



There is a general consensus in Latin America on the **need to provide the State with a greater capacity to redistribute resources and play a more active role in promoting equality and fighting poverty**. Despite this, the current tax burden is insufficient in the majority of countries, and the tax structure is deficient for achieving greater social cohesion. Given this situation, it is necessary to **support reforms to strengthen equitable tax systems** which make it possible to increase the tax burden. One of the keys to the success of these tax reforms includes strengthening tax agencies, essential stakeholders for ensuring the quantity and quality of tax collection. Through this action, EUROsociAL is supporting these agencies in their relationship with the taxpayer to help them **achieve credibility, trust and participation on the part of taxpayers with respect to their tax obligations**, thereby facilitating tax collection and reducing levels of tax evasion.

**Lines of action: Improving information and assistance to the taxpayer** (information and new technologies); **quality of management of tax agencies** (quality processes, improvement in taxpayer lists and registries, HR); **control and regulation of tax agencies** (mass control, inspection, transfer prices, information exchange between agencies, electronic invoicing).

## Working for



### Bolivia

- Development of a FAQ for the tax agency.

### Brazil

- Creation of a Register of Natural Persons to facilitate compliance with obligations by electronic means.
- Platform of the CNIR system for cadastral registration and updating.
- Information exchange agreement with Argentina to prevent tax fraud.

### Chile

- Creation of an Integrated Electronic Inspection System.
- Approval of Law No. 20.727 establishing mandatory use of electronic invoicing.

### Colombia

- Design of the IT service for mass inspection of taxpayers.
- Fiscal control of electronic invoicing devices (cash registers).

### Costa Rica

- Approval of the regulation on transfer prices.
- Database of frequently asked questions in order to unify criteria and achieve greater equality in the application of taxes.
- Creation of a Forum for Large Companies.

### Ecuador

- Legal reforms and methodologies to reach Anticipated Price Agreements in the area of transfer prices.
- Methodology for implementation of mandatory electronic notification (+60% of documents notified in 2014).
- Creation of a Taxpayer Assistance Manual.

### El Salvador

- First comprehensive audits with an emphasis on transfer prices.
- Creation of the Tax Intelligence Committee in the Directorate-General of Taxes (DGI).

### Guatemala

- Creation of the Tax Intelligence Unit.

### Mexico

- Implementation of the Tax Mailbox, an electronic system to allow taxpayers to communicate with the tax agency.

### Uruguay

- Online Communication Inbox to facilitate interaction between the tax agency and taxpayers
- Creation of a Single Taxpayer Registry.
- Improvement of the services provided by the "Empresa en el Día" programme (meant to simplify the paperwork to create a company).
- Creation of a Taxpayer Assistance Manual.

### Paraguay

- Approval of the law regulating transfer prices and electronic tax inspection.
- New control mechanisms for Large Taxpayers which made it possible to increase collection of the IRACIS tax by 44% in Paraguay.
- Pilot plan to perform mass electronic taxpayer inspections.

### Peru

- Implementation of the INFORMA application.

Coordinating partner:



Operational Partners:





## Ibero-American Fiscal Policy Network

EUROsociAL is now part of the Ibero-American Fiscal Policy Network, an initiative that originated in the 21st Ibero-American Summit of Heads of State and Government (2011) and is driven by SEGIB and ECLAC.

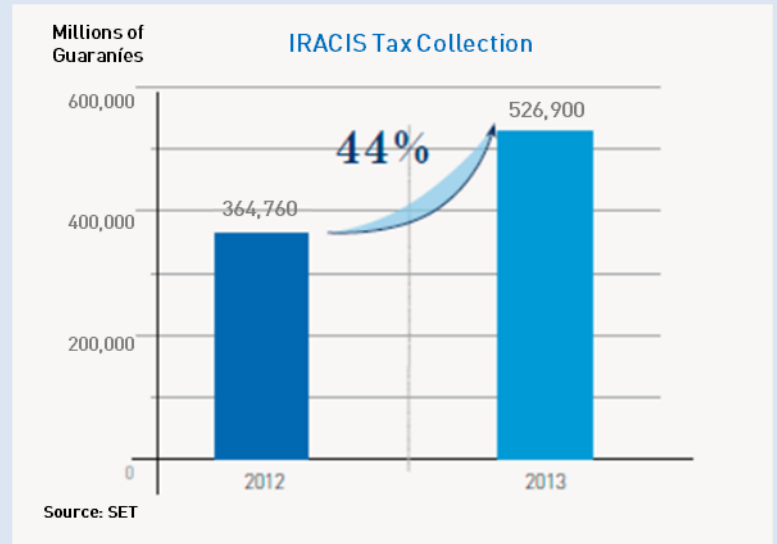
The Network periodically brings together the persons responsible for fiscal policy in the countries of the region to share tax-related analyses and experiences and devise solutions to problems common to Latin American fiscal systems. It is intended as a place for political dialogue and sharing experiences on **definition, execution and reform of fiscal policies for development**, including their considerations for political economics. EUROsociAL took part in the two first meetings of the Network (2013 and 2014), which serves as a platform for identifying the major reforms underway in the regions and aligning the schedule of the programme on these processes.



## A story of change

### Increase in tax collection in Paraguay

Paraguay decided to apply new control mechanisms for large taxpayers implemented successfully in the past in Latin America and European Union countries. This exchange of experiences occurred within the framework of EUROsociAL activities.



Establishing these controls, formalised in a Decree, served to **significantly increase (44.5%) tax collection on corporate profits in the Commercial, Industrial and Service-Related Activities Income Tax (IRACIS)**. This result demonstrates that improving the capability and methods of tax agencies serves to increase tax collection in a progressive manner. This strengthens social cohesion in two ways: it makes it possible to redistribute income and generate new resources for priority public policies.

### Numbers:

37 Participating Institutions  
<http://bit.ly/lqrvxv>



22 Latin American Institutions  
<http://bit.ly/lidiMY>



14 European Institutions  
<http://bit.ly/lxPyUMn>

736 Total Participants

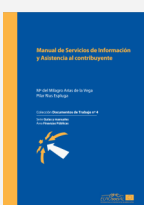
84 Latin American Experts

102 European Experts



Approx. 5.5% Total Expenses of the Programme

## Related publications



Public Finance Bulletin I  
 > <http://bit.ly/lEjsNMA>  
 Manual of Taxpayer Information and Assistance Services  
 > <http://bit.ly/lBnc4As>  
 Experiences and citizen participation in tax reforms  
 > <http://bit.ly/14lFVL3>



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