

## *Chapter 9*

### **El Salvador: The Tax Education Diploma – Teaching teachers to teach tax**

*General Directorate of Internal Taxation*

*This chapter presents El Salvador's taxpayer education programme. It first gives an overview of the whole programme and its objectives, followed by a focus on one specific element, the Tax Education Diploma. It subsequently looks at the impacts and lessons learnt of the initiative, followed by an outlook on next steps.*

El Salvador collects one of the lowest levels of tax revenue in Latin America (14.3% in 2009), well below the regional average (ECLAC, 2012). The Ministry of Finance, through the General Directorate of Internal Taxation (DGII; Box 9.1), has launched various activities to increase tax revenues. One of its most effective initiatives was to approve the Taxation Code in 2001, which significantly increased revenues from internal taxation. Subsequent tax reforms strengthened the tax code, while supervision and sanctioning procedures were also increased and strengthened.

It was not until 2008 that the Ministry of Finance complemented these enforcement approaches with a strategy to achieve a cultural shift in how taxes are viewed in El Salvador.

This was the goal of the European Union’s EUROsocial Taxation Programme, which supported a tax education programme in El Salvador through a pilot project in 2008-09. This provided the technical and financial support to build the foundations of the current programme. As part of this pilot project, Argentina’s Department of Tax Education at the Federal Administration of Public Revenues (AFIP), which already had ten-years’ experience in tax education, became a reference around which to shape an action plan for El Salvador’s tax education programme.

A Tax Education Programme Unit was set up within DGII in 2009. This unit also acts as an inter-institutional link between the Ministry of Finance and the Ministry of Education. Since then, tax education has become a fundamental pillar of the Ministry of Finance and is now one of its public policies for achieving its 2009-2014 Five-Year Plan.

### Box 9.1. General Directorate of Internal Taxation (DGII)

The DGII’s main tasks are to apply and enforce all those laws on taxation, including tax rates and tax contributions, assigned to the General Directorate by law. Its main activities include:

- taxpayer assistance, receipt and processing of any tax statements
- taxpayer registration and control
- the issue of resolutions to varying degrees.

The DGII has 1 100 employees spread around 80 urban/rural offices of the Ministry of Finance. There is one General Director, a General Sub Director, an Administrative Manager and 26 staff or advisory units, including the Tax Education Unit.

For more information:

Website: [www.mh.gob.sv](http://www.mh.gob.sv) and [www.edufis.mh.gob.sv](http://www.edufis.mh.gob.sv)

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*Source:* General Directorate of Internal Taxation.

## El Salvador’s taxpayer education

El Salvador has a huge range of taxpayer education activities. Many involve formal teaching approaches, while others are less formal.

- Since 2009, tax education subjects have been included in Ministry of Education’s study programmes.

- A Tax Education Diploma for teachers and students of mid-level technical education (junior college).
- Tax education workshops for pre-school, basic and general mid-level educators. These generate teachers' awareness of the social relevance of taxation and provide teaching guides and materials for teaching tax education study programmes.
- Courses and university forums for general mid-level, technical mid-level and university students on the social relevance of taxation.
- In-house training for Ministry of Finance employees on the social significance of taxation and the various tax education activities available.
- Training for employees in other public and private institutions to encourage awareness amongst public officials or taxpayers in the private sector of the social relevance of taxation.
- Professional training on the social relevance of taxation for students (future public officials) in the Ministry of Finance's Human Talent Programme.

#### Box 9.2. Objectives of taxpayer education in El Salvador

- Complement enforcement with awareness.
- Bring about a cultural shift in how taxes are viewed.
- Cultivate social values, citizenship and tax culture.

Source: General Directorate of Internal Taxation.

The Tax Education Programme Unit has created the *RecreHacienda!* and *Exprésate* activity centres as fun spaces where children and teenagers can learn the social relevance of taxation through games and recreational activities. A programme called *RecreHacienda! Under the Sun* brings Tax Education Unit staff to educational centres where they arrange open-air group events on tax culture. Ministry of Finance staff also visit schools to carry out entertaining and educational activities.

Plays are put on in the theatre to change perceptions and improve tax culture. Information stands, tax education bulletins and informative cards are other techniques used.

### Focus on: The Tax Education Diploma

The Tax Education Diploma, launched in 2009, trains accounting and business teachers and students in mid-level technical education (junior college), both on-site and online. This joint strategy of the Ministries of Education and Finance aims to improve the tax literacy of technical mid-level college teachers, who then share their knowledge with their students, parents, principals, relatives and teaching colleagues. The Tax Education Diploma involves a technical component, enabling teachers to integrate tax issues into all subjects they teach. It applies the three foundations, or pillars, on which tax education is based: values, citizenship and tax culture.

Technical subjects – such as updates to the tax code, personal income tax and value-added tax (VAT) – are taught to teachers during eight online courses through the Moodle distance learning platform, [www.edufis.mh.gob.sv](http://www.edufis.mh.gob.sv). Each week the online work sets different reading material and each participant is required to answer a questionnaire, to participate in various forums and to complete tasks required by the online tutor. At the end of each week the participant's work is graded.

In 2012, the online Tax Diploma module was implemented for students in other educational centres. Accounting and business teachers participating in the diploma programme who had obtained outstanding grades became online tutors for new participants.

The diploma operates through a partnership between the Ministry of Education and the educational centres. The Ministry of Education draws up an annual operating plan for the diploma. It reviews the material to be published in each diploma programme, designs appraisals for each course, supervises participants and accompanies Ministry of Finance staff to any on-site course. It is the role of the educational centres to encourage teachers or students to participate in the diploma programme, to help arrange and run Tax Culture Week (Box 9.3) and to help teachers or students use computers during the online course.

Several technicians provide permanent support to graduate students (one from the Ministry of Education, two from the Ministry of Finance and four part-time trainers). Overall, three departments in the Ministry of Education and five in the Ministry of Finance are involved. Staff participating in the initiative are trained both in on-site and online education.

Staff costs are USD 10 000 for every graduate trained through the eight courses (estimated average value based on the technical staff time spent assisting diploma students, operators and administrative staff).

### Box 9.3. Tax Culture Week

This activity was initially created to ensure that teachers shared with their students all their updated tax knowledge. With the involvement of the educational community, including parents, Tax Culture Week uses the three pillars of tax education (training in values, construction of citizenship and tax culture) to teach taxpayers about the importance of demanding purchase receipts, caring for public spaces, citizen participation, official reports to control tax evasion, the rendering of accounts, etc. This activity also involves the implementation of educational actions launched by students through social networks (such as Facebook and Twitter).

Some educational centres arrange parades along the local streets, raffles involving the verification of formal requirements imposed on receipts and invoices, fashion shows with clothing made of VAT documents (invoices and receipts), discussions on the rendering of accounts with municipal mayors, etc. These actions require a high level of logistics and involvement on the part of the educational community.

One task assigned to participants – checking purchase documents (invoices and receipts) to discourage informal economic activity – generates an average of 1 000 reports of non-compliance during the first two days of Tax Culture Week activities.

*Source:* General Directorate of Internal Taxation.

## Impacts

Each Tax Education Diploma graduate is assessed, allowing the Tax Education Diploma Programme to improve each year. Various quantitative evaluations are also conducted of each course to assess learning and the participants' commitment to tax culture. These evaluations are carried out by the Tax Education Unit and supervised by Ministry of Education representatives, who subsequently evaluate the academic competences involved in the Mid-Level Technical Education Programme (Business or Accounting Assistance option). In turn, the Ministry of Education receives the input of teachers and students participating in the diploma programme.

To date, the main results of the Tax Education Diploma programme include the following:

- A large number of teachers trained in tax education: 629 teachers of technical accounting college subjects are now Tax Education Diploma graduates, representing 70% of the teaching sector in this specialty.
- A large number of students learning about tax: 150 960 business students have been taught tax education by their teachers. These students may now offer better services when joining the job market due to their up-to-date tax knowledge and enhanced entrepreneurial skills. Should they decide to set up their own business, they possess basic knowledge of the relevance of voluntary tax compliance for the country's progress.
- Strengthened inter-institutional ties: the exchange of technical resources between the Ministries of Education and Finance in planning and implementing the diploma has enabled tax education to be included in fourth-, fifth- and sixth-grade study programmes and, since 2012, in the study programmes at mid-level technical colleges.
- Perception changes: El Salvador's Tax Education Programme has had an important impact on citizens, promoting behavioural change through entertaining and educational strategies directed at children, adolescents, university students, teachers, public officials and professionals, amongst others. One sign of changing perceptions is that programme participants are now organising their own tax education events, thereby enhancing the wider impact on national communities. A good example is Tax Culture Week (Box 9.3).
- Uptake of the approach by other disciplines: in another indication of a change in perceptions, many teachers in other disciplines are showing an interest in participating in the Tax Education Diploma Programme. This has encouraged the Ministries of Tax and Education to consider a pilot project for Tax Education Diploma graduates aimed at teachers and students in other disciplines, which was to commence in July 2013.

The Ministry of Finance's efforts were acknowledged in 2011 by the Secretariat for Strategic Affairs (Presidency of the Republic of El Salvador), when it was awarded first prize for its Tax Education Programme. It was also recognised for best practice in ES-CALIDAD, a national quality award that celebrates excellence achieved in the management of public and private organisations.

## Lessons learnt

The main challenges encountered included:

- Scarce inter-institutional human resources to assist Tax Education Diploma graduates on-site and online.
- Internet access difficulties by teachers and participating students: despite this the drop-out rate in the diploma programme during the online stage was less than 10%.
- An initial fear of using technological tools for training: this initial fear was overcome once they had had their first online lesson.
- The Tax Education Diploma demands additional effort by both teachers and students; initially it was viewed as a very demanding responsibility. However, the wish to learn and the methodologies and duration of the programme have ensured satisfactory completion.

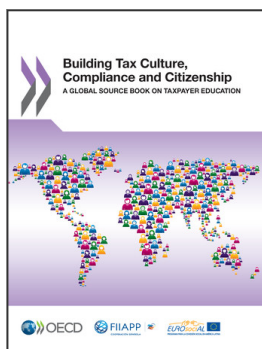
## Next steps

Improvements planned for the future include the following:

- to extend the coverage of educational institutions, teachers and students, in various specialities and educational levels
- to further strengthen inter-ministerial communication processes
- to measure the impact of the programme and of the Tax Education Diploma
- to continue to improve the Tax Education Diploma as needs and demands gradually arise
- to strengthen study plans and programmes, such as introducing tax education just after pre-school.

## *Reference*

ECLAC (UN Economic Commission for Latin America and the Caribbean) (2012), *Tax Structure and Tax Evasion in Latin America*, ECLAC, Santiago.



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