

Public Finances

Luis Francisco Gomez Lopez

2024-01-29

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Please Read Me

- Check the message **Welcome greeting** published in the News Bulletin Board.
- Dear student please edit your profile uploading a photo where your face is clearly visible.
- The purpose of the virtual meetings is to answer questions and not to make a summary of the study material.
- This presentation is based on ([Cardenas 2020, chap. 6](#))

Purpose

Explain the role of the State in the economy

Economic functions of government

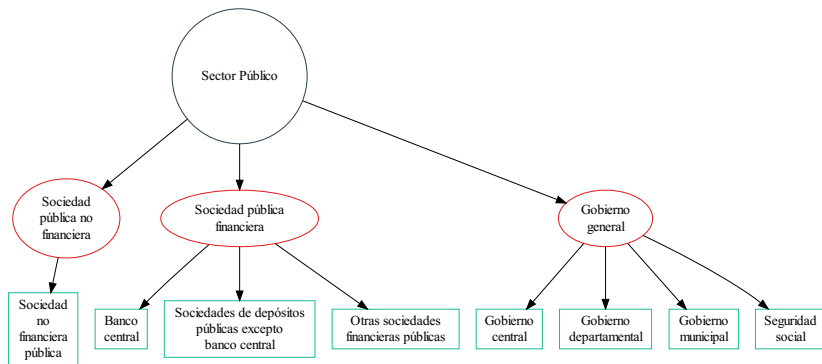
- What are the economic functions of government? ([Education 2010, 45–54](#))
 - **Maintain the Legal and Social Framework**
 - Define and enforce property rights
 - Establish a monetary system
 - **Maintain competition in the marketplace**
 - Create and enforce antitrust laws
 - Regulate natural monopolies
 - **Provide public goods and services**
 - Some goods and services are not provided by the market in the quantities desired by society

Economic functions of government

- What are the economic functions of government? ([Education 2010, 45–54](#))
 - **Correct for externalities**
 - Reduce negative externalities
 - Encourage increased production of goods and services that have positive externalities
 - **Stabilize the economy**
 - Reduce unemployment and inflation
 - Promote economic growth
 - **Redistribute income**
 - Targeting public spending
 - Collect taxes

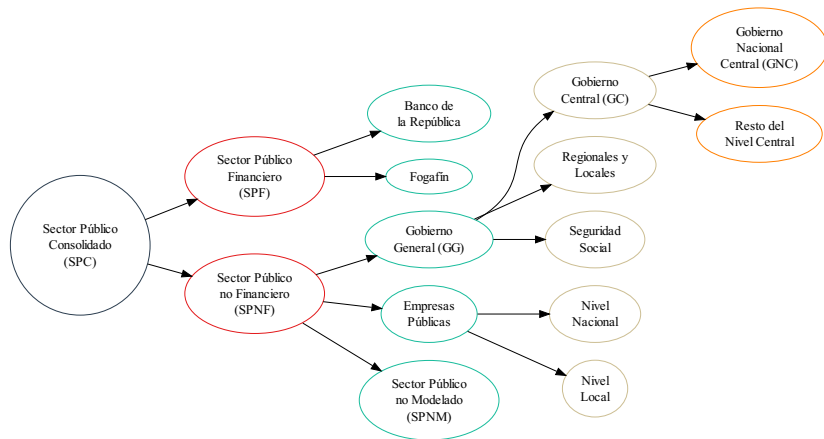
Colombian public sector

- Division based on (Fund 2014, fig 2.3) and (CIEFP 2021) using the **Clasificación entidades según Código Único Institucional - CUIN**



Colombian public sector

- Division based on how the difference balances are reported by MinHacienda¹



¹<https://www.minhacienda.gov.co> > Entidades Financieras > Política Fiscal

Colombian public sector

- Central National Government (Gobierno Nacional Central (GNC))
Fiscal Balance
 - The fiscal balance is the difference between the central national government's revenues and its expenditures
 - It shows the extent to which expenditure in a given year is financed by the revenues collected in that year ([OECD 2021](#), p 68)
 - When the central national government spends more than it collects as revenues, it has a **fiscal deficit**
 - When the central national government spends less than it collects as revenues, it has a **fiscal surplus**

Colombian public sector

Concepto	2022 ^a
INGRESOS CORRIENTES DE LA NACION	14.57
INGRESOS TRIBUTARIOS	14.48
DIAN	14.43
Renta	6.38
IVA interno	3.76
IVA externo	2.60
Gravamen arancelario	0.43
Sobretasa a la Importaciones CIF	0.00
Imp. Nacional a la Gasolina y ACPM	0.11
Impuesto al Carbono	0.02
Consumo	0.18
CREE	0.00
Sobretasa a la Gasolina y ACPM	0.00
Gravamen movimientos financieros	0.84
Resto	0.05
Timbre	0.01
Impuesto SIMPLE	0.07
Normalización	0.02
Retención en la fuente inmuebles	0.00
Contribución para la Democracia (Patrimonio) / Impuesto a la riqueza	0.00
INGRESOS NO TRIBUTARIOS	0.09
Contribución de Hidrocarburos	0.00
Concesiones	0.00
Resto	0.09

Source: Ministerio de Hacienda y Crédito Público - Balance Gobierno Nacional Central

Last update: 2023-09-22

^a %PIB - Cierre fiscal

Colombian public sector

Concepto	2022 ^a
1. INGRESOS TOTALES (SIN CAUSADOS)	16.29
INGRESOS CORRIENTES DE LA NACION	14.57
INGRESOS TRIBUTARIOS	14.48
INGRESOS NO TRIBUTARIOS	0.09
FONDOS ESPECIALES	0.25
OTROS RECURSOS DE CAPITAL	1.47
Rendimientos Financieros Totales	0.09
Excedentes Financieros	1.25
Ecopetrol	1.11
Banco de la República	0.02
Telecom	0.00
Isa e Isagen	0.00
Bancóldex	0.00
Etapúblicos	0.06
Resto de empresas	0.07
Recuperación de cartera SPNF (intereses)	0.02
Otros recursos	0.11
Reintegros y recursos no apropiados	0.19
Resto	-0.08

Source: Ministerio de Hacienda y Crédito Público - Balance Gubernamental Nacional Central

Last update: 2023-09-11

^a %PIB - Cierre fiscal

Colombian public sector

Concepto	2022 ^a
1. INGRESOS TOTALES (SIN CAUSADOS)	16.29
INGRESOS CORRIENTES DE LA NACION	14.57
INGRESOS TRIBUTARIOS	14.48
INGRESOS NO TRIBUTARIOS	0.09
FONDOS ESPECIALES	0.25
OTROS RECURSOS DE CAPITAL	1.47
2. PAGOS TOTALES	20.44
PAGOS TOTALES SIN INTERESES	17.27
PAGOS CORRIENTES DE LA NACION	17.74
INTERESES	3.17
Intereses deuda externa	0.75
Intereses deuda interna	2.42
Costo impuesto endeudamiento externo	0.00
FUNCIONAMIENTO	14.56
Servicios personales	1.94
Transferencias	11.94
Transferencias regionales (SGP desde 2002)	3.27
Pensiones	2.59
Otras	6.08
Gastos generales y otros	0.69
INVERSION	2.70

Source: Ministerio de Hacienda y Crédito Público - Balance Gobierno Nacional Central

Last update: 2023-09-11

^a %PIB - Cierre fiscal

Colombian public sector

Concepto	2022 ^a
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PAGOS CORRIENTES DE LA NACION	17.74
INTERESES	3.17
FUNCIONAMIENTO	14.56
INVERSION	2.70
3. DEFICIT O SUPERAVIT EFECTIVO	-4.15
PRESTAMO NETO	0.00
INGRESOS CAUSADOS	0.00
GASTOS CAUSADOS¹	1.14
DEUDA FLOTANTE	-0.01
4. DEFICIT O SUPERAVIT TOTAL	-5.29
5. COSTOS DE LA REEST. FINANCIERA	0.00
6. DEFICIT A FINANCIAR	-5.29
BALANCE PRIMARIO	-0.97

Source: Ministerio de Hacienda y Crédito Público - Balance
Gobierno Nacional Central

Last update: 2023-09-11

^a %PIB - Cierre fiscal

Colombian public sector

Concepto	2022 ^a
1. INGRESOS TOTALES (SIN CAUSADOS)	238,262,876,129,082.2
INGRESOS CORRIENTES DE LA NACION	213,302,687,997,983.4
INGRESOS TRIBUTARIOS	211,998,571,820,316.6
INGRESOS NO TRIBUTARIOS	1,304,116,177,666.7
FONDOS ESPECIALES	3,629,726,179,829.0
OTROS RECURSOS DE CAPITAL	21,330,461,951,269.8
2. PAGOS TOTALES	299,224,676,013,199.5
PAGOS TOTALES SIN INTERESES	252,805,749,828,721.0
PAGOS CORRIENTES DE LA NACION	259,628,119,221,462.8
INTERESES	46,418,926,184,478.5
FUNCIONAMIENTO	213,209,193,036,984.3
INVERSION	39,596,556,791,736.6
3. DEFICIT O SUPERAVIT EFECTIVO	-60,961,799,884,117.4
PRESTAMO NETO	-5,612,231,647.8
INGRESOS CAUSADOS	0.0
GASTOS CAUSADOS¹	16,745,800,033,191.7
DEUDA FLOTANTE	-122,518,666,967.6
4. DEFICIT O SUPERAVIT TOTAL	-77,579,469,018,693.6
5. COSTOS DE LA REEST. FINANCIERA	0.0
6. DEFICIT A FINANCIAR	-77,579,469,018,693.6
BALANCE PRIMARIO	-14,414,742,801,023.4

Source: Ministerio de Hacienda y Crédito Público - Balance Gobierno Nacional Central

Last update: 2023-09-11

^a Pesos colombianos (COP)

Revenues: taxes

- Useful resources
 - **Global Revenue Statistics Database**
 - <https://stats.oecd.org/> > Data by theme > Public Sector, Taxation and Market Regulation > Taxation > Global Revenue Statistics Database > Global Revenue Statistics Database
 - **Guía ciudadana a la tributación y el gasto del Estado colombiano** (Universidad Javeriana 2018)
 - <https://www.ofiscal.org/publicaciones> > guías ciudadanas > Tributación y gasto del Estado colombiano > Tributación y gasto del Estado colombiano > ver y descargar ↓

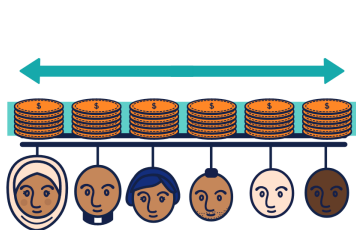
Revenues: taxes

- **Taxes:** “compulsory unrequited payments to the general government or to a supranational authority” (OECD 2020, 319)
 - “Taxes are unrequited in the sense that benefits provided by government to taxpayers are not normally in proportion to their payments” (OECD 2020, p 319)
 - “The term **tax** does not include fines, penalties and compulsory loans paid to government” (OECD 2020, p 319)
 - Compulsory social security contributions and paid to general government are treated here as tax revenues (OECD 2020, p 320)

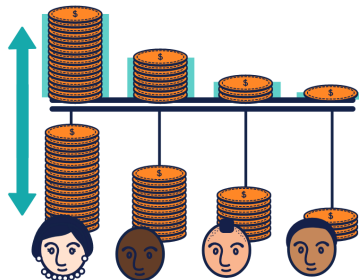
- **Classification of Taxes by the OECD** (OECD 2020, 317–18)
 - 1000 Taxes on income, profits and capital gains (Impuestos sobre la renta, las utilidades y las ganancias de capital)
 - 2000 Social security contributions (Contribuciones a la seguridad social)
 - 3000 Taxes on payroll and workforce (Impuestos sobre la nómina y la fuerza de trabajo)
 - 4000 Taxes on property (Impuestos sobre la propiedad)
 - 5000 Taxes on goods and services (Impuestos sobre los bienes y servicios)
 - 6000 Other taxes (Otros impuestos)

Revenues: taxes

- According to the Colombia's political constitution:
 - “ARTICULO 363. El sistema tributario se funda en los principios de **equidad, eficiencia y progresividad**. ...”
- Equity



(a) Horizontal



(b) Vertical

Figure 1: Horizontal and vertical ([Universidad Javeriana 2018, 8](#))

Revenues: taxes

- **Efficiency:** taxes change the behavior of individuals and sometimes distort the economic activity by creating a deadweight loss. Therefore the idea is to have a tax system that minimize or mitigate these negative effects

Revenues: taxes

Progressivity

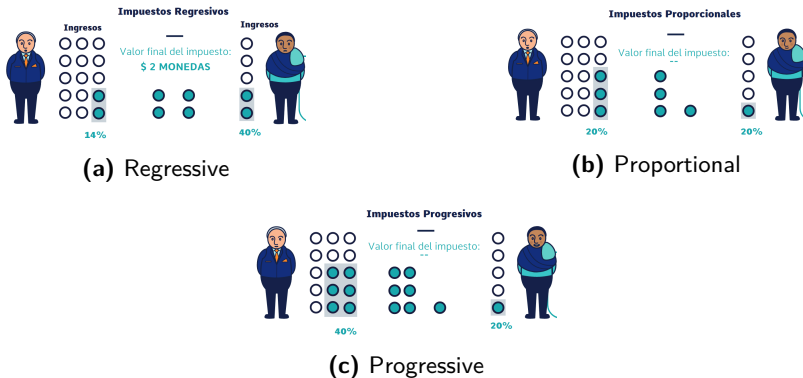


Figure 2: Regressive, proportional and progressive tax ([Universidad Javeriana 2018, 11](#))

Revenues: taxes

Total tax revenue as % of Gross Domestic Product

Period: 1990 – 2021



Source: Global Revenue Statistics Database – OECD
Last update date: 2021-12-16

Revenues: taxes

Tax structures for Colombia (COL), Latin America and the Caribbean (LAC) and OECD
Variable: Tax revenue as % of total taxation
Period: 2020



Source: Global Revenue Statistics Database – OECD
Last update date: 2021-12-16

Expenditures

- Useful resources
 - **Portal de transparencia económica**
 - <https://www.pte.gov.co> > PRESUPUESTO GENERAL DE LA NACIÓN > Ejecución
 - **Guía ciudadana a la tributación y el gasto del Estado colombiano** (Universidad Javeriana 2018)
 - <https://www.ofiscal.org/publicaciones> > guías ciudadanas > Tributación y gasto del Estado colombiano > Tributación y gasto del Estado colombiano > ver y descargar ↓

- **Presupuesto General de la Nación (PGN)**

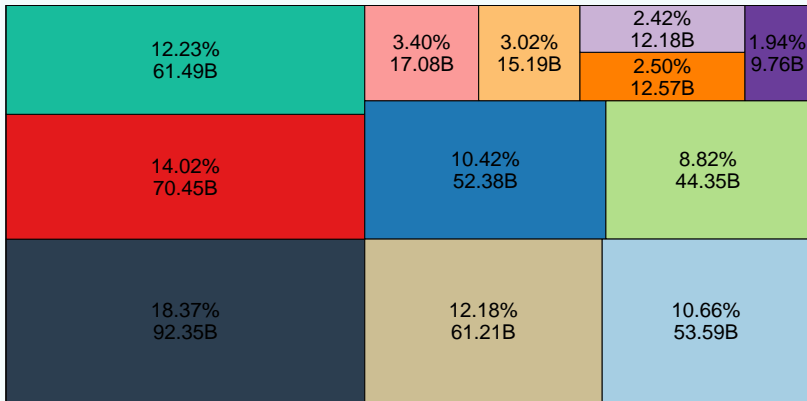
- It is the most important financial management instrument of fiscal policy
- This instrument presents the government's proposed revenues and spending for a specific period
- Every year the “Presupuesto General de la Nación (PGN)” is define for the next year
- The “Presupuesto General de la Nación (PGN)” must be approved by the congress and sanctioned as a law by the president
- For more information check out **Guía ciudadana al Presupuesto General de la Nación** ([Universidad Javeriana 2022](#))
 - <https://www.ofiscal.org/> > Guías > Presupuesto General de la Nación > ver y descargar ↓

Expenditures

Who spends nation's general budget spent on in 2024?

Total national budget: 502,596,833,224,188 COP

Observation: B means billions in long scale (10^{12})



Portal de transparencia económica – <https://www.pte.gov.co/>
Last update date: 2023-07-19

Acknowledgments

- To my family that supports me
- To the taxpayers of Colombia and the **UMNG students** who pay my salary
- To the **Business Science** and **R4DS Online Learning** communities where I learn **R**
- To the **R Core Team**, the creators of **RStudio IDE**, **Quarto** and the authors and maintainers of the packages **DiagrammeR**, **tidyverse**, **readxl**, **knitr**, **kableExtra**, **tidyquant**, **janitor**, **treemapify**, and **tinytex** for allowing me to access these tools without paying for a license
- To the **Linux kernel community** for allowing me the possibility to use some **Linux distributions** as my main **OS** without paying for a license

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