the Spearman coefficient were lowered, obtaining a 1.000, which means a strong positive relationship, demonstrating the linkage between the variables. Finally, it is concluded that there is an impact generated by the SME tax regime on the profitability of the company.

Keywords: Tax regime; Profitability; Tax administration.

INTRODUCTION

The growth of companies in the telecommunications sector is evident, in recent years the route of connectivity allows the technological differentiation gaps to be closed (Huang et al., 2022); however, this also faces the growth of informality in the business sector, even more so in countries that still do not consolidate the legality of tax and accounting administration (Méndez and Rosado, 2018), which reflects a considerable problem in the competitiveness of the sector, the illegality of the hiring of personnel and with it the breaking of the law (Silupu and Reyes, 2019).

Because of this, states such as Peru are facing the growth of the medium, micro, and small enterprises in the telecommunications sector, which is beneficial for citizens, government administration, and tax collection, reflected in the Gross Domestic Product (GDP) (Bardales and Troncos, 2018). However, public and tax policies make the transition from informality to formality a costly and complex process for newly emerging companies (Anand and Jagadeesh, 2022), whose development and

positioning are yet to be consolidated. In search of safeguarding the tax administration, Peru has implemented the SME Tax Regime (STR), which has been applied since 2017 in that country; the purpose of this regime is to motivate formality by proposing taxes that are consistent with the company's revenues (Damian, 2018).

Thus, the STR established by the National Superintendence of Customs and Tax Administration (SUNAT- Superintendencia Nacional de Aduanas y de Administración Tributaria, 2022) establishes that this regime is the set of tax rules applicable to third category taxpayers under the Income Tax Law and whose income does not exceed 1700 annual tax units (UIT- unidades impositivas tributarias) and whose purpose is to motivate the development and consolidation of companies under the SME regime in the country. Within the STR, they will not have penalties if they omit to keep accounting records, use another format for accounting books, do not show the books to records when required, and do not submit the tax debt declarations in the established times (Phoco, 2018).

However, as part of the regime, it is the SME's commitment to making the corresponding payment of the fixed tax, which is calculated based on the amount invoiced by the SME. If it is less than 15 UIT, it is calculated as 10% and if this is higher it will be 29.5%, for this, the SME taxpayer has to file the annual income tax return. In this way, to benefit from this RMT allows establishing a tax proportional to the profits obtained by the company, access to a lower rate, access to any item, issuance of receipt, and registration of accounting books according to their income (Bernardo and Quispe, 2020).

In that sense, even medium, small and micro enterprises in the telecommunications sector still do not access the STR probably due to a lack of tax knowledge or the benefits, in addition, possibly because they present financial problems or have been affected by the lack of liquidity due to the health crisis; therefore, in search of competitiveness they omit tax payments and are inclined to informality, which can be counterproductive because when they are penalized they are subjected to even more substantial payments affecting their long-term profitability (Chacón and Luque, 2019).

Given this, profitability is not conceived only as capital income but is a set of guidelines that the company establishes to obtain the established purposes, which in the economic area are profits, liquidity, increased production, and improved services, reflected in the profits, also bearing in mind the measurement of the operability of the assets (Jara et al., 2018). Therefore, in small and micro enterprises, the profitability variable is related to the percentages of loss and profit, which leads the company to make decisions in search of stability and increased profitability.

In addition, analyzing profitability helps to understand sales, return on capital assets, and establishes the necessary mechanisms that every company needs to visualize the accounting numbers, and is also directly related to the generation of funds in the medium-term operations (Ramos, 2019). If it were the case that the profitability marks in negative numbers, decisions would have to be made ranging from the dismissal of part of the staff to the modification of production, affecting the structure of the company; with this, management should establish an action plan that achieves increase revenues and decrease costs, also act on the assets achieving increase excellence in the generation of income (Guillermo, 2021).

For this reason, one of these decisions is related to whether or not to choose STR, where SMEs see tax evasion as a viable option or opt more radically for working informally, where failure to pay their taxes generates increased profitability. However, this illegal and evasive measure has an impact on the competitiveness of the sector, workers' rights, and the country's development, without neglecting the fact that its consequences would affect SMEs operating informally in the long term (Torres, 2021).

Therefore, the main purpose of this research is to determine the impact that the SME tax

regime has on the profitability of the company Red Claro Phonecenter SAC, and secondly, to establish the influence that the SME tax regime has on the company's profitability, to describe how formalization influences the company's profitability, and to analyze the tax benefits for the company.

For these purposes, a non-experimental, correlational, and descriptive study was established to be carried out through a quantitative approach. Based on this, a sample of two administrative professionals belonging to the company Red Claro Phonecenter SAC was established. They were submitted to a questionnaire elaborated exclusively to measure the variables of the study.

Methodology

The purpose of the non-experimental cross-sectional research is to determine the link between the SME tax regime and profitability, the methodology being correlational and descriptive, under the quantitative approach because it relies on statistical analysis. The research is located in Peru, focusing on the company Red Claro Phonecenter whose operations are carried out in the Cusco town of San Jeronimo. Thus, the sample consisted of two professionals from the administrative area of the company, to whom the survey technique was applied.

In this sense, the selected instrument was the questionnaire, consisting of 18 items that allowed measuring both variables. In detail, nine items were used to measure the SME tax regime variable, which had the following dimensions: formalization, business development, and tax benefits. Nine items were used for the profitability variable, whose dimensions were: gross margin, return on assets and return on equity.

The information was processed using the SPSS program and analyzed using Spearman's correlation coefficient.

Results and discussion

According to the application of the instruments, the following results have been determined for the following variables:

SME tax regime variable

Table 1. *Formalization dimension*

Alternatives	Item 1 %	Item 2 %	Item 3 %
1. Yes	0	100	0
2. No	100	0	100
Total	100	100	100

The application of the questionnaire to the sample, the results of which are shown in Table 1, shows that for question 1 both managers answered no, the company is registered in the single taxpayer registry as a natural person, likewise for question 2, both answered yes, the company is registered in the single taxpayer registry as a legal entity, while for question 3, both answered yes, the company is currently under the SME tax regime.

Table 2. *Business development dimension*

Alternatives	Item 4 %	Item 5 %	Item 6 %
1. Yes	100	100	100
2. No	0	0	0
Total	100	100	100

Table 2 shows that both respondents answered yes, the company provides its customers with special discount incentives to increase sales, that the prices of its services are in line with total costs, and that customers are satisfied with the service provided by the company.

Table 3. *Tax benefits dimension*

Alternatives	Item 7 %	Item 8 %	Item 9 %
1. Yes			
2. No	100	50	100
Total	0	50	0

In the tax benefits dimension shown in Table 3, it is evident that both respondents answered yes to question 7, the payment on account of income tax that their company applies is within the MYPE tax regime, also for question 8 one

responded that the profitability of their company increases if they do not commit tax violations, while the other answered no, for question 9 both responded that in 2020 their company complied with the books and accounting records required by SUNAT.

 Variable profitability

Table 4. *Gross margin dimension*

Alternatives	Item 10 %	Item 11 %	Item 12 %
1. Yes	50	100	50
2. No	50	0	50
Total	100	100	100

The application of the instrument in the gross margin dimension showed that for question 10 one of the respondents answered yes, the company's sales have increased in 2020 for 2019, while the other respondent disagrees; for question 11 both answered yes, the quality of the service offered determines the gross profit of the company; also for question 12 one respondent answered that he considers that the higher the company's costs the profitability will decrease while the other respondent disagrees, as evidenced in Table 4.

Table 5. *Return on assets dimension*

Alternatives	Item 13 %	Item 14 %	Item 15 %
1. Yes	50	100	50
2. No	50	0	50
Total	100	100	100

Table 5 shows that for question 13 one of the respondents affirms that the total assets of his company justify the net income of his company, while the other disagrees; for question 14 both answered yes, they received fixed assets above the net income of his company and for question 15 one of the respondents affirms that the net income of his company has increased by being in the SME tax regime while the other disagrees.

Table 6. *Return on equity dimension*

Alternatives	Item 16 %	Item 17 %	Item 18 %
1. Yes	50	100	50
2. No	50	0	50
Total	100	100	100

In the application of the data collection instrument provided to two administrative staff in the dimension return on equity, they show that for question 16 one of the respondents states that the operating profit has increased for 2019, while the other disagrees; for question 17 both said that bank loans have been obtained above the capital of their company; and for question 18 one of the respondents states that the net profit of their company invests them in working capital, while the other respondent disagrees.

Correlation of hypotheses

Under data collection and statistical processing, in addition to the application of Spearman's Rho coefficient, the following results were obtained regarding the hypothesis correlations.

General Hypothesis

Table 7. *Correlation between the SME tax regime and the profitability of the Red Claro Phonecenter SAC company.*

			SME tax regime	Profitability
Spearman's Rho	SME tax regime	Correlation coefficient	1,000	1,000
		Sig. (bilateral)	.	,000
		N	2	2
	Profitability	Correlation coefficient	1,000**	1,000
		Sig. (bilateral)	,000	.
		N	2	2

From Table 7 of correlations, it can be observed that a Spearman's rho equal to 1.000 was obtained, which means a strong positive relationship, with a significance of 0.000 less

than 0.05, so the null hypothesis is rejected and the alternative hypothesis is accepted, showing that the SME tax regime does have an impact on the profitability of the Red Claro Phonecenter SAC company.

Specific hypothesis 1

Table 8. *Correlation between the formalization of the Red Claro Phonecenter SAC company and profitability.*

			Formalization	Profitability
Spearman's Rho	Formalization	Correlation coefficient	1,000	1,000
		Sig. (bilateral)	.	,000
		N	2	2
	Profitability	Correlation coefficient	1,000**	1,000
		Sig. (bilateral)	,000	.
		N	2	2

From the correlation table, it can be observed that a Spearman's rho equal to 1.000 was obtained, which means a strong positive relationship, with a significance of 0.000 less than 0.05, so the null hypothesis is rejected and the alternative hypothesis is accepted, where it is demonstrated that the formalization of the Red Claro Phonecenter SAC company, under this tax regime, obtains better profitability.

Specific hypothesis 2

Table 9. *Correlation between the tax benefits of the regime and the profitability of the Red Claro Phonecenter SAC company.*

			Tax benefits	Profitability
Spearman's Rho	Tax benefits	Correlation coefficient	1,000	1,000
		Sig. (bilateral)	.	,000
		N	2	2
	Profitability	Correlation coefficient	1,000**	1,000
		Sig. (bilateral)	,000	.
		N	2	2

From the correlation table, it can be observed that a Spearman's rho equal to 1.000 was obtained, which means a strong positive relationship, with a significance of 0.000 less than 0.05, so the null hypothesis is rejected and the alternative hypothesis is accepted, corroborating that the tax benefits of this regime have an impact on the profitability of the Red Claro Phonecenter SAC company.

The results obtained from the statistics applied to both workers showed a coincidence in most of the questions except in some items, despite this, good results were obtained for the proposed hypotheses, establishing the positive link between the variables as supported by Chongas (2018), whose research also establishes that joining the SME tax regime has a beneficial influence on the profitability of the company. Similarly, Guevara and Gonzalo (2022) point out that the Peruvian state has satisfactorily established tax policies, which are of great importance for the growth of SMEs.

Thus, in the relational analysis, the general hypothesis test, through Spearman's test, yielded a correlation coefficient equal to 1.000 being a perfect correlation statistically speaking, with a significance equal to 0.000 less than 0.05 so the null hypothesis was

rejected and the alternative hypothesis was accepted so it is affirmed that the SME Tax regime impacts the profitability of the Red Claro Phonecenter SAC company. This is similar to that determined by Huamán (2021) in his research entitled "The SME Tax Regime and its impact on the economic situation of the Gas Antonio's SAC company", which also evidenced that the profitability of a company whose annual turnover is less than 1700 tax units by joining the MYPE tax regime guarantees business stability and allows access to business loans and tax benefits.

In addition, for Barreto and Sumalabe (2020), the SME needs to join the corresponding tax regime, as indicated by 83% of the administrative staff working there, under the advice of accountants and specialists in tax matters, thus highlighting their conclusions that, as in the present investigation, the value generated from joining the SME tax regime significantly influences the company's profits, generating credit benefits with banking entities. This is also determined by Lizárraga (2016) in his research entitled "La implementación de un régimen especial de insolvencia para las Mype" (The implementation of a special insolvency regime for SMEs).

Table 8 and Table 9 offer information for the specific hypotheses. In the first specific hypothesis, there is a correlation coefficient equal to 1.000, which means that there is a positive and perfect relationship, with a significance equal to 0.000 less than 0.05, so the null hypothesis was rejected and the alternative hypothesis was accepted, so it is affirmed that the formalization of the Red Claro Phonecenter SAC company, under this tax regime, obtains better profitability. This is also proven by the research of Cortez (2021) who determines that formalization in the business sector in Peru is still in the process of consolidation, but with tax initiatives such as the regime under study, better conditions can be established for the emergence and consolidation of the medium and small Peruvian business sector.

Concerning the second specific hypothesis, there is a Spearman's rho equal to 1.000, which

is considered a perfect positive relationship since it reaches unity, with a significance equal to 0.000, less than 0.05, so the null hypothesis was rejected and the alternative hypothesis was accepted allowing affirming that the tax benefits of this regime impact the profitability of the Red Claro Phonecenter SAC company. Which is corroborated by the research of Ticona and Condori (2019) entitled "Tax planning and its impact on the tax management of the company Comunicaciones Sur Peruana E.I.R.L, Puno - 2018"; and by Palomino (2021) in the inquiry "Tax strategies for the reduction of non-deductible expenses in a telecommunications company, Lima 2020". With this, the authors determine that the benefits offered by this regime allow the development of companies, especially in sectors that are in the process of constant growth, such as telecommunications.

Experts conclude that any benefit that the tax administration provides to growing companies strengthens the private sector and guarantees the country's development. Therefore, the fiscal and tax benefits not only affect private companies, but also the country with economic growth, liquidity, and market fluidity.

Conclusions

According to the above, it is determined that there is an impact generated by the SME tax regime and the profitability of the Red Claro Phonecenter SAC company, where the influence of the STR on profitability is proven with Spearman's Rho coefficient of 1.000, being a perfect correlation statistically speaking, with a significance equal to 0.000, less than 0.05.

Finally, it is concluded that, at the tax level, the SME tax regime benefits the profitability of the company, improving the formalization and obtaining better tax benefits, benefiting from bank loans and different benefits that the state provides to companies that do pay taxes, making them be appreciated for their good regime. Otherwise, going informal can lead to a lack of liquidity due to tax fines, resulting in a bad categorization of

the company in the banking system and affecting the national economy, as well as its prestige.

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