

GLOBAL FORUM ON
**TRANSPARENCY AND EXCHANGE OF
INFORMATION FOR TAX PURPOSES**

Tax Transparency in Latin America 2021

Punta del Este Declaration Progress Report

The Punta del Este Declaration, its members and partners

During the plenary meeting of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum), held on 19 November 2018 in Punta del Este, Uruguay, Latin American member countries decided to create a programme focused on Latin America: the Punta del Este Declaration. The objective of this Latin America Initiative is to maximise the effective use of the information exchanged under the international tax transparency standards to tackle tax evasion and avoidance, corruption and other forms of illicit financial flows (IFFs). To effectively address those issues and raise resources for development and sustainable growth, Latin American countries are committed to (i) explore the full range of possibilities for administrative co-operation provided by international agreements, including the Convention on Administrative Assistance in Tax Matters, (ii) improve transparency, in particular with respect to beneficial ownership, and (iii) build synergies in the region.

Focusing on Latin America enables the identification of specific approaches and the provision of tailored support to address the specific needs and priorities of Latin American countries to grow their capacity in exchange of information. The Punta del Este Declaration work fits into broader agendas, since tax transparency presents an opportunity to stem IFFs and increase domestic resource mobilisation.

The Punta del Este Declaration was launched as a partnership between the Global Forum, its Latin American members and a number of regional and international organisations and development partners: the Inter-American Centre for Tax Administrations, the Inter-American Development Bank and the World Bank Group.

The Declaration is open to all Latin American countries and currently has 13 member countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Honduras, Panama, Paraguay, Peru and Uruguay. Its members meet every year to take stock of the progress made and reflect on the remaining challenges. El Salvador and Mexico are observers to the Declaration. The capacity-building programme offered by the Global Forum under the Punta del Este Declaration is funded by development donors.

An ambitious work programme was agreed in 2020 to develop and consolidate a culture of transparency and exchange of information in Latin America, and to progress towards increased regional co-operation and the effective use of exchanged information.

13

MEMBERS OF THE PUNTA DEL ESTE DECLARATION

Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Honduras, Panama, Paraguay, Peru and Uruguay

2

OBSERVERS OF THE PUNTA DEL ESTE DECLARATION

El Salvador and Mexico

3

TECHNICAL PARTNERS OF THE PUNTA DEL ESTE DECLARATION

Inter-American Centre of Tax Administrations,
Inter-American Development Bank and World Bank Group

Preface

Recognising the special circumstances of Latin American countries, which suffer considerable loss from Illicit Financial Flows (IFFs), the Global Forum, in 2018, together with a number of its Latin America members and technical partners launched a Latin America Initiative, through the Punta del Este Declaration, aimed at helping unlock the potential for tax transparency and exchange of information in the region.

The Punta del Este Declaration aims to support Latin American countries in achieving the Sustainable Development Goals of domestic resource mobilisation (DRM) and enhancing their ability to fight against IFFs. These objectives are pursued by encouraging engagement and participation in international tax co-operation and by exploiting the tremendous improvements in global transparency and exchange of information (EOI) for tax purposes, which have occurred in the last years.

Tax evasion and other IFFs, such as corruption and money laundering, are among the main obstacles to enhancing DRM in Latin America. The past decade has shown that tax transparency is a potent weapon for tackling these issues. IFFs drain large amounts of financial resources from the region, with a severe and negative impact on the fulfilment of the Latin American development agenda, especially in the COVID-19 pandemic context.

On 19 November 2018, ministers, deputy ministers and high-level officials from Latin American countries met on the margins of the Global Forum Plenary held in Punta del Este, Uruguay, recognising that the region faces significant challenges with respect to revenue collection. The participants agreed to establish the Initiative to maximise the effective use of the information exchanged

under the international tax transparency standards to tackle tax evasion, corruption and other financial crimes.

Latin American countries are committed to reflect on the progress achieved in improving tax transparency in Latin America in an annual report of the Punta del Este Declaration. Political support is key to combating IFFs using the means of tax transparency and EOI. Decision-makers' understanding of the effectiveness of tax transparency is fundamental to creating the conditions for Latin American countries to benefit from EOI. In addition to ensuring adequate political support, Latin American countries need to establish appropriate infrastructures to implement and benefit from the international EOI standards.

Tax Transparency in Latin America 2021 is the first edition of what will be a series of annual reports. The report is part of the various efforts to advance tax transparency and the EOI agenda in Latin America in order to combat tax evasion, corruption and other financial crimes.

This report was made possible thanks to the Latin American members of the Global Forum and the various development partners, which contribute to and support the Punta del Este Declaration.



María José Garde
Chair of the Global Forum



Zayda Manatta
Head of the Global Forum Secretariat



Mercedes Marcó Del Pont
Chair of the Latin America Initiative



Acknowledgements

Tax Transparency in Latin America 2021 consists in the progress report for 2020 of the Punta del Este Declaration, in which 13 Latin American members of the Global Forum participate. The Punta del Este Declaration is supported by partner organisations. This is the first edition of the Tax Transparency in Latin America report to be published.

The Global Forum Secretariat expresses its appreciation to the Inter-American Centre of Tax Administrations, the Inter-American Development Bank and the World Bank Group for adding their

weight to this report and for promoting the tax transparency agenda in Latin America.

Finally, the authors¹ are grateful to officials from the ministries of finance and tax administrations of all the 16 Latin American countries, which provided data for producing the report by responding to the 2021 Tax Transparency in Latin America survey. Their efforts in gathering the data and their patience in providing further clarifications have been critical to the quality of this report.

1. In particular Agnes Rojas, Juliana Candido, Henrique Alencar and Hakim Hamadi, under the supervision of Zayda Manatta, Head of the Global Forum Secretariat..

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Abbreviations and acronyms

CIAT	Inter-American Centre of Tax Administrations
CRS	Common Reporting Standard
Declaration	Punta del Este Declaration
DRM	Domestic Resource Mobilisation
DTC	Double Taxation Convention
EOI	Exchange of Information
EOIR	Exchange of Information on Request
Global Forum	Global Forum on Transparency and Exchange of Information for Tax Purposes
GDP	Gross Domestic Product
IDB	Inter-American Development Bank
IFFs	Illicit Financial Flows
ISM	Information Security Management
MAAC	Convention on Mutual Administrative Assistance in Tax Matters
OECD	Organisation for Economic Co-operation and Development
TIEA	Tax Information Exchange Agreement
ToR	Terms of Reference
TTiLA	Tax Transparency in Latin America
VDP	Voluntary Disclosure Programme
WBG	World Bank Group



Executive summary

The release of Tax Transparency in Latin America 2021 is a key output of the Punta del Este Declaration, a Latin American Initiative to tackle tax evasion and avoidance, corruption and other financial crimes through transparency and exchange of information (EOI) for tax purposes. This annual progress report of the Punta del Este Declaration seeks to inform decision makers and citizens on Latin America countries' response to those issues through tax transparency. The Economic Commission for Latin America and the Caribbean estimates that the Latin American region loses significant amounts of tax revenues due to tax evasion and aggressive tax planning. Foregone revenues due to tax non-compliance were estimated at 6.1% of the regional gross domestic product in 2018. Further, it is estimated that approximately EUR 900 billion of Latin America's wealth is held offshore.

“The Tax Transparency in Latin America 2021 report highlights the critical role of tax transparency in fighting IFFs in Latin America, analysing the magnitude of offshore tax evasion in relation to tax revenue collection in the region.”

Executive summary

The release of *Tax Transparency in Latin America 2021* is a key output of the Punta del Este Declaration, a Latin American Initiative to tackle tax evasion, corruption and other financial crimes through transparency and exchange of information (EOI) for tax purposes. This annual progress report of the Punta del Este Declaration seeks to inform decision makers and citizens on Latin America countries' response to the issue of IFFs through tax transparency. The Economic Commission for Latin America and the Caribbean estimates that the Latin American region loses significant amounts of tax revenues due to tax evasion and aggressive tax planning. Foregone revenues due to tax non-compliance were estimated at 6.1% of the regional gross domestic product in 2018.¹ Further, it is estimated that approximately EUR 900 billion of Latin America's wealth is held offshore.²

Sixteen Latin American countries³ responded to the 2021 Tax Transparency in Latin America survey: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru and Uruguay.

All Latin American countries but Bolivia, El Salvador, Mexico and Nicaragua have signed the Declaration.

The results show progress in the region towards full and effective implementation of the international tax transparency standards and the establishment of national action plans to implement the Punta del Este Declaration objectives.

Engagement at regional level increased since 2018 with the signature of the Punta del Este Declaration, which aims at strengthening action against tax evasion and other financial crimes through tax transparency and

the implementation of concrete steps to foster proper capacity building. All Latin American countries but Bolivia, El Salvador, Mexico and Nicaragua have signed the Declaration.

The Global Forum and partners of the Initiative (the Inter-American Centre of Tax Administrations (CIAT), the Inter-American Development Bank (IDB) and the World Bank Group (WBG)) significantly contributed to increase the political attention to tax transparency in the region since the signature of the Declaration.

The *Tax Transparency in Latin America 2021* report highlights the critical role of tax transparency in fighting IFFs in Latin America, analysing the magnitude of offshore tax evasion in relation to tax revenue collection in the region. It also explores the role of tax transparency and international tax co-operation, through the implementation of the EOI standards and the positioning of tax transparency in the development agenda.

The report details the main steps followed towards building a tax transparency agenda in Latin America since the signature of the Declaration.

- In November 2019, during the Global Forum's 10th anniversary meeting, a Latin American ministerial-level breakfast marked the first anniversary of the Declaration. This meeting reaffirmed Latin America's strong support and commitment for the tax transparency agenda. Its participants stressed the need to intensify the use of existing exchange instruments and the importance of continuous training for tax officials to enhance practical knowledge of EOI.
- In November 2020, members unanimously approved an ambitious work plan and governance framework for the period 2021-2023, to support the implementation of the Declaration's objectives via two pillars: baseline actions and complementary actions. The baseline actions focus on increasing EOI networks, EOI capacity building and strengthening tax administrations. The complementary actions are aimed at reaping the benefits of EOI and translating tax transparency into revenue gains. Under the new governance structure, Latin American members agreed to play a more active role with increased ownership in the management

1. ECLAC (2020), Fiscal Panorama of Latin America and the Caribbean 2020: Fiscal policy amid the crisis arising from the coronavirus disease (COVID-19) pandemic, Economic Commission for Latin America and the Caribbean, <https://repositorio.cepal.org/handle/11362/45731> in OECD et al. (2021), Revenue Statistics in Latin America and the Caribbean 2021, OECD Publishing, Paris, <https://doi.org/10.1787/96ce5287-en-es>.

2. Zucman, G., Fagan, T. L., & Piketty, T. (2017), The Hidden Wealth of Nations: The Scourge of Tax Havens Second edition updated and extended, Le Seuil.

3. All the Punta del Este Declaration members and three non-signatories countries (Bolivia, El Salvador and Mexico) responded to the questionnaire.



of the Declaration activities. With a work plan for the period 2021-2023, a governance and a clear set of goals for its capacity-building activities were defined.

The report underlines the capacity-building work done so far to strengthen capacities. These activities revolve around two main goals: assisting countries in the preparation for their review process, and helping them put in place and/or improve the infrastructure necessary to benefit from effective EOI. Since 2016, the capacity-building programme has translated into concrete achievements.

- Nine additional Latin American jurisdictions signed and ratified the Convention on Mutual Administrative Assistance in Tax Matters.
- Six out of eight Latin American jurisdictions reviewed against the enhanced standard on exchange of information on request until 2020 were rated as Largely Compliant.
- Nine Latin American jurisdictions already participate in the automatic exchange of financial account information.

Since 2014, at least EUR 12 billion in additional revenue (tax, interest, penalties) have been identified in Latin America through voluntary disclosure programmes and offshore tax investigations thanks to information received under the EOI standards.

The results show that, while most Latin American countries started relatively recently to implement the EOI standards, commitment in the region is strong, and jurisdictions consider tax transparency and international tax co-operation as key tools to tackle tax evasion and mobilise domestic revenue. Latin American countries are building strong EOI infrastructures and networks, paving the way for effective exchanges. There are, however, areas for improvement as most countries in the region are not making full use of EOI. Few EOI requests are made and AEOI is not yet widely implemented. Beneficial ownership systems are still in early stages and countries encounter hindrances in regards to the wider use of exchanged information to tackle other financial crimes.

Recent progress was also achieved thanks to the strong collaboration of the regional partners: IDB, CIAT and the WBG. This collaboration generated effective synergies that are facilitating the implementation of the tax transparency commitments in the region. It helped respond to growing demand for capacity building and assistance in the region despite the challenges resulting from the COVID-19 pandemic.

This report also offers countries' experiences and includes high-level representatives' views on developments achieved over the past few years. The last section of the report looks ahead, highlighting the importance of the Initiative's new governance framework in promoting the tax transparency agenda in the region, while looking at future challenges.

Overview of tax transparency in Latin America

Latin American countries take a priority on tax transparency and EOI to tackle tax evasion and mobilise domestic revenue. They are building strong EOI infrastructures through the establishment of EOI units and the allocation of human resources and technical tools. Nevertheless, EOI capacity building for tax administration staff needs to continue. Although Latin American countries have significantly expanded their EOI networks, most of them are still making very few requests of information. The implementation of the AEOI standard is gaining ground with nine Latin American countries already exchanging financial account information until 2020.

The Punta del Este Declaration

- **13 signatories:** Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Honduras, Panama, Paraguay, Peru, Uruguay
- **2 observers:** El Salvador and Mexico
- **3 partners:** Inter-American Centre of Tax Administrations, Inter-American Development Bank, World Bank Group

Latin America in the Global Forum

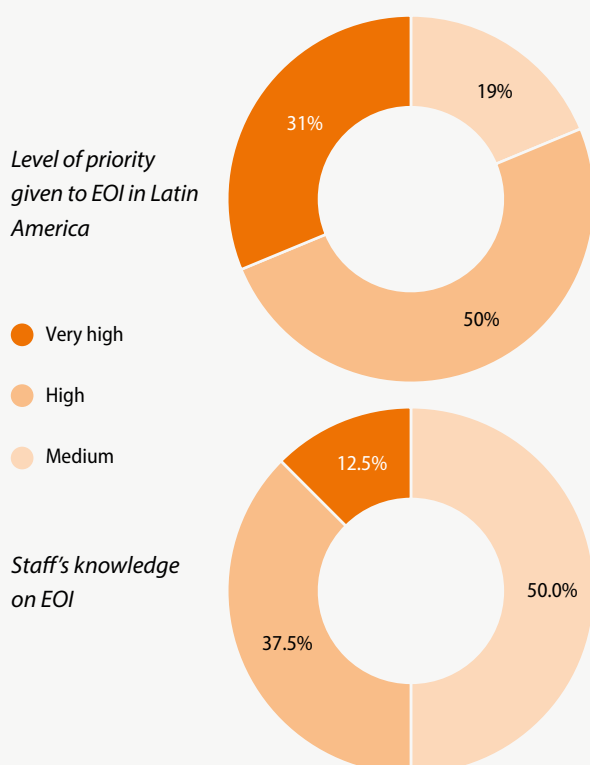
- **15 Latin American countries** are members of the Global Forum (9% of the membership)
- The Inter-American Centre of Tax Administrations, the Inter-American Development Bank and the World Bank Group are **observers**

2020 technical assistance figures in Latin America

- **3 Latin American countries** are benefitting from an intensive mentoring programme (induction programme): Ecuador, Honduras and Paraguay
- **7 other Latin American countries** received tailored assistance: Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Panama, Peru
- **4 virtual training events** were organised and attended by 1 120 officials

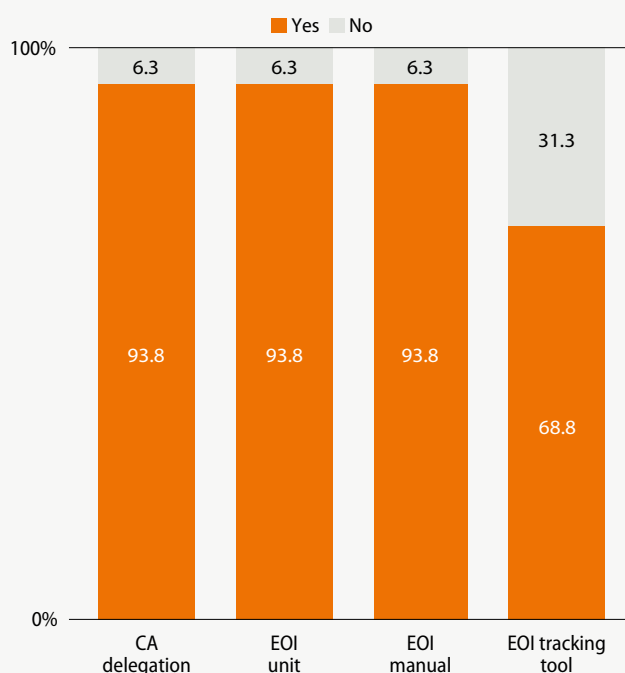
EOI implementation in Latin America

EOI remains a **PRIORITY** for Latin American countries but more capacity building is needed.



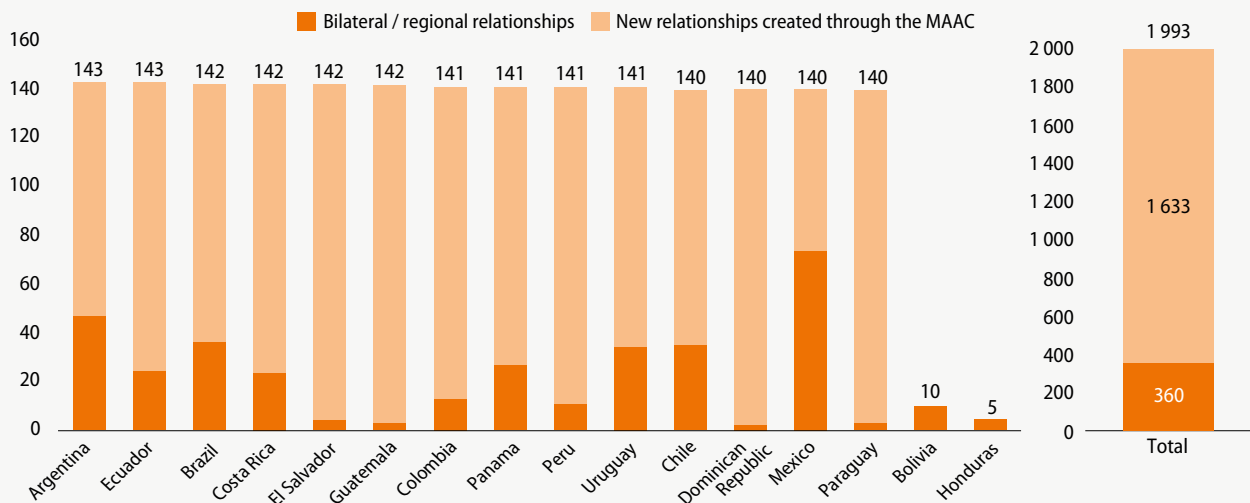
Most Latin American countries have set up the **CORE ELEMENTS** for effective EOI. Work is ongoing to fill remaining gaps.

Share of Latin American countries with EOI organisational arrangements and technical tools



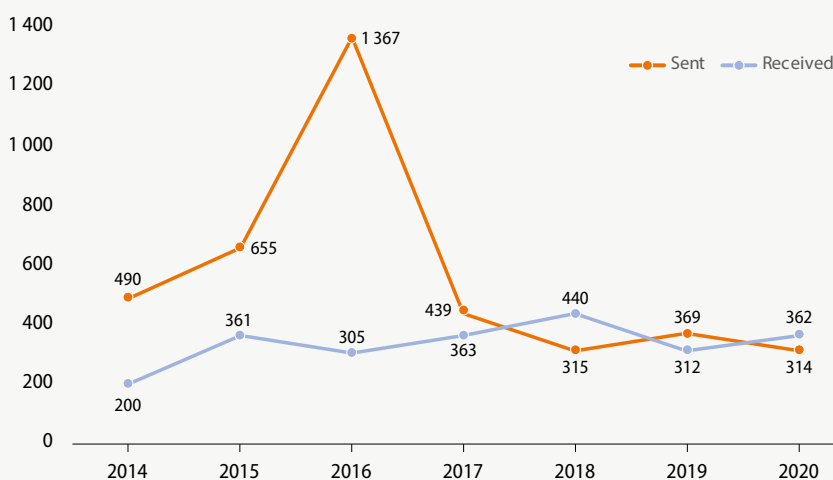
Latin American countries have rapidly expanded their **EOI RELATIONSHIPS** and 14 of them are parties to the multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAAC).

Latin American countries' EOI relationships, by type



The Latin American region has been a **NET SENDER OF EOI REQUESTS** between 2014 and 2020. However, important disparities remain between countries.

Number of EOI requests sent and received by Latin American countries



AEOI implementation in Latin America

Nine countries have already exchanged CRS information under AEOI, and one country is committed to start its first exchanges in 2021.

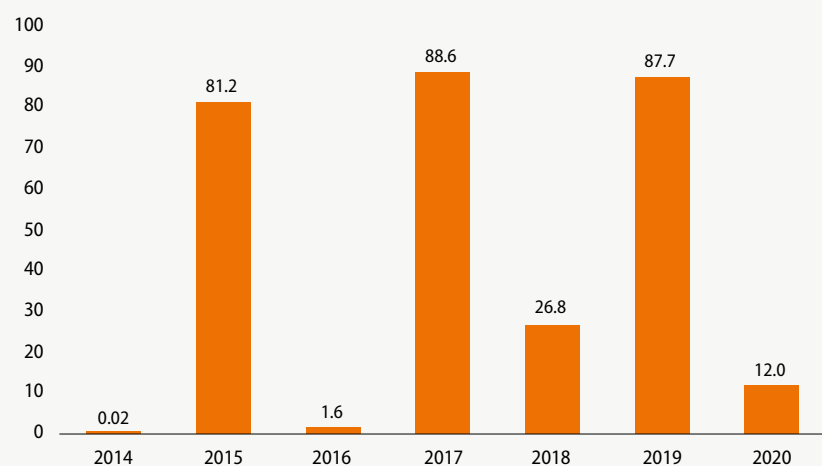
Year of first exchanges	Country
2017	Argentina, Colombia, Mexico
2018	Brazil, Chile, Costa Rica, Panama, Uruguay
2020	Peru
Commitment to start AEOI in 2021	Ecuador
Date of first exchanges not set	Bolivia, Dominican Rep., El Salvador, Guatemala, Honduras, Paraguay

Revenues identified

Six Latin American countries reported collecting additional revenue as a result of EOIR over 2014-2020, amounting to a total of **EUR 298 million**.

Since 2014, at least **EUR 12 billion** in additional revenue have been identified in Latin America through voluntary disclosure programmes launched prior to the first AEOI exchanges (tax, interest and penalties).

Revenue collected as a result of EOIR (EUR million)



The critical role of tax transparency in fighting illicit financial flows in Latin America

1



While many Latin American countries have made significant progress on transparency and exchange of information in recent years, there is still much room for improvement in the region. The Punta del Este Declaration aims to harness the region's potential in this area through a multilateral approach to tax transparency and the exchange of knowledge and experience among member countries.

Ms Elizabeth Guerrero Barrantes

Vice Chair of the Punta del Este Declaration Initiative

Illicit financial flows (IFFs), which can be defined as all cross-border financial transfers that contravene national or international laws¹, represent a considerable obstacle to international development efforts. They are “money that is illegally earned, used or moved and which crosses an international border”.²

IFFs are closely associated with a wide range of issues, such as tax evasion, terrorism financing, corruption and other forms of financial crimes. Their most immediate impact is a reduction in revenue collection. IFFs deprive governments of much-needed resources to finance basic public services and development. This is particularly concerning in the context of the COVID-19 pandemic in the Latin American region, with weaker economic activity and increased public health expenditure.

Tackling IFFs, of which tax evasion constitutes a major source, is one of the Sustainable Development Goals (SDGs), which call for a global partnership “to strengthen domestic resource mobilisation, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection” (Target 17.1). The SDGs recognise that a modernised and effective tax system and administration, which effectively engages in global co-operation efforts, is critical for raising revenues for sustainable development, giving foremost importance to international tax co-operation.

Transparency and exchange of information (EOI) for tax purposes is one of the instruments available to tackle IFFs. It requires governments to ensure the availability of legal and beneficial ownership information, accounting and banking information, and the access to that information and their effective exchange with foreign partners. This allows tax authorities to have a complete picture of their taxpayers’ global affairs to address the issue of tax evasion and enhance domestic resource mobilisation (DRM). Beyond tax evasion, tax transparency is also a powerful weapon against other forms of IFFs such as corruption and money laundering.

ILLICIT FINANCIAL FLOWS AND THE TAX REVENUE PROBLEM IN LATIN AMERICA

IFFs are a concern to governments worldwide, being a significant cause for revenue loss and undermining trust in the tax system, with a particularly significant impact on developing countries’ DRM and development agenda. While the COVID-19 crisis reinforced the need for additional revenue, the ongoing health situation may disrupt the efforts of authorities to tackle tax evasion and other forms of IFFs, as they face competing priorities.

The issue of IFFs has a singular resonance in Latin America. Despite the difficulty to capture these illegal activities, different studies try to quantify losses in the region in terms of tax evasion and other IFFs. The Economic Commission for Latin America and the Caribbean (ECLAC) estimates that the Latin American region loses significant amounts of tax revenues due to tax evasion and aggressive tax planning. Foregone revenues due to tax non-compliance were estimated at 6.1% of the regional gross domestic product (GDP) in 2018, with income tax (3.8%) and value added tax (2.3%) being the most affected.³

In the absence of adequate tools, tax administrations face many obstacles to obtain information on assets held by their residents offshore.

A considerable share of Latin America’s wealth is thought to be held offshore. The estimate of 27% (EUR 900 billion), is considerably higher than the average for Asia (4%), Europe (11%) or the United States (4%), and leads to annual revenue losses of EUR 19 billion for the region (see Table 1). This situation undermines DRM and hinders development, which is even more pressing in the context of the COVID-19 pandemic.⁴

1. IFFs are essentially “generated by methods, practices and crimes aiming to transfer financial capital out of a country in contravention of national or international laws”. See OECD (2014), *Illicit Financial Flows from Developing Countries: Measuring OECD Responses*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264203501-en>.

2. Global Financial Integrity (GFI), <https://gfiintegrity.org/report/2019-iff-update/>

3. ECLAC (2020), *Fiscal Panorama of Latin America and the Caribbean 2020: Fiscal policy amid the crisis arising from the coronavirus disease (COVID-19) pandemic*, Economic Commission for Latin America and the Caribbean, <https://repositorio.cepal.org/handle/11362/45731> in OECD et al. (2021), *Revenue Statistics in Latin America and the Caribbean 2021*, OECD Publishing, Paris, <https://doi.org/10.1787/96ce5287-en-es>.

4. Zucman, G., Fagan, T. L., & Piketty, T. (2017), *The Hidden Wealth of Nations: The Scourge of Tax Havens*. Second edition updated and extended, Le Seuil.

The critical role of tax transparency in fighting illicit financial flows in Latin America

TABLE 1. **Estimates of offshore wealth and corresponding revenue loss (2016)**

	Offshore wealth (EUR bn)	Share of financial wealth held offshore	Tax revenue loss (EUR bn)
Europe	2 300	11%	55
United States	1 300	4%	30
Asia	1 200	4%	25
Latin America	900	27%	19
Africa	800	44%	17
Canada	300	9%	5
Russia	500	54%	4
Gulf countries	600	58%	0
Total	7 900	8%	155

Source: Zucman, G., Fagan, T. L., & Piketty, T. (2017), *The Hidden Wealth of Nations: The Scourge of Tax Havens* Second edition updated and extended, Le Seuil.

The impact of tax evasion on DRM is well illustrated when looking at the revenue collected in the Latin America region. In Latin American countries, tax revenues account for approximately 20.6% of GDP on average⁵, when the average tax-to-GDP ratio in OECD countries is 33.2 percentage points higher, at 33.8% of GDP (see Figure 1).

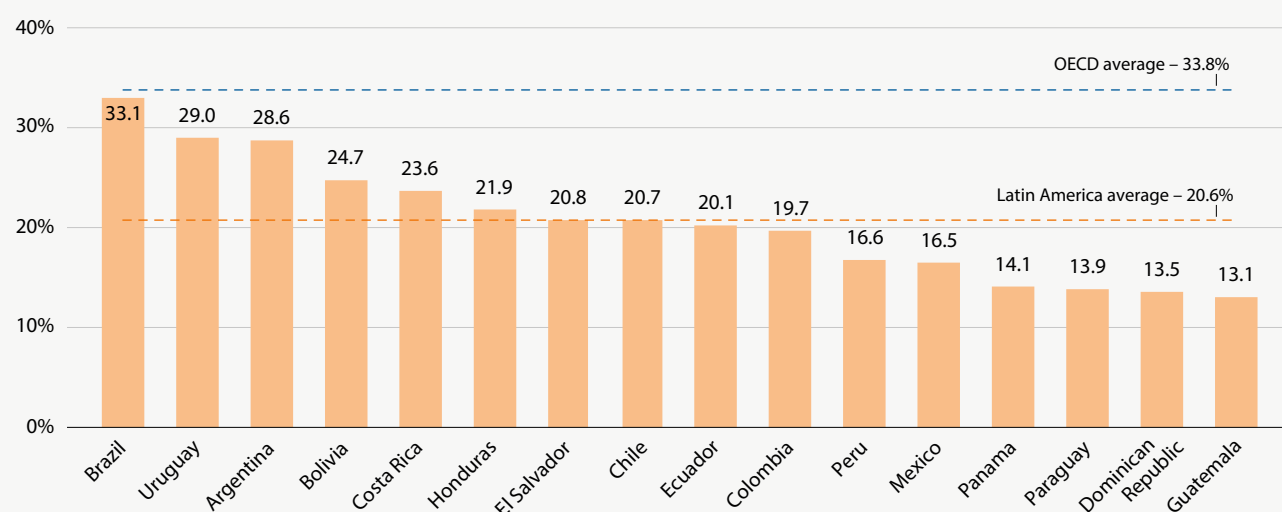
Average tax revenue as a percentage of GDP vary considerably across Latin America, ranging from 13.1% in Guatemala to 33.1% in Brazil. The comparatively low tax-

to-GDP ratio in the region makes the issue of tax evasion even more pressing.

The fight against tax evasion and other IFFs is critical for the region. However, in the absence of adequate tools, tax administrations face many obstacles to obtain information on assets held by their residents offshore. The EOI between countries is an answer to face this problem, by playing a key role in the detection of possible non-compliance cases in relation to cross-border transactions and assets held offshore.

5. OECD et al. (2021), *Revenue Statistics in Latin America and the Caribbean 2021*, OECD Publishing, Paris, <https://doi.org/10.1787/96ce5287-en-es>.

FIGURE 1. **Tax revenue as a share of GDP in Latin American countries, 2019**



Note: The average for Latin America refers to the 16 Latin American countries featured on the graphic.

Source: Revenue Statistics in Latin America and the Caribbean 2021

ROLE OF TAX TRANSPARENCY AND CO-OPERATION IN FIGHTING ILLICIT FINANCIAL FLOWS IN LATIN AMERICA

Tax transparency and the issue of IFFs are at the forefront of policy discussions on the development agenda as reflected in the international commitment to counter IFFs in the post-2015 SDGs. The adoption and the effective implementation of international standards on tax transparency can be a powerful tool in tackling international tax evasion, increasing DRM and contributing to the fairness of tax systems.

These standards require every jurisdiction to unveil taxpayers' information on identity, ownership, accounting and banking information, including beneficial ownership, and ensure that tax administrations are able to obtain information to assess their taxpayers' assets and activities, even when they are located abroad. The implementation of the international standards on transparency and EOI for tax purposes addresses a number of policy recommendations on the fight against IFFs, not only in the field of tax evasion, but also for other IFFs enablers such as corruption and money laundering.

Intergovernmental co-operation aiming at addressing cross-border tax evasion has grown rapidly over the last ten years. Two of its key standardised components are the international standards on exchange of information on request (EOIR) and on automatic exchange of financial account information (AEOI), the implementation of which is monitored by the Global Forum. These two standards are complemented by the Base Erosion and Profit Shifting (BEPS) related to transparency minimum standards, i.e. the country-by-country reporting and the exchange of tax rulings.⁶ Other forms of EOI include spontaneous EOI, tax examination abroad, simultaneous and joint tax examinations and industry-wide EOI.⁷

Tax transparency standards can have an important impact on tax morale across all jurisdictions. Generally defined as the intrinsic motivation to pay taxes, tax morale is a vital aspect of tax systems due to their reliance on the voluntary compliance of taxpayers for the bulk of their

revenues. EOI can have a positive effect on society, not only by increasing tax revenue collection, but also by improving the public perception of the overall fairness of tax systems. In that sense, EOI standards can help demonstrate that all socioeconomic groups are taxed effectively, including the minority of taxpayers that hold offshore wealth, traditionally through assets or foreign bank accounts.

A fair and strong tax system, which efficiently tackles cross-border tax evasion of individuals and entities, contributes to building trust and legitimacy among taxpayers and public institutions. In turn, overall compliance increases, as tax fairness contributes to strengthening the social contract and the willingness to comply with tax legislations. This is particularly relevant in Latin America, where tax morale levels were considered low, which appears to be related to economic and social changes in the region.⁸

The standard on exchange of information on request

EOIR is an essential tool to support tax authorities worldwide to access information on their taxpayers and determine whether they are paying the correct amount of tax. The EOIR standard⁹ requires a tax authority to provide, on request, information to another tax authority that is relevant for that authority to properly investigate its taxpayers and enforce its tax laws or the provisions of a related tax agreement. Three types of information are at the heart of these exchanges: i) legal and beneficial ownership information of all relevant legal entities and arrangements; ii) accounting records; and iii) bank information. All 162 members of the Global Forum, including the 15 Latin American members, have committed to the implementation of the EOIR standard. The level of compliance with this standard is assessed under the Global Forum's peer review process (see Part 4 of this report).

Since 2009, over 250 000 requests for information have been received by Global Forum members and annual figures are almost universally on the rise. EOIR alone has enabled the collection of nearly EUR 10 billion of additional tax revenue globally.

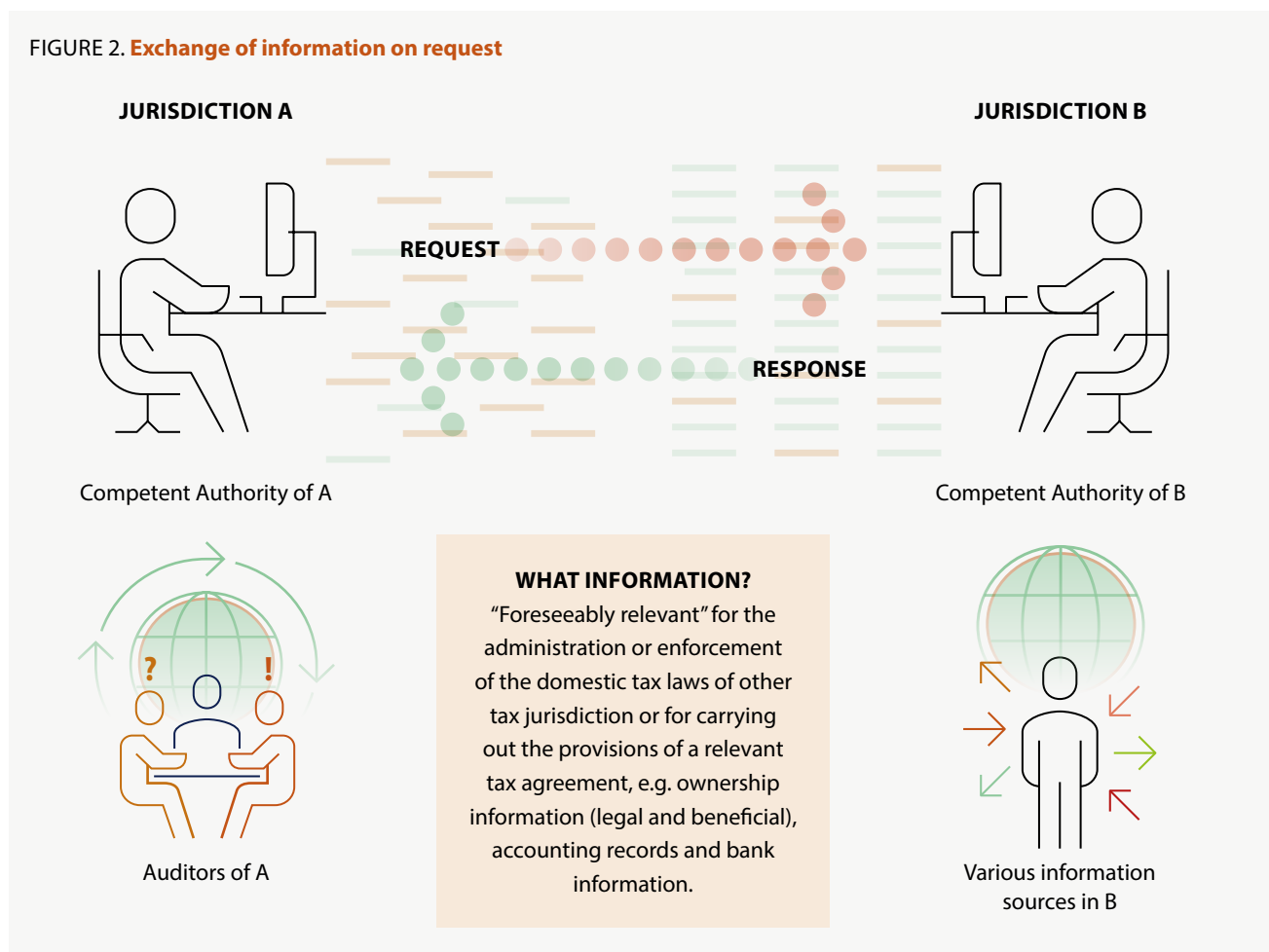
6. For more information on the Base Erosion and Profit Shifting project, see <https://www.oecd.org/tax/beps/>

7. Other forms of administrative tax co-operation, such as country-by-country reporting, will be illustrated in next editions of the Tax Transparency in Latin America report.

8. OECD (2019), Tax Morale: What Drives People and Businesses to Pay Tax?, OECD Publishing, Paris, <https://doi.org/10.1787/f3d8ea10-en>.

9. OECD (2016), "2016 EOIR Standard", in Exchange of Information on Request, Handbook for Peer Review 2016-2020, available at: <http://www.oecd.org/tax/transparency/documents/terms-of-reference.pdf>

FIGURE 2. **Exchange of information on request**



Implementing the EOIR standard requires each jurisdiction to respond effectively to requests they receive from their exchange partners. The EOIR standard is therefore built around three key requirements:

- ensuring the availability of relevant information
- providing access to this information to tax authorities
- exchanging this information in a timely manner with other interested jurisdictions with which an EOI agreement is in place.

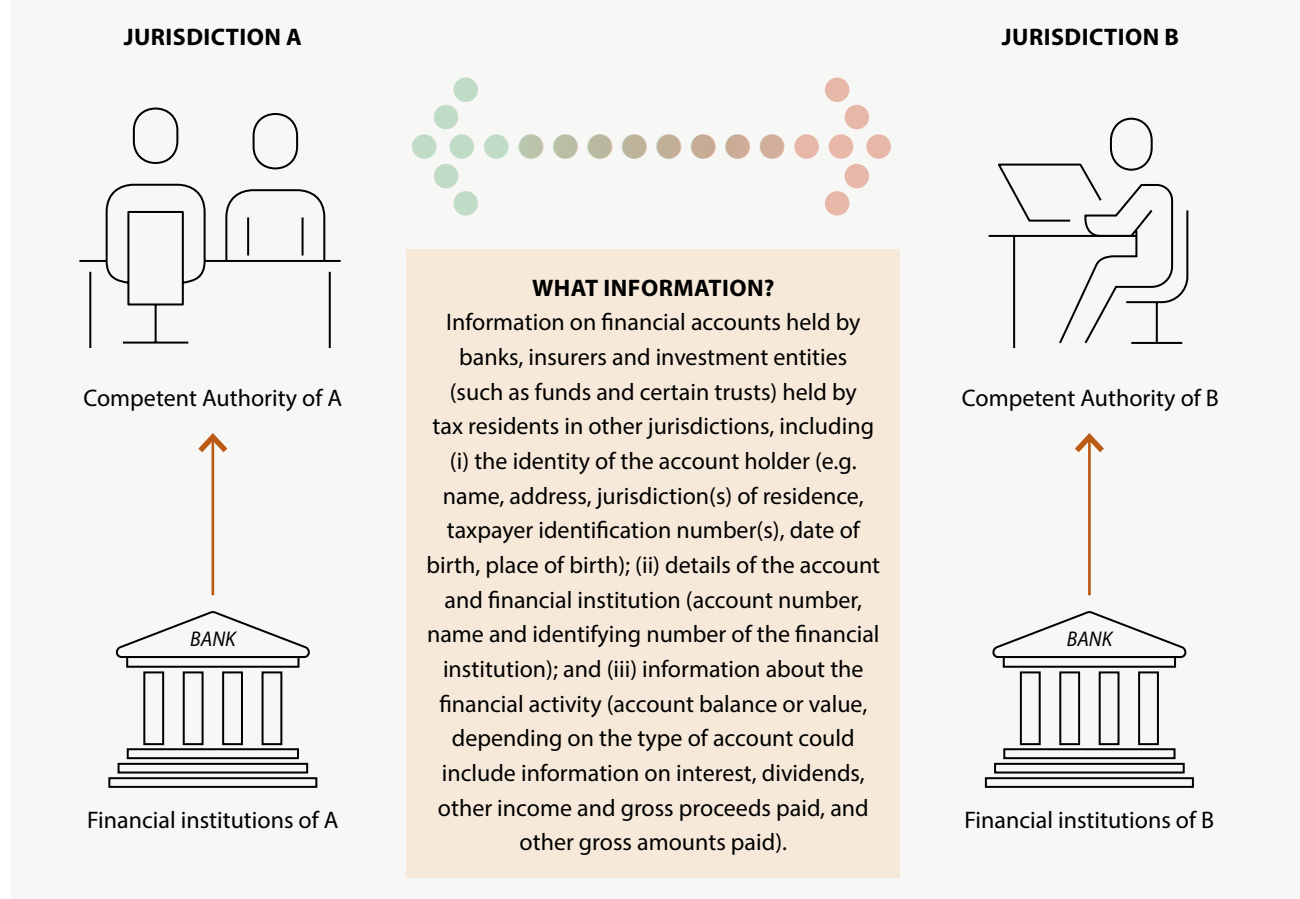
Once in place and operating effectively in practice, the EOIR standard provides the foundation for effective international co-operation to tackle offshore tax evasion. Figure 2 is an illustration of how the EOIR standard works.

The standard on automatic exchange of financial account information

The AEOI standard requires financial institutions to report financial account information of tax residents of other jurisdictions to their tax authorities, which in turn automatically exchange this information with the tax authorities of the country of tax residence of the account holder and its controlling person(s), if any, under the globally-agreed Common Reporting Standard (CRS).

Access to such information provides a powerful tool for tax authorities to verify whether taxpayers are properly declaring their international financial assets and paying the tax that is due. This information is central to efforts on tackling tax evasion as well as to maintain public confidence that the increasing globalisation of the financial system is not undermining domestic tax systems.

FIGURE 3. Automatic exchange of information on financial accounts



In 2019, Global Forum members implementing AEOI automatically exchanged information on 84 million financial accounts worldwide, covering total assets of EUR 10 trillion. At least EUR 107 billion in additional revenue (tax, interest, penalties) have been identified worldwide through voluntary disclosure programmes and offshore tax investigations.¹⁰ Of this amount, developing countries reported EUR 29 billion.¹¹

All members of the Global Forum are committed to the implementation of the AEOI standard. However, developing countries that do not host a financial centre were not asked to commit to particular timelines, in recognition of the particular challenges they face to implement this standard. They were instead offered assistance in determining a practical timeframe for their first exchanges and support to implement the standard within the

agreed timeline. Today, 116 jurisdictions are committed to exchange financial account information automatically by 2023.¹² Figure 3 illustrates the AEOI mechanism.

AEOI and EOIR are complementary international tax standards. While AEOI provides bulk financial information to a tax authority about its taxpayers' assets abroad, without a preliminary need to make a request, EOIR also enables follow-up requests on any suspicious information reported under AEOI. Further, EOIR covers a very wide scope of information and can be useful in any ongoing investigation.

The implementation of these standards has had a very concrete impact: over 1 million taxpayers have come forward to voluntarily disclose their assets worldwide.

10. 2020 Global Forum Annual Report, available at <https://www.oecd.org/tax/transparency/documents/global-forum-annual-report-2020.pdf>

11. OECD (2021), OECD Secretary-General Tax Report to G20 Finance Ministers and Central Bank Governors – February 2021, OECD, Paris, www.oecd.org/tax/oecd-secretary-general-tax-report-g20-finance-ministers-february-2021.pdf, p. 37.

12. Automatic Exchange of Information (AEOI): Status of commitments, available at <https://www.oecd.org/tax/transparency/AEOI-commitments.pdf>



2

Promoting the tax transparency agenda in Latin America

Latin American countries' strong support and commitment to the tax transparency agenda is the priority of the Punta del Este Declaration Initiative (the Declaration). Regional engagement has increased since the launch of the Declaration in 2018, and has strengthened awareness of the importance of transparency and EOI and its overall impact on tax evasion and corruption and to mobilise domestic resources for development.

This part of the report describes the activities and high-level engagements in the region that have helped build the political buy-in for tax transparency, starting with the signature of the Declaration to effectively and collaboratively drawing action plans for addressing the tax transparency challenges in Latin America.

2018: LAYING THE GROUND OF THE TAX TRANSPARENCY AGENDA IN LATIN AMERICA AND THE LAUNCH OF THE PUNTA DEL ESTE DECLARATION

On 19 November 2018, ministers, deputy ministers and high-level officials of Latin American countries met on the margins of the Global Forum Plenary held in Punta del Este, Uruguay. During this meeting, representatives recognised that Latin American countries face significant challenges with respect to revenue collection, many countries having a significantly lower tax-to-GDP ratio than the OECD average. Tackling tax evasion and other IFFs by implementing the international tax transparency standards was recognised as critically important for DRM and development.

This meeting was a key milestone for the tax transparency agenda in Latin America. What started

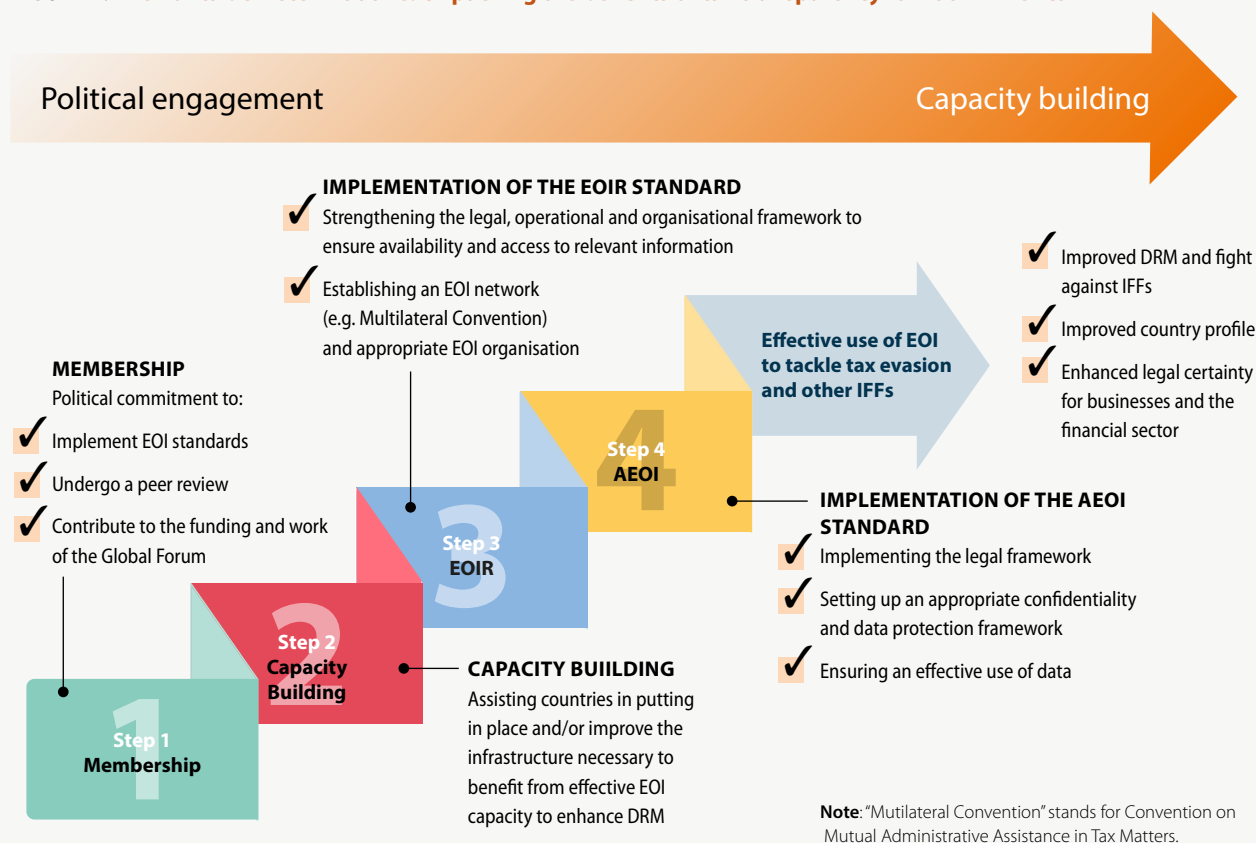
as a regional discussion rapidly moved to a formal Declaration that laid the groundwork for regional co-operation in the tax transparency arena. The participating ministers of Latin American jurisdictions reiterated their commitment to fully and effectively implement the international tax transparency standards, and agreed to establish a Latin American initiative to maximise the effective use of the information exchanged under these standards to tackle tax evasion, corruption and other financial crimes. The ministers and deputy ministers of Argentina, Panamá, Paraguay and Uruguay then signed the Punta del Este Declaration (see Annex B) in the presence of observers and high-level officials from Brazil, Costa Rica and Chile, and of the strategic partner organisations (Inter-American Centre of Tax Administrations (CIAT), Inter-American Development Bank (IDB), OECD and the World Bank Group (WBG)).



What started as a regional discussion rapidly moved to a formal Declaration that laid the groundwork for regional co-operation in the tax transparency arena.

Participants to the signing of the Punta del Este Declaration, 19 November 2018, Punta del Este, Uruguay.

FIGURE 4. **The Punta del Este Initiative: Unpacking the benefits of tax transparency for Latin America**



The Declaration establishes concrete steps to achieve its tax transparency and DRM objectives, including the drawing of national action plans, intensive capacity building to tax officials, and the exploring and use of the full range of possibilities for multilateral co-operation in the tax domain that EOI provides. At the foundation of the Punta del Este Declaration Initiative is the commitment to the tax transparency agenda and it comprises objectives for jurisdictions to set an adequate framework that allows them to fully benefit from EOI. The main goal is that Latin American countries unpack the benefits of tax transparency – moving from the political engagement with the signature of the Punta del Este Declaration to effective DRM – through quality capacity building so countries in the region successfully implement the EOI standards (see Figure 4).

Immediately following this meeting, Chile, Colombia and Ecuador decided to endorse and adhere to the Declaration, joining other signatories in the efforts to advance transparency and EOI across Latin America.

Participants to the 11th Global Forum plenary meeting, 20-22 November 2018, Punta del Este, Uruguay.

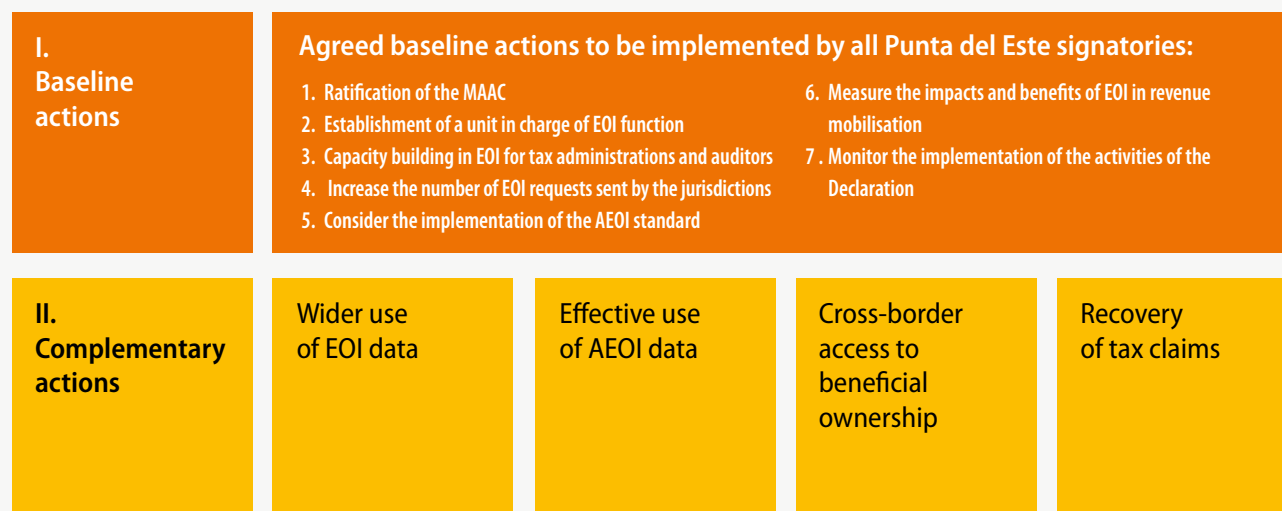
2019: INCREASING GLOBAL AND REGIONAL EOI NETWORKS, RATIFICATION OF TRANSPARENCY COMMITMENTS AND MORE MEMBERS JOINING THE DECLARATION

The following year to the signature of the Declaration saw the continuation of political engagement and involvement of decision makers for the development of a more cohesive tax transparency agenda in Latin America. 2019 commenced with Peru joining the Declaration, bringing the total number of signatories to eight. In addition, Ecuador and El Salvador ratified the Convention on Mutual Administrative Assistance in Tax Matters (MAAC). Further, Honduras gave a crucial step for global and regional tax transparency and joined the Global Forum in August 2019 as its 157th member.

The highlight of 2019 on the global tax transparency agenda was the Global Forum's 10th anniversary meeting, which took place in Paris, in 26-27 November. It gathered over 500 delegates from more than 140 jurisdictions, international organisations and regional groups, including over 40 delegations represented at the ministerial level. The plenary meeting also marked the first anniversary of the Declaration. A Latin American ministerial-level



FIGURE 5. Punta del Este Declaration work plan for 2021-2023



breakfast was hosted on 26 November by the Secretary General of the OECD in the margins of the Global Forum event.¹ Costa Rica and the Dominican Republic were unveiled as new signatories to the Declaration, bringing the total number of signatories to ten.

During this meeting, participants² reaffirmed Latin America's strong support and commitment for the tax transparency agenda and the work carried out by the Global Forum. They stressed the need to intensify the use of existing EOI instruments and the importance of continuous training and capacity building for tax officials to enhance their practical knowledge on EOI. They also agreed to continue working on the development and implementation of tools that could facilitate the wider and effective use of information exchanged for tax purposes to tackle other criminal activities, such as corruption and money laundering. Participants acknowledged the support from the Global Forum and the complementary efforts of the CIAT, IDB and the WBG.

Finally, the holding of a high-level meeting in the second half of 2020 to further explore concrete actions to implement the objectives of the Declaration was agreed.³

In the aftermath of the November 2019 meeting, Brazil joined the Declaration as its 11th signatory.

2020 AND 2021: AGREEMENT ON CONCRETE WORK AND GOVERNANCE PLANS TO ACHIEVE THE DECLARATION'S OBJECTIVES

During 2020 and the beginning of 2021, major steps were achieved to deliver on the Punta del Este commitments. Held virtually on 12-13 November 2020, the third Declaration meeting⁴ was the occasion for the participants to frame the future work and the capacity-building activities for the period 2021-2023. The meeting also focused on the mandate and governance of the Latin America Initiative. In addition, Guatemala and Honduras were also welcomed as the 12th and 13th signatories of the Declaration (see Figure 6).

The agreed work plan focuses on two pillars: baseline actions and complementary actions. The baseline actions include core activities that should be implemented by all signatories to lay a sound basis for EOI, while the complementary actions comprise further optional activities that can be implemented by

1. Press release of the Global Forum's 10th anniversary meeting available at <https://www.oecd.org/tax/transparency/documents/10th-anniversary-global-forum-on-tax-transparency.htm>

2. Participating countries included nine signatories of the Declaration (Argentina, Colombia, Costa Rica, Dominican Republic, Ecuador, Panama, Paraguay, Peru and Uruguay) and four non-signatories who participated as observers (Brazil, El Salvador, Honduras and Mexico). Also present were partner organisations CIAT, the OECD and the WBG.

3. Statement of the participants to the Punta Del Este Declaration ministerial breakfast available at <https://www.oecd.org/tax/transparency/documents/Statement-Punta-Del-Este-Declaration-Ministerial-Breakfast.pdf>

4. Statement of outcomes of the third Punta del Este meeting available at https://www.oecd.org/tax/transparency/documents/PdE_2020_Statement-of-outcomes.pdf

interested countries and/or countries in more advanced stages of implementation of the EOI standards (see Figure 5). The following sections describe the 2021-2023 work plan and governance framework.

Baseline actions: Building an infrastructure for exchange of information

The baseline actions aim to set an adequate legal, organisational and monitoring framework that will allow jurisdictions to fully benefit from EOI. The objective is to assist Latin America countries by strengthening their capacities and establishing solid EOI organisational frameworks in their tax administrations. This includes:

- the ratification of the MAAC by all the signatories
- the establishment of an equipped unit, with relevant internal procedure, guidance and tools, in charge of EOI function within the jurisdictions' competent authorities for EOI for tax purposes
- capacity building in EOI for tax auditors through the delivery of internal trainings, with national objectives, and through the participation in regional trainings organised by the Global Forum Secretariat and its partners and the use of the e-learning tools developed by them

- benefitting from the EOIR standard by increasing the number of EOI requests sent by the countries while ensuring their quality and relevance
- considering the implementation of the AEOI standard for jurisdictions that have not yet done so
- measuring the impacts and benefits of EOI in revenue mobilisation, through the collection of statistical information
- monitoring and publicising the progress achieved under the Latin America Initiative to strengthen political buy-in and public support.

Complementary actions: Translating tax transparency into revenue gains

The complementary actions build on the baseline actions and, in general, require more solid EOI frameworks and more experience in EOI implementation. Table 2 summarises these actions that could be implemented by interested Latin American members.

The baseline actions aim to set an adequate legal, organisational and monitoring framework.

TABLE 2. **Complementary actions of the Punta del Este Declaration**

Complementary action	Description
Use of exchanged information for non-tax purposes	As a principle, information exchanged under an EOI agreement shall be only used for tax purposes. However, the MAAC and Article 26 of the OECD and United Nation Double Tax Convention models allow the receiving jurisdiction to use tax exchanged information for purposes other than tax where two conditions are met: (i) a similar use is allowed in the receiving and supplying jurisdictions, and (ii) a prior agreement from the supplying jurisdiction is obtained. The objective is to develop a practical approach to facilitate a wider use of tax exchanged information (automatic or on request) for other purposes such as fighting corruption or money laundering.
Effective use of AEOI information	The objective is to assist Latin American countries that are receiving (or will receive soon) AEOI information, in setting up a framework and procedures for the effective use of the information received. It would enable them to build appropriate strategies and advanced procedures to that end.
More effective and/or real-time access to beneficial ownership information	The objective is to ensure that beneficial ownership information is easily and effectively accessed in a context of multilateral co-operation. Countries can share experiences regarding the challenges faced in implementing the beneficial ownership standard (which entities are required to report, how information is captured and what information is reported, on other topics) and in implementing centralised registers.
Recovery of tax claims	Interested countries may engage in a project to facilitate assistance in cross border tax collection. It could take the form of a pilot project where countries agree to implement a cross-border tax collection framework (unit, legislation, procedures, forms, etc.) and to assist in the recovery of a first set of tax claims, which could be extended further in a later stage.

New governance of the Declaration

During the 2020 meeting, signatories unanimously agreed on a strengthened governance framework of the Declaration for the period 2021-2023. The objective is to ensure that Latin American members play a more active role with increased ownership in the management of the activities. To that end, the Latin America Initiative would be led by rotating Chairs and Vice-Chairs selected amongst the member jurisdictions of the Declaration, for a one-year term.

In February 2021, Ms Mercedes Marcó Del Pont, Federal Administrator, Federal Administration of Public Revenues of Argentina, and Ms Alejandra Hernandez Sanchez, Vice Minister of Revenue, Ministry of Finance of Costa Rica, were respectively elected as Chair and Vice-Chair of the Punta del Este Declaration Initiative for 2021. In July 2021, Ms Elizabeth Guerrero Barrantes assumed as Vice Minister of Revenue of Costa Rica, and as new Vice Chair of the Declaration.

FIGURE 6. Timeline of adherence to the Punta del Este Declaration Initiative





3

Building capacity in tax transparency in Latin America

Building capacities around the tax transparency standards has been at the forefront of the technical assistance strategy of the Global Forum, and is part of the baseline actions of the Punta del Este Declaration Initiative. This part of the report describes the EOI capacity-building strategy and activities carried out in Latin America. It shows how the challenges imposed by the COVID-19 pandemic were overcome and details the key role played by the regional partners CIAT, IDB and the WBG in supporting Latin American countries.

CAPACITY-BUILDING STRATEGY IN LATIN AMERICA

Strengthening the capacities in Latin American countries is a key objective of the Declaration. Most Latin American countries joined the Global Forum recently and have comparatively little experience on the EOI standards. The Global Forum therefore allocates a significant proportion of its capacity-building resources and initiatives to enhance EOI competences in the region (see Figure 7).

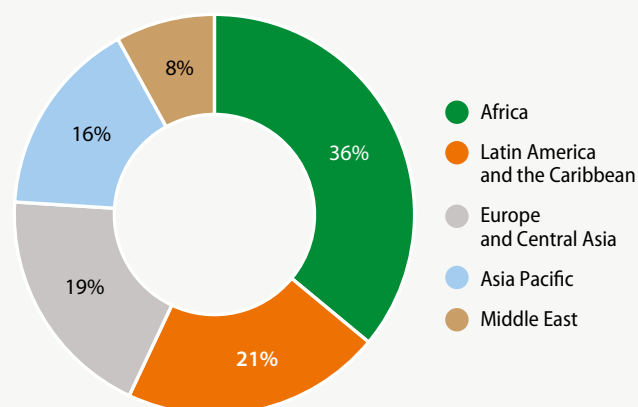
Capacity building in Latin America is focused on two main goals:

- assisting countries in the preparation for their review process (as many have been or will be reviewed under the EOIR and/or AEOI standards for the first time)
- helping countries put in place and/or improve the infrastructure (e.g. legislation, organisation, systems, tools) necessary to benefit from effective EOI capacity to enhance DRM.

The Global Forum Secretariat has a comprehensive approach to capacity building, which is implemented in an organised and progressive manner, depending on the experience and capacities of the jurisdictions assisted. This capacity building approach takes the following forms:

- a comprehensive technical assistance programme, the induction programme, intended to facilitate the on-boarding of post-2015 Global Forum members
- tailored technical assistance on demand, for jurisdictions with different stages in EOI implementation
- use of multilateral platforms to deliver capacity building to a major audience. This includes the delivery of regional seminars on the EOI standards, such as Last Mile seminars targeted at tax auditors directly involved in tax investigations and the processing of EOI requests. In addition, a range of e-learning courses and toolkits are offered to train tax officials and optimise tax administration's practices.¹ These platforms and tools were used intensively in virtual format in the midst of the COVID-19 pandemic.

FIGURE 7. Regions' share of total participation in Global Forum technical assistance activities, 2020



The capacity building and technical support work is conducted in strong partnership with the regional partner organisations CIAT, IDB and the WBG. The involvement of such partners is critical because of the knowledge and experience they bring to the debate, and because their participation increases the ownership of EOI efforts in the region and ensures the political engagement of Latin American tax administrations in the effective development of tax transparency standards and practices.

Since 2016, the capacity-building programme, jointly with the commitment and political will of jurisdictions and the support from regional partners, has translated into the following concrete achievements for the region and its tax transparency agenda:

- Nine Latin American countries signed and ratified the MAAC: Brazil, Chile, Dominican Republic, Ecuador, El Salvador, Guatemala, Panama, Peru and Uruguay. Paraguay has signed the MAAC and is in the process of depositing its instruments of ratification, while Honduras has officially expressed interest in becoming a party to the MAAC. By the end of 2020, 141 jurisdictions participate in the MAAC, including 14 Latin America countries.
- Six out of eight Latin American countries reviewed until 2020 were rated as Largely Compliant with the enhanced EOIR standard: Brazil, Costa Rica, Dominican Republic, Peru, Chile and Uruguay. These results show that Latin American countries are making

1. Toolkits and e-learning courses are usually made available in English, French and Spanish.

important strides for the implementation of the enhanced EOIR standard, which includes complex beneficial ownership requirements.

- Nine Latin American countries already exchange CRS information under AEOI: Argentina, Colombia and Mexico started in 2017; Brazil, Chile, Costa Rica, Panama, and Uruguay started in 2018; and Peru in 2020. Ecuador is committed to start its first AEOI exchanges in 2021.

Induction programmes in Latin America since 2016

The induction programme is an enhanced and medium-term technical assistance programme for post-2015 members, and which aims to enable jurisdictions to implement the EOI standards. It does so by:

- creating awareness on membership rights and obligations
- familiarising new members with the transparency and EOI standards
- assisting them in preparing for their peer review process by conducting a gap analysis assessment
- helping them put in place the infrastructure needed to fully benefit from effective EOI, including broadening the network of EOI partners and establishing functional EOI units.

Induction programmes are strongly built around political awareness and commitment, without which the support for legislation changes and the dedication of resources to pass the major reforms required to implement the EOI standards are not feasible (see Figure 8).

The experience with Latin American countries has demonstrated that EOI capacity can be successfully built up in countries with little or no previous EOI experience. Since its 2016 inception, three Latin American countries have benefited from the induction programme: Paraguay, Ecuador and Honduras (see Box 1).

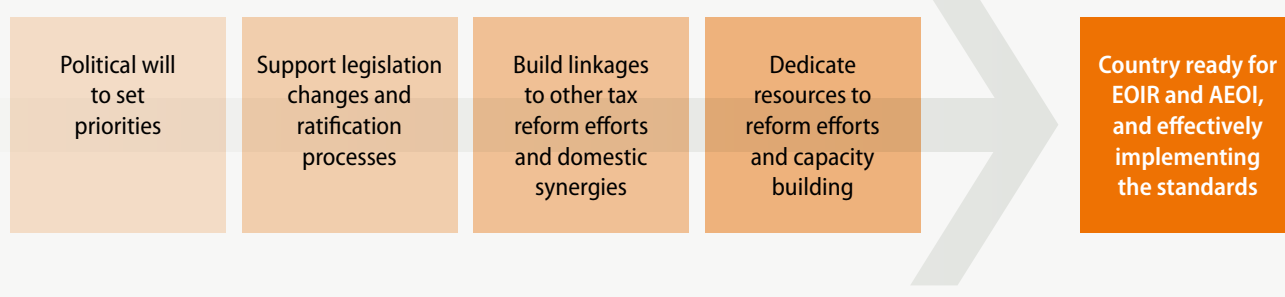
Tailored technical assistance for Latin American countries

Pre-2015 Latin American members of the Global Forum benefit from EOIR and AEOI tailored technical assistance, which is adapted to the particular needs and specific challenges of a specific country. This assistance is not only available to countries at the earlier stages of EOI implementation, but also to experienced regional members seeking support on advanced tax transparency requirements. Examples of tailored assistance include assistance in the drafting and review of legal frameworks for EOIR and AEOI, guidance for filling out the peer review questionnaires, guidance for becoming a party to the MAAC and for the activation of the Multilateral Competent Authority Agreement on AEOI (CRS MCAA). It can also include advice on beneficial ownership, ISM and confidentiality, effective use of CRS data, mock on-site visits and other particular needs of a member.

In 2020, ten Latin American countries benefited from the Global Forum's capacity-building programme (see Table 3).

The technical support received under tailored capacity-building programmes takes the form of desk-based reviews, mock-assessments, individual workshops and/or meetings with jurisdictions, including on-site and virtual ones. Box 2 illustrates the experience of Colombia in receiving assistance in preparation of its AEOI's legal framework assessment.

FIGURE 8. Key elements of induction programmes in Latin American countries



BOX 1. Induction programmes in Latin America since 2016

PARAGUAY: High-level commitment for major tax transparency reforms

Paraguay joined the Global Forum in 2016 and was the first Latin American country benefiting from an induction programme, which was launched in October 2016. Following a gap analysis performed in relation to the EOIR standard, an action plan was agreed with Paraguay. It included major work streams in relation to the drafting and passing of legislation in key transparency areas, the training and creation of awareness of EOI teams, and the adoption of supervision and enforcement measures to ensure effective implementation of the domestic obligations necessary to meet the requirements of the standard. The Global Forum closely accompanied Paraguay during this process, providing intensive technical assistance.

Since then, Paraguay has passed fundamental reforms that include the creation of a beneficial ownership register, the lifting of bank secrecy and the removal of the domestic tax interest requirement to respond to EOI requests – which have significantly broadened the access powers of the competent authority (CA). Further, Paraguay signed the MAAC in 2018 and ratified it in November 2020. These major reforms achieved by Paraguay are crucial for its EOIR review, which launch is scheduled for the third trimester of 2021.



ECUADOR's ambitious work programme to meet AEOL confidentiality and data safeguards standards

Ecuador joined the Global Forum in 2017, and its induction programme was launched in October 2017. During the launch mission, Ecuador's senior officials and relevant stakeholders expressed the strong commitment of Ecuador in meeting the international standards in transparency and EOI and in joining the international community in the fight against tax evasion. Particularly, Ecuador expressed its interest in implementing AEOL and has committed to start its first exchange of information by September 2021 (initially committed to start in September 2020 but postponed due to COVID-19 restrictions). The Global Forum, jointly with the WBG, conducted gap analysis missions focused on the Information Security Management (ISM) arrangements of Ecuador's Internal Revenue Service (SRI), and supported the



SRI in its ambitious work programme to meet the September 2021 deadline.

Ecuador's SRI has made significant transformations in its ISM arrangements, including the adoption of various security policies, covering the physical and technological infrastructure aspects and the data security framework, among other central issues. All these substantial efforts put Ecuador in a position to be ready for its first Global Forum's confidentiality and data safeguards assessment, which is currently undergoing.

HONDURAS: Most recent Latin American Global Forum member benefiting from the induction programme

Honduras joined the Global Forum in August 2019 and its induction programme was launched in December of the same year. The preliminary gap analysis conducted by the Global Forum found some gaps in the legal framework that prevent Honduras from benefiting from the EOIR standard in its fight against tax evasion, particularly the absence of a solid EOI network. The Global Forum is closely accompanying Honduras in the initial process to close those key gaps, particularly in the MAAC joining process.



TABLE 3. Capacity building in Latin America in 2020

Tax transparency area	Countries	
EOIR assistance, including beneficial ownership	Colombia, Costa Rica, Ecuador, El Salvador, Honduras, Panama, Paraguay	
MAAC application	Honduras	
CRS MCAA activation	Peru	Table 3 only refers to capacity building provided during 2020.
Legal framework for AEOI	Colombia, Costa Rica, Peru	However capacity building to Latin American countries has been a constant activity during the last years.
ISM and confidentiality	Colombia, Dominican Republic, Ecuador, Peru	
Effective use of CRS data	Colombia, Peru	
Pre-membership support	Bolivia	

BOX 2. COLOMBIA's set up of domestic and international legal frameworks for AEOI



Colombia was one of the first jurisdictions starting exchanges under the AEOI standard carrying out CRS exchanges since 2017. A pilot project between Colombia and Spain contributed to this achievement, where Spain made peer-to-peer knowledge transfers to Colombia employing a step-by-step approach to implementation, with the objective that Colombia implements and benefits from AEOI in a timely manner.

During 2020, Colombia underwent its peer review of the domestic and international legal frameworks put in place to implement the AEOI standard. For this purpose, the Global Forum provided technical assistance to Colombia to address gaps in its domestic legislation relative to the due diligence

and reporting procedures that financial institutions must undertake, and regarding its international legal framework for AEOI. This technical assistance and the actions taken by Colombia, paved the way for the country to receive an “in place” determination in its AEOI peer review.

Specifically, Colombia made key legislative and regulatory amendments in relation to the record-keeping requirements of financial institutions, the definition of “controlling persons”, and the civil and/or criminal sanctions that will apply for non-compliance with CRS obligations.

Source: Directorate of National Taxes and Customs of Colombia - DIAN

“Colombia would like to thank the Global Forum for the technical assistance and fruitful dialogue throughout 2020 in the context of the AEOI legislative framework assessment. Along the process, which successfully led us to the “in place” determination, the Secretariat was always available and responsive to our queries and their recommendations allowed us to have a clearer path. We truly value our partnership with the Global Forum and look forward to keep advancing together in the transparency agenda.”

Special Administrative Unit - Directorate of National Taxes and Customs of Colombia - DIAN

Use of multilateral platforms in times of COVID-19

Strengthening the EOI technical capacities of broader audiences of tax administration officials in Latin American countries is a key baseline action of the Declaration. During the last years, the Global Forum has delivered technical assistance through seminars, e-learning platforms, manuals and other tools that cover multiple topics related to transparency and EOI, with a special focus in the area of transparency of beneficial ownership.

The COVID-19 outbreak presented a challenge to the delivery of capacity-building programme in the Latin American region and threatened to disrupt its successful trajectory, as many onsite activities (a pillar of the capacity-building work) had to be suspended because of the travel restrictions. At the same time, countries also had to focus on other emerging and urgent priorities to fight the pandemic. However, even in the face of these extraordinary challenges, the demand for capacity building and assistance remained high. In this context,

Building capacity in tax transparency in Latin America

the Global Forum delivered an ambitious action plan to best respond to member's requests and to ensure the continuity of the capacity-building programme with:

- virtual meetings and trainings
- acceleration of the development of new tools such as e-learning courses and toolkits.

These innovative measures allowed the continuation without interruption of capacity-building activities during 2020.

Virtual meetings and trainings

Latin American countries responded massively to the offer of virtual technical assistance and seminars. During 2020, an unprecedented number of 1 120 officials from the region were trained, through four regional virtual trainings, all delivered in Spanish (see Table 4). These virtual meetings showed an important preponderance of female participation, at 61% on average.

Development of new tools: toolkits and e-learning courses

Developing toolkits is a key activity of the Global Forum's capacity building, and was even before the pandemic.² In March 2019, the Global Forum together with the IDB, released the Beneficial Ownership Implementation Toolkit (see Further reading), an important tool to foster understanding of beneficial ownership as contained in the international tax transparency standards.

In the context of the pandemic, the Global Forum accelerated the development of new toolkits that provide comprehensive and detailed guidance, in particular for developing countries (see Further reading):

- A Toolkit for Becoming a Party to the Convention on Mutual Administrative Assistance in Tax Matters. This toolkit provides guidance to countries that wish to become a party to the MAAC and provides contextual background on the MAAC, its key benefits, as well as the substantive and procedural requirements necessary to become a party to it.
- Confidentiality and Information Security Management Toolkit. This toolkit aims to ensure that more countries can benefit from AEOI. It provides detailed guidance on implementing the building blocks of a legal and ISM framework that adheres to internationally recognised standards, as required by the AEOI standard, and ensures the confidentiality of the exchanged information.
- Establishing and Running an Effective Exchange of Information Function. This toolkit was developed jointly by the Global Forum and the African Tax Administration Forum (ATAF) and provides guidance to jurisdictions to put in place and run well-functioning EOI units. Its ultimate goal is that jurisdictions align their organisation and functions to process quality EOI in a timely manner.

TABLE 4. Virtual trainings for Latin American countries during 2020

Date	Title	Countries	Number of participants	Partner organisations
June 2020	Virtual conference on the availability of beneficial ownership information in Latin America	Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, Uruguay	399	CIAT-IDB
July 2020	Virtual workshop on availability of beneficial ownership information	Colombia, Ecuador, Paraguay, Peru	299	–
October 2020	Virtual Last Mile seminar for Central American countries	Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Panama	303	–
December 2020	Virtual Last Mile seminar for Latin American countries	Argentina, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Mexico, Panama, Paraguay, Peru, Uruguay	120	–

2. All Global Forum's toolkits are available in English, French and/or Spanish at <https://www.oecd.org/tax/transparency/documents/key-publications-and-documents.htm>

The Global Forum developed two new e-learning courses in 2020, having previously launched the blended-learning module “Global Forum: Exchange of Information as a Tool to Combat Tax Evasion” in 2019:³

- a beneficial ownership e-learning course prepared with the Asian Development Bank (ADB)
- an EOIR e-learning course dedicated to tax auditors and CA officials.

COLLABORATION WITH REGIONAL PARTNERS

Progress made by Latin American jurisdictions could not have been achieved without the strong collaboration of the regional partners: CIAT, IDB and the WBG. The three regional partners and the Global Forum have joined forces to support countries’ efforts to increase tax transparency and implement the objectives of the Declaration. This fruitful collaboration has generated effective synergies.

Inter-American Centre of Tax Administrations

A solid partnership has been established between the Global Forum and the CIAT in the region, with both organisations articulating their work to support tax administrations in the advancement of tax transparency. CIAT’s general assemblies and



technical conferences are forums where Latin American countries discuss experiences and challenges that pertain to tax administrations, including issues related to international taxation and tax transparency. In addition, CIAT has developed a tax transparency and co-operation database that systematises and disseminates the work done by Latin American and Caribbean countries regarding the adoption of international standards and initiatives on transparency and EOI.

CIAT has also actively participated in tax transparency activities in the region alongside the IDB as indicated above.

Inter-American Development Bank



The IDB and the Global Forum have maintained a fruitful collaboration along the last years to foster the tax transparency agenda in the Latin American region to fight IFFs and increase tax revenues. One of the most visible results of this partnership was the joint development and publication of the Beneficial Ownership Implementation Toolkit in 2019, a widely disseminated tool that serves countries around the world as an essential guide to establish beneficial ownership frameworks. This toolkit is also a central component to regional seminars on this topic as well as technical support.

3. OECD’s e-learning in taxation, available at <https://www.oecd.org/tax/tax-global/e-learning.htm>



Building capacity in tax transparency in Latin America

In addition, the IDB has actively participated in capacity-building activities along with the Global Forum and the CIAT held both onsite and virtually. These include, among others, the third seminar on beneficial ownership held in Mexico City in September 2017, the joint seminar on beneficial ownership and EOIR held in Buenos Aires in August 2019, and the conference on the availability of beneficial ownership information in Latin America, held virtually in June 2020.

Complementing this collaboration, IDB development policy lending is increasingly including support for work on tax transparency and, within this framework, it actively supports Latin American countries with technical advice on the drafting of legislation, particularly in the beneficial ownership area.

World Bank Group



Since 2011, the Global Forum and the WBG have worked together in the fight against IFFs and in supporting DRM efforts. This collaboration had historically a special focus on Latin America and it has been recently extended to other regions. This close co-operation has

contributed to great progress in the implementation of EOI standards in Latin America. Joint technical assistance has been delivered to Costa Rica, Ecuador, Guatemala, Panama and Peru.

In particular, the WBG developed a technical assistance module on ISM for AEOI in co-operation with the Global Forum. This model supports countries in identifying and addressing data safeguarding gaps well in advance of the exchanges taking place. For example, an initial diagnosis of the ISM arrangements of Peru's National Superintendence of Customs and Tax Administration (SUNAT) was undertaken to identify policies and processes it may need to implement or improve to meet the confidentiality and data safeguarding requirements of the AEOI standard. This initial assessment resulted in an action plan for Peru to implement the building blocks of an effective ISM system, which led Peru to start its first exchanges under AEOI in 2020. Similar assistance was jointly provided to Ecuador (see Box 1).

Joint support was also provided in other relevant EOI areas such as the implementation of beneficial ownership systems.





Where does Latin America stand on tax transparency?

4

This section presents the progress made by Latin American countries on tax transparency until 2020 and points out the challenges ahead. The information comes from the responses provided by 16 Latin American countries to the Tax Transparency in Latin America (TTiLA) survey, as well as Global Forum peer reviews and other Global Forum work (e.g. annual reports, capacity-building work).

Where does Latin America stand on tax transparency?

The results show that commitment in the region is strong, and jurisdictions take a priority on tax transparency and international tax co-operation as tools to tackle tax evasion and mobilise domestic revenue. Further, although most Latin American countries have recently started the implementation of the EOI standards, they are building strong EOI infrastructures and networks, paving the way for effective exchanges. There are however various areas for improvement: most countries in the region are still making very few EOI requests and beneficial ownership systems are still in early stages. In addition, the effective use of AEOI is not yet widely implemented and countries found hindrances for the wider use of exchanged information to tackle other financial crimes. Despite the challenges imposed by the COVID-19 pandemic, Latin American countries have continued making progress to ensure continuity in their tax transparency work.

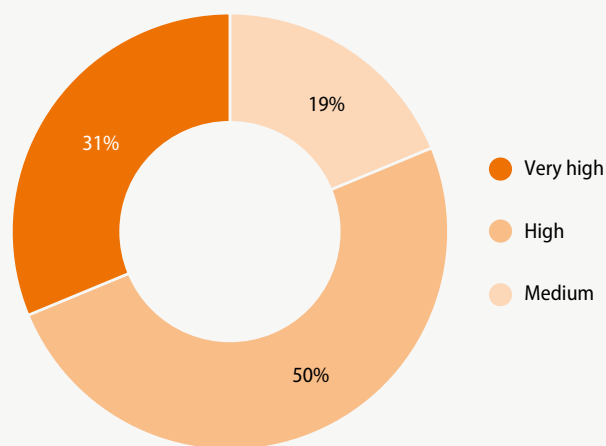
EXCHANGE OF INFORMATION IS A PRIORITY FOR LATIN AMERICAN TAX ADMINISTRATIONS

Implementing EOI is a challenging task that requires the passing of major legislative reforms, the overhaul of organisational processes in tax administrations and international engagement through bilateral and/or multilateral conventions. Political and technical commitment at the highest levels to engage and create awareness among the different stakeholders involved in the implementation of the EOI standards, is therefore a key requirement and a necessary condition for the success of tax transparency.

In Latin America, commitment to EOI is high with 81.2% of countries surveyed (13 countries) giving EOI a high or very high priority. Only 18.8% of respondents (three countries) consider EOI to be a medium priority, and no country deems EOI as having no priority within their DRM agenda (see Figure 9).

The high priority given to EOI is motivated by the need to tackle tax evasion and other IFFs to mobilise domestic resources for development. To that end, a multilateral platform is considered the best environment. These countries have allocated resources (financial, human and technological), adapted their organisational structures to create units dedicated to EOI, created processes and manuals to expedite EOI requests and increased their EOI networks.

FIGURE 9. Level of priority given to EOI in Latin America



Note: Responses from 16 countries

Source: Tax Transparency in Latin America survey

The medium priority given by some countries is explained by current organisational and network restrictions (i.e. limited knowledge of fiscal auditors and limited EOI agreements).

LATIN AMERICAN COUNTRIES ARE BUILDING SOLID EOI INFRASTRUCTURES BUT MORE CAPACITY BUILDING IS NEEDED

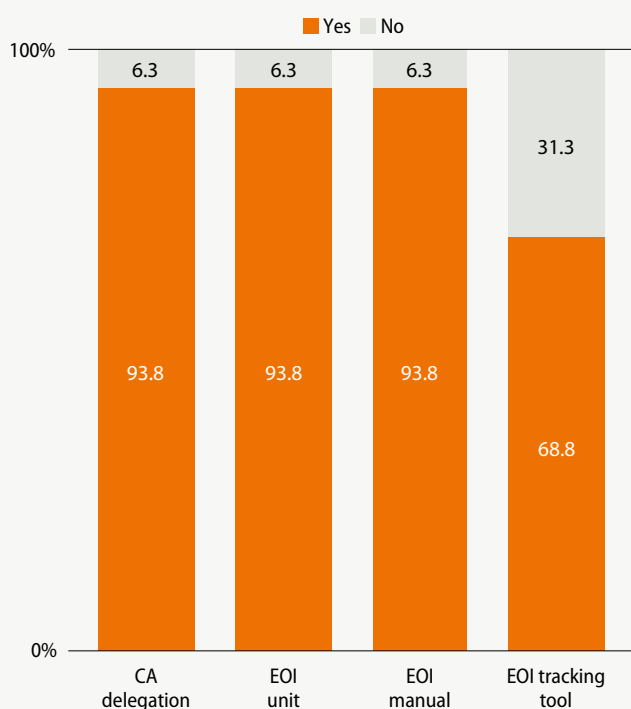
The establishment of well-resourced EOI units is essential to ensure the effectiveness of EOI and is one of the baseline actions of the Declaration's work plan for the period 2021-2023. Most countries in Latin America have put in place appropriate organisational arrangements, technical tools and human resources to ensure quality and timeliness of exchanges. However, the results also show that capacity building in tax administrations needs to be enhanced, so countries can take full advantage and realise the potential of the EOI standards.

Organisational arrangements and technical tools

Almost all Latin American countries have reformed their organisational structures and set up key technical tools to enhance and strengthen their EOI functions (see Figure 10).

In relation to the organisational structures, 15 countries (i.e. 94% of countries surveyed) have put in place an EOI unit within their tax administrations and also delegated the CA function to the EOI unit. This organisational arrangement is usually more efficient

FIGURE 10. Share of countries with EOI organisational arrangements and technical tools



Note: Responses from 16 countries

Source: Tax Transparency in Latin America survey

for EOI, as the CAs¹ are the only officials empowered to exchange information with foreign jurisdictions. The delegation of the CA function usually improves the timeliness and quality of the exchanges.

Latin American countries are also making sure that EOI unit officials have the technical resources to undertake effectively their EOI work: 94% of countries surveyed manifested having a manual to guide EOI unit personnel on the processing of EOI; 70% of them use tools to track EOI requests in order to manage the timeliness and respond to partners efficiently.

Human resources and EOI competences

The human resources assigned to EOI work and their level of dedication to EOI tasks are critical to support the effectiveness of EOI process. In addition, competent

1. CAs are generally the ministers in charge of finance or their duly authorised representatives, which, depending on the specific organisation of each jurisdictions, may be the officials of the ministry of finance or the tax administration.

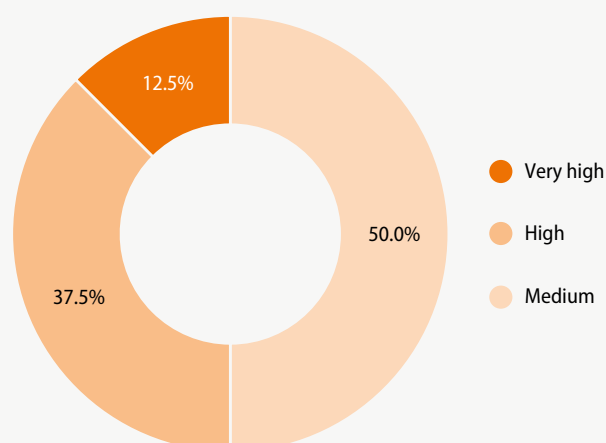
staff with the relevant skills and knowledge on the EOI standards are the beating heart of functional EOI units. While the responses to the TTiLA survey show very positive initial results in relation to the allocation of human resources to EOI, they also show that more capacity needs to be built among staff.

Latin American countries have assigned 147 officials to EOI work, and the great majority of them (101 officials, equivalent to 69% of the total) is working with full-time dedication to EOI, which provides reassurance as to the importance of EOI for Latin American tax administrations.

In relation to the knowledge of staff on the EOI standards, half of the 16 Latin American countries surveyed consider that the level is either very high or high (see Figure 11). The other half of countries put the knowledge level of their EOI staff in the medium category. These results can be linked to the responses given by countries who regard EOI as a medium priority because of the limited EOI knowledge of tax auditors. EOI trainings should then be an area of focus of tax administrations, as established in the Declaration work plan.

Box 3 shows an example of the organisational arrangements for EOI in Argentina, which allows for co-ordinated actions between the different EOI functions.

FIGURE 11. Staff's knowledge on EOI



Note: Responses from 16 countries

Source: Tax Transparency in Latin America survey

BOX 3. EOI organisational arrangements in ARGENTINA



Starting in 2010, the Federal Administration of Public Revenues (AFIP) of Argentina began to make adaptations in its organisational structure with the objective of establishing co-ordinated actions between EOI and tax-business departments. By benefitting from synergy and complementary functions, this new approach allows for a full-picture analysis of taxpayers.

Following this approach, the Directorate of International Taxation (dependent on the Sub-Directorate General for Control) is in charge of international information of taxpayers in all its aspects and is divided into two departments:

- Department of International Technical Management and Evaluation (DITME)
- Department of International Information Management (DIIM)

The DITME is responsible for issuing technical reports on direct taxation and international transactions, for control of compliance and audits on transfer pricing regulations, and other international taxation issues. The DIIM is responsible for performing the different actions related to international information exchanges and has five staff. This Department, in turn, supervises three divisions:

- Division of Tax Information Exchange (eight staff) which processes all on request and spontaneous exchanges

- Division of Automatic Exchange of Information Management (20 staff) which processes automatic information exchanges (CRS, Country-by-Country reporting)
- Division of Customs Information Exchange (eight staff) which processes customs information exchanges

Although the different modalities of information exchange are assigned to distinct divisions, there is constant interaction between them. This scenario includes cases where information received through AEOI led to further domestic investigation and request for information for further clarity or, conversely, cases where information acquired through EOIR are corroborated with AEOI data.

All staff procedures are clearly established in writing and available for permanent consultation on the AFIP intranet page. In addition, for the proper safeguarding of information, all staff have a secured computer, which they access through personal passwords. Finally, the AFIP provides permanent IT assistance, since periodic development of computer systems is necessary in order to complete the different forms of information exchange in a safe manner.

Source: Federal Administration of Public Revenues of Argentina



TABLE 5. MAAC adherence in Latin America, by year of signature and entry into force

Country	Signature	Deposit of instruments	Entry into force
Argentina	2011	2012	2013
Brazil	2011	2016	2016
Chile	2013	2016	2016
Colombia	2012	2014	2014
Costa Rica	2012	2013	2013
Dominican Republic	2016	2019	2019
Ecuador	2018	2019	2019
El Salvador	2015	2019	2019
Guatemala	2012	2017	2017
Mexico	2010	2012	2012
Panama	2016	2017	2017
Paraguay	2018	-	-
Peru	2017	2018	2018
Uruguay	2016	2016	2016

Source: Status of Multilateral Convention, https://www.oecd.org/tax/exchange-of-tax-information/Status_of_convention.pdf

LATIN AMERICAN COUNTRIES RECOGNISE THE IMPORTANCE OF BROAD EXCHANGE OF INFORMATION NETWORKS

EOI for tax purposes cannot take place between jurisdictions unless there is an international agreement that allows for it. A narrow network of EOI agreements is one of the obstacles that prevent many developing countries from accessing information from other jurisdictions to assist tax auditors on their tax investigations. Therefore, one of the baseline actions of the Declaration is that Latin American countries continue broadening their EOI networks.

While countries have the option to negotiate and conclude bilateral agreements for EOIR either in the form of Double Taxation Conventions (DTCs) or Tax Information Exchange Agreements (TIEAs), it can be a resource-intensive and time-consuming exercise.

However, the MAAC offers a single legal basis for multi-country co-operation in tax matters. By becoming a party to the MAAC, a country significantly and rapidly expands its administrative co-operation framework. There are currently 141 participating jurisdictions in the MAAC, equivalent to more than 7 700 bilateral agreements.²

Latin American countries have been steadily joining the MAAC since 2010 – when participation in the MAAC became a possibility for non-OECD or Council of Europe countries. In addition, the MAAC, completed by the CRS MCAA, has been used as legal basis for the automatic exchanges carried out by almost all jurisdictions committed to AEOI.³ It also explains the increasing number of signing and ratification since 2014.

As of December 2020, 14 out of the 16 surveyed countries are participating to the MAAC (see Figure 12) and the MAAC is already in force for 13 of them (see Table 5).

2. Tax Transparency and Exchange of Information in Times of COVID-19 - 2020 Global Forum Annual Report, available at <https://www.oecd.org/tax/transparency/documents/global-forum-annual-report-2020.pdf>

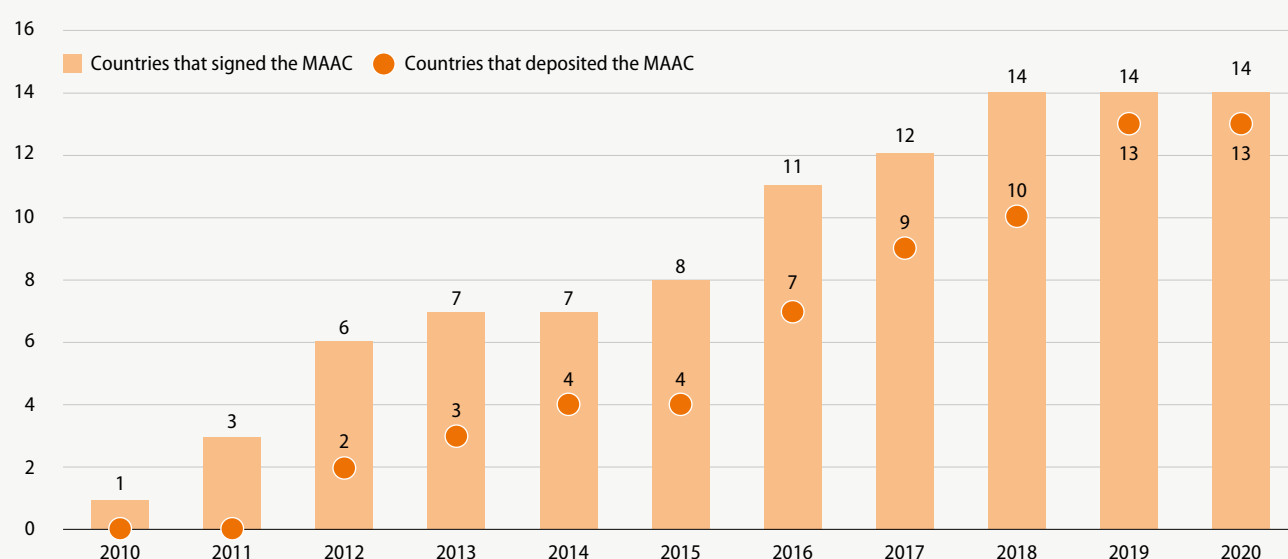
3. Article 6 of the MAAC provides that two or more parties can automatically exchange information through a CA bilateral or multilateral agreement. This agreement can be the CRS MCAA, which operationalises the automatic exchange of financial account information under the CRS.

Where does Latin America stand on tax transparency?

If Latin American countries only relied on their bilateral or regional EOI relationships (through DTCs, TIEAs and regional agreements), the total number of EOI relationships would amount to a total of only 360. However, when the EOI relationships generated by the MAAC are counted, the number of EOI relationships reaches 1 993. Figure 13 clearly illustrates the relevance of joining an instrument with global coverage such as the MAAC in

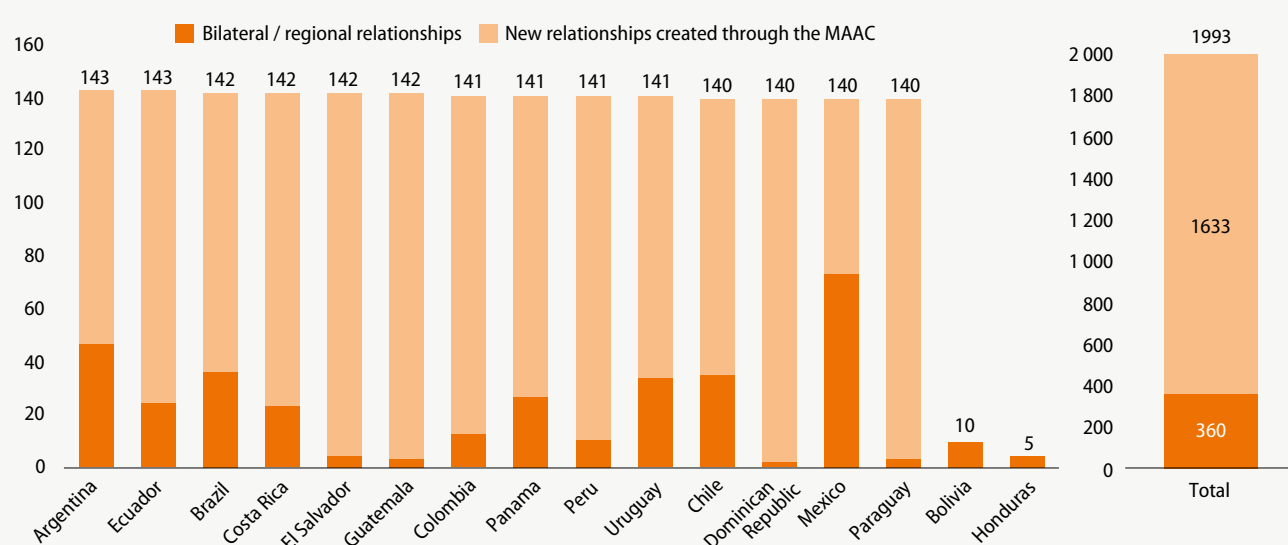
order to build optimal treaty networks. The MAAC has helped most Latin American countries to rapidly expand their administrative co-operative framework, since most countries in the region have very few bilateral or regional EOI relationships. Further, it is always guaranteed that the EOI relationships created through the MAAC are in line with the international standards, which is not always the case for bilateral agreements.

FIGURE 12. Latin American countries' participation in the MAAC



Source: Status of Multilateral Convention, https://www.oecd.org/tax/exchange-of-tax-information/Status_of_convention.pdf

FIGURE 13. Latin American countries' EOI relationships, by type



Note: Responses from 16 countries

Source: Tax Transparency in Latin America survey

The Latin American region is very close to completing the full circle of MAAC relationships. The 13 Latin American countries that are parties to the MAAC will be soon joined by Paraguay, which would deposit its instrument of ratification in 2021. Out of the two countries surveyed that are not MAAC signatories, Honduras has officially expressed interest in becoming a party to the MAAC and is now undergoing the Co-ordinating Body review process.

“Paraguay considers that the MAAC provides a complete basis for all of its exchange of information for tax purposes; covering exchange on request, automatic and spontaneous. In this manner and with the use of a single legal instrument, Paraguay saves resources that would otherwise be spent in bilateral negotiations with each of the jurisdictions with which there is an interest in sharing relevant tax information.”



Mr Oscar Orué, Vice Minister of Taxation of the Under Secretariat of State for Taxation, Paraguay

“Honduras considers that joining the MAAC would be the most important step in achieving the international tax transparency standards. Being able to access information worldwide will help Honduras in the fight against tax evasion and other illicit financial flows such as corruption. Building wider international legal frameworks that allows exchange of information is crucial to deliver fairness to our tax system and help us achieve better conditions for the citizens of our countries.”



Ms Miriam Guzmán, Tax Administration Minister, Honduras

IMPLEMENTATION OF THE EXCHANGE OF INFORMATION ON REQUEST STANDARD

As described in the introduction, the EOIR standard provides the foundation for effective international co-operation to tackle offshore tax evasion and is an essential tool to support tax administrations to access cross-border information on their taxpayers, properly investigate them and collect additional revenue. Through a robust peer review process, the Global Forum monitors that its members fully implement this standard, to which they have committed.

Until the end of 2020, eight Latin American countries⁴ have been fully reviewed by the Global Forum under the second round of evaluations of the EOIR standard, following the enhanced 2016 Terms of Reference (ToR), which includes the requirement to maintain beneficial ownership information on legal persons and arrangements, and bank account information. Seven Latin American countries remain to be fully peer-reviewed and will be assessed during the next three years.⁵

The overall EOIR ratings received by the eight Latin American countries reviewed so far indicate that, in general, the region is performing satisfactorily, as six countries (75% of all reviewed in the region) have received a Largely Compliant rating and of those, two improved their performance as compared to their first round of reviews. However, one country received a Partially Compliant rating and another was rated as Non-Compliant with the EOIR standard (see Table 6).

TABLE 6. Overall EOIR ratings of Latin American countries

Country	Round 1 rating	Round 2 rating
Argentina	Largely Compliant	–
Brazil	Largely Compliant	Largely Compliant
Chile	Largely Compliant	Largely Compliant
Costa Rica	Partially Compliant	Largely Compliant
Dominican Republic	Partially Compliant	Largely Compliant
Guatemala	–	Non-Compliant
Mexico	Compliant	–
Panama	Non-Compliant	Partially Compliant
Peru	–	Largely Compliant
Uruguay	Largely Compliant	Largely Compliant

Source: <https://www.oecd.org/tax/transparency/documents/exchange-of-information-on-request-ratings.htm>

4. Brazil, Chile, Costa Rica, Dominican Republic, Guatemala, Panama, Peru and Uruguay.

5. Argentina, Colombia, Ecuador, El Salvador, Honduras, Mexico and Paraguay. Exchange of Information on Request - Schedule of Round 2 peer reviews 2016-2024, available at <https://www.oecd.org/tax/transparency/documents/schedule-of-reviews.pdf>

Where does Latin America stand on tax transparency?

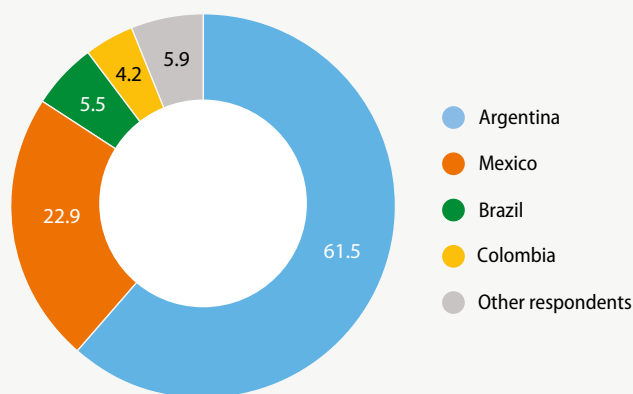
These two countries are working with the Global Forum and other partners to address the deficiencies identified in their peer review to ultimately improve their current rating.

Although the results show that most countries are making general progress on the implementation of the EOIR standard, a complete assessment of the region performance cannot be undertaken until all Latin American members of the Global Forum are peer-reviewed. Assistance is provided to the countries that have not yet been reviewed or that have a received a non-satisfactory rating.

Most Latin American countries are still making very few requests of information

While almost all Latin American countries have wide EOI network, they are not yet exploiting the full potential of EOI. Existing EOI agreements are often not sufficiently used to request information to support tax audits, investigations and other compliance activities, for combatting cross-border tax evasion and supporting DRM efforts.

FIGURE 15. Distribution of EOI requests sent by Latin American countries between 2014 and 2020

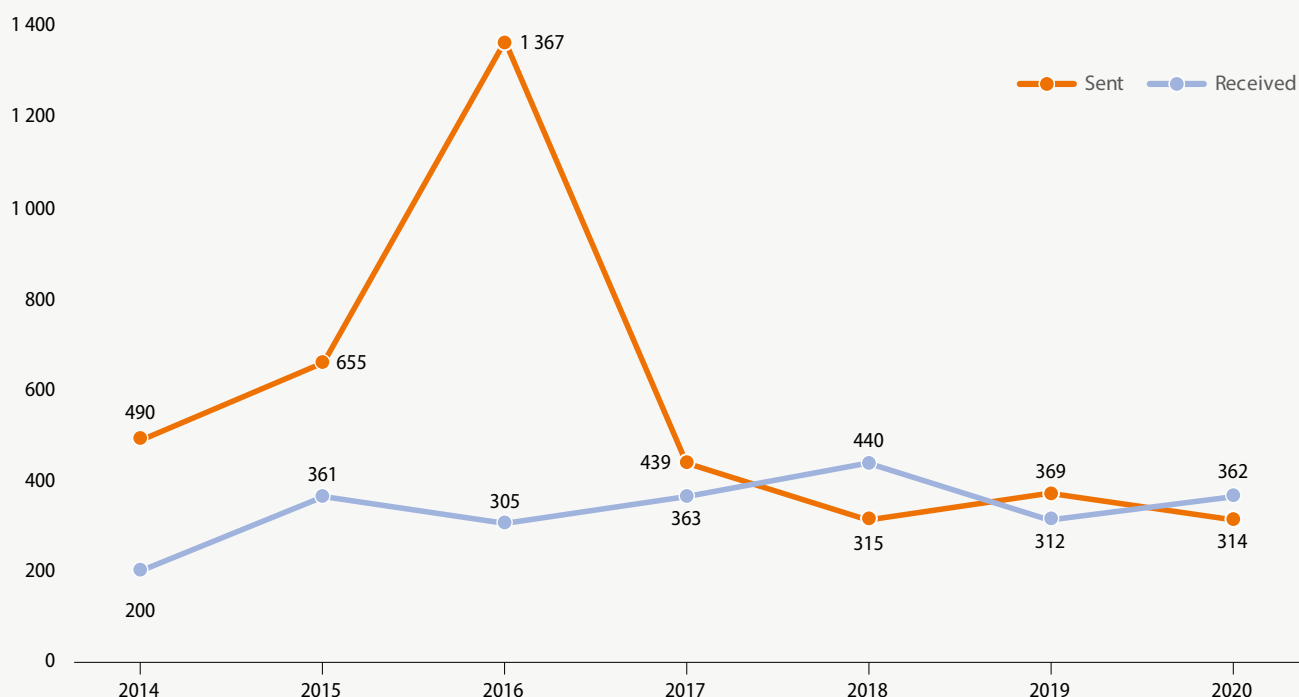


Note: Responses from 15 countries. Chile has provided data on the number of requests sent but preferred not to have them published.

Source: Tax Transparency in Latin America survey

The region has been a net sender of requests over 2014-2020 with 3 949 requests sent and 2 343 requests received. The number of requests sent – after experiencing a spike in year 2016 – has been roughly constant since 2017 with a slight decrease in 2020. The latter may be attributed to the effects of the COVID-19 pandemic (see Figure 14).

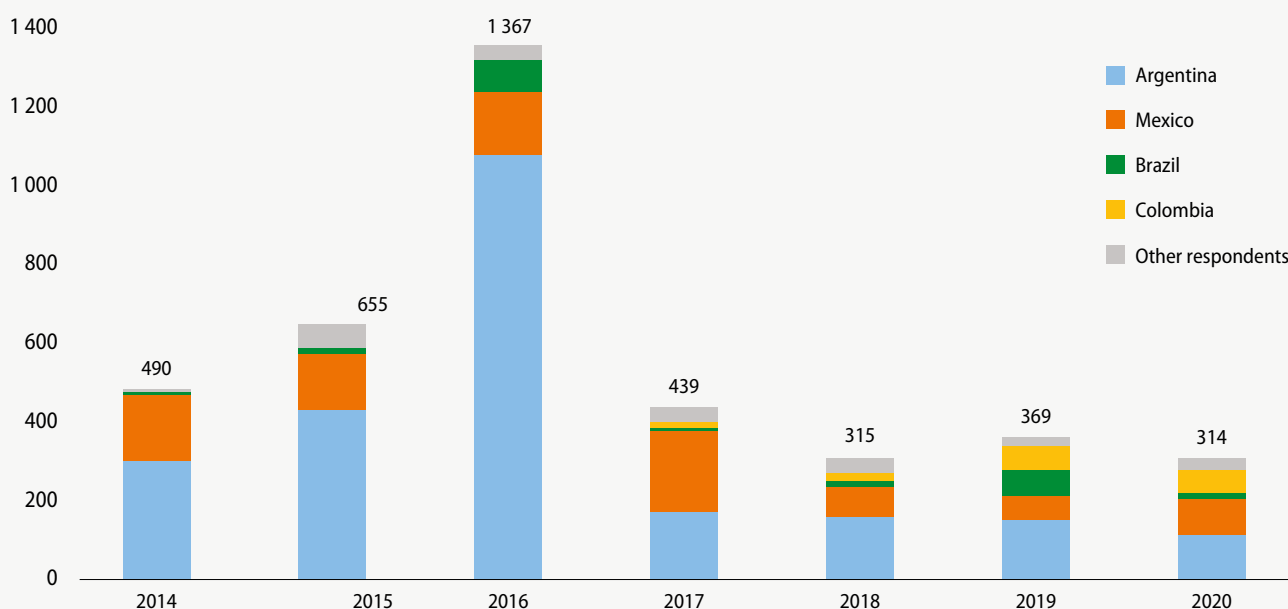
FIGURE 14. Number of EOI requests sent and received by Latin American countries, 2014-2020



Note: Responses from 15 countries. Chile has provided data on the number of requests sent and received but preferred not to have them published.

Source: Tax Transparency in Latin America survey

FIGURE 16. Number and distribution of EOI requests sent by Latin American countries between 2014 and 2020



Note: Responses from 15 countries. Chile has provided data on the number of requests sent but preferred not to have them published.

Source: Tax Transparency in Latin America survey.

However, disparities between the number of requests sent by countries are quite important, with most Latin American countries making very few requests. As shown on Figure 15, Argentina and Mexico, older MAAC signatories, are responsible for 61.5% and 22.9% of the requests respectively, followed by Brazil (5.5%) and Colombia (4.2%).

The steep increase in the overall number of requests in 2016 showed on Figure 16 is consequence of the advancement of requests made by Argentina (triggered by an international leak of financial information). While it is true that many Latin American countries are relatively recent signatories of the MAAC and two of the countries surveyed are not yet parties to it, these results indicate that more efforts and resources need to be allocated to enhance the use of EOI within tax administrations in the region.

Latin America has taken steps for transparency of beneficial ownership but more remains to be done

The EOIR standard requires a tax authority to provide to another jurisdiction, upon request, any information foreseeably relevant for the administration or enforcement of its domestic tax laws, or for carrying out the provisions of a relevant tax agreement. Specifically,

adequate, accurate and up to date information on the identity of the legal and beneficial owners of relevant entities and arrangements is required to be available to competent authorities in a timely manner (Element A.1 of the updated 2016 ToR on EOIR). The Global Forum's peer review process of beneficial ownership requirements takes a combined approach of looking at both the legal framework and its effective implementation in practice.

Implementing an efficient beneficial ownership system can be a challenging task and most Global Forum members have received recommendations in this area. In Latin America, beneficial ownership systems are in very early stages of implementation.

Beneficial ownership systems in the Latin American countries reviewed under the EOIR standard

By the end of 2020, eight Latin American countries have been fully reviewed in the second round of evaluations of the EOIR standard.

Most of the Latin American countries reviewed had gaps in their beneficial ownership legal frameworks, with only two countries not receiving any recommendation in this aspect.

Where does Latin America stand on tax transparency?

TABLE 7. Determinations and ratings received by Latin American countries for Element A.1

Country	Legal framework determination	Overall rating
Brazil	Needs improvement	Largely Compliant
Chile	Needs improvement	Partially Compliant
Costa Rica	Needs improvement	Partially Compliant
Dominican Republic	In place	Largely Compliant
Guatemala	Not in place	Non-Compliant
Panama	Needs improvement	Partially Compliant
Peru	Needs improvement	Partially Compliant
Uruguay	In place	Largely Compliant

Source: <https://www.oecd.org/tax/transparency/documents/exchange-of-information-on-request-ratings.htm>;
https://www.oecd-ilibrary.org/taxation/global-forum-on-transparency-and-exchange-of-information-for-tax-purposes-peer-reviews_2219469x

All of them received recommendations with respect to the practical implementation of their beneficial ownership framework and the monitoring of the related obligations. These deficiencies, combined to others related to legal ownership, led to a mixed outcome in terms of the rating on Element A.1: three countries evaluated received Largely Compliant ratings, four were rated Partially Compliant and one was rated as Non-Compliant, with no jurisdiction rated as Compliant (see Table 7).

These reviews indicate that, in general, supervision of beneficial ownership obligations in Latin America is incipient, with authorities needing to improve a number of essential tasks, including the adequate monitoring of the compliance of obligations in relation to accuracy, filing and record-keeping obligations, as well as the application of sanctions. The issue of a large number of inactive entities⁶ not being adequately supervised had also been identified in some countries.

6. For the purpose of this report, an inactive entity corresponds to an entity that legally exists but has no business activity or is considered inactive under the conditions set out in the domestic law of a jurisdiction (for example due to non-compliance with filing requirements).

Sources of beneficial ownership information in Latin America

The EOIR standard does not prescribe a particular mechanism in order to collect and store beneficial ownership information. However, empirical data from Global Forum peer reviews suggest that a multi-pronged approach, i.e. the use of various legal frameworks for beneficial ownership and thus of more sources of information, generally leads to a more solid beneficial ownership system. Sources of information can be financial institutions (FIs), designated non-financial business and professionals (DNFBPs), the entities themselves, the tax administration and/or a central beneficial ownership register.

More sources of information can lead to a more complete coverage of all legal persons and arrangements, as deficiencies or gaps identified in one source can be compensated by another one. However, the number of sources of information should not be considered as the unique criterion for whether a beneficial ownership framework is solid or not. Deficiencies in the definition or in the methodology for identification of beneficial owners and/or poor supervision and enforcement mechanisms can have an impact on the overall availability of accurate beneficial ownership information and thus, in the rating received under Element A.1 of the ToR.

TABLE 8. Combinations of beneficial ownership sources in Latin America

Number of sources of beneficial ownership information	Number of countries
4 : FIs + DNFBPs + entities + tax adm.	1
3 : FIs + central reg. + entities	1
3: FIs + DNFBPs + central reg.	5
3: FIs + DNFBPs + entities	2
3: FIs + entities + tax adm.	1
2: FIs + DNFBPs	2
2: FIs + entities	1
1: FIs	3

Note: Responses from 16 countries

Source: Tax Transparency in Latin America survey and Global Forum peer reviews

BOX 4. EOI Central beneficial ownership registers and the Latin American experience

More and more jurisdictions are implementing a central beneficial ownership register to strengthen their existing beneficial ownership frameworks (usually AML laws) and to ensure better transparency of and access to beneficial ownership information by relevant persons and authorities. The implementation of a central register, combined with other sources of information (AML-obliged persons, entities themselves, etc.) facilitates access to beneficial ownership information by law enforcement authorities – including the tax administration – and can contribute to an effective multi-pronged approach.

This trend is also present in Latin America and, in the region, six countries already require beneficial ownership information to be centralised in dedicated registers: Argentina, Brazil, Costa Rica, Paraguay, Peru and Uruguay; while Colombia and Ecuador are in the legislative process for the approval of central registers.

An important condition – among many others – to ensure the efficiency of a central register is the existence of a supervisor with an adequate mandate, experience and enforcement powers to ensure compliance with identification and reporting obligations. The authorities in charge of the supervision of central register obligations can be diverse, depending on the particular administrative structure and context of the country. Some countries may decide to designate a single authority to both maintain the central register and to supervise entities compliance, while others can take a mixed approach for maintenance and supervision of the central register.

In Latin America, four countries rely on the single authority approach. Among them, three countries have designated the tax administration as the body to maintain the central

register and to supervise entities' compliance with both obligations. This decision may be attributed to tax administrations' experience as rigorous controllers of tax and record-keeping obligations. In the particular case of Paraguay, a new body within the Ministry of Finance was created for maintaining the register and supervising obligations.

Two countries in the region have adopted a mixed approach. For example, in Uruguay, the central register is held by the Central Bank, but the supervision of obligations in general is carried out by the National Internal Audit. In Costa Rica, the register is also maintained by the Central Bank, but the supervision is carried out by both the Central Bank – which verifies the identity information against other applicable agency databases – and the tax administration. The table immediately below summarises the approaches in central registers' supervision taken by Latin American countries.

Country	Holder of register	Supervisor
Argentina	Tax administration	Tax administration
Brazil	Tax administration	Tax administration
Costa Rica	Central Bank	Central Bank, tax administration
Paraguay	Ministry of Finance	Ministry of Finance
Peru	Tax administration	Tax administration
Uruguay	Central Bank	National Internal Audit

Beneficial ownership central registers in Latin America are very recent and one of the complementary actions of the Punta del Este Declaration for the next years is to ensure that beneficial ownership information held in central registers is easily and effectively accessed in a context of multilateral co-operation.

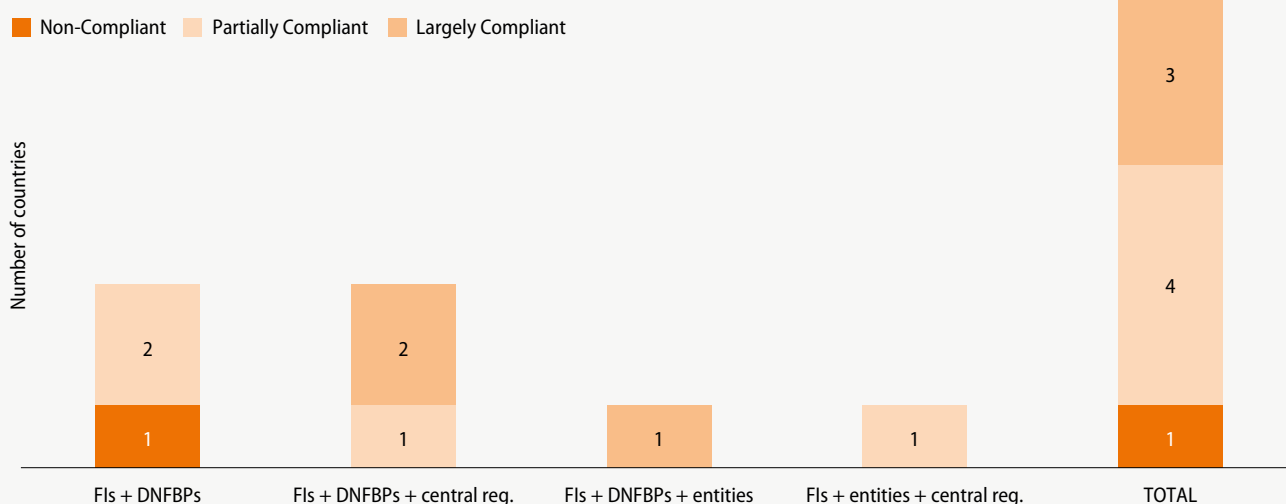
The responses provided to the TTiLA survey provide a snapshot of the overall situation in relation to beneficial ownership sources used. The results indicate that a majority of Latin American countries do not rely on many sources of beneficial ownership information.

Table 8 illustrates the different combinations of beneficial ownership sources used in the Latin American region. Most countries in the region already have an existing AML framework in place and thus have FIs

and/or DNFBPs as sources of beneficial ownership information, and most are complementing that framework with other sources, such as the entities themselves, the tax administration or a central register. Six countries in the Latin America have implemented beneficial ownership central registers (see Box 4).

Where does Latin America stand on tax transparency?

FIGURE 17. Sources of beneficial ownership information in the 8 Latin American countries reviewed and Element A.1 rating



Source: https://www.oecd-ilibrary.org/taxation/global-forum-on-transparency-and-exchange-of-information-for-tax-purposes-peer-reviews_2219469x

In relation to the eight Latin American countries reviewed under the EOIR standard, Figure 17 provides an overview of the sources of beneficial ownership information used and the rating received under Element A.1. The experience of Global Forum peer reviews shows that using a combination of complementary sources or a multi-pronged approach allows for greater transparency and for completeness in beneficial ownership coverage. At the time of the review, four countries required beneficial ownership information to be centralised in dedicated registers but these were part of very recent systems and deficiencies in implementation and supervision were identified. However, this analysis is a snapshot of the situation of the eight countries at the time of their review, and does not necessarily reflect the current situation as some of them may have enhanced their beneficial ownership systems post-evaluation.

IMPLEMENTATION OF THE AEOI STANDARD

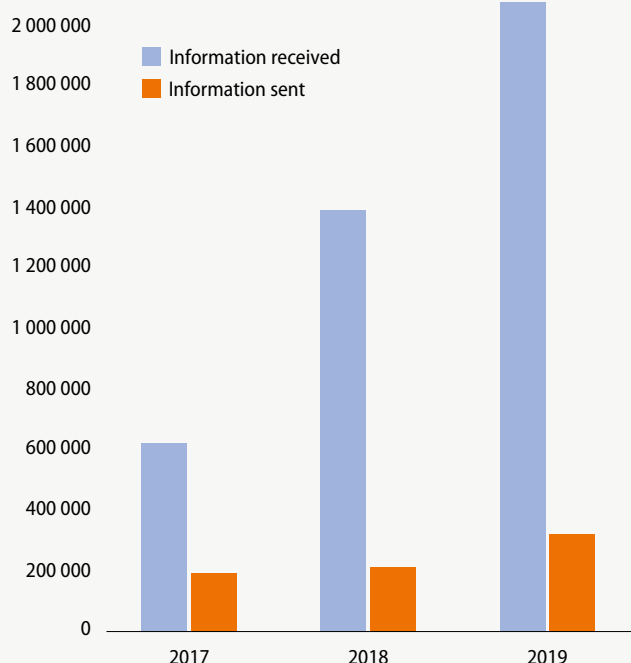
The AEOI standard requires financial institutions to report financial account information of tax-residents of other jurisdictions to their tax authorities, which in turn automatically exchange this information with the tax authorities of the country of tax residence of the account holder and its controlling person(s), if any. It is a powerful weapon in the fight against cross-border tax evasion as it enables tax authorities around the world to annually receive without prior request the details of their taxpayers' offshore assets and income.

TABLE 9. Status of Latin American countries' participation in AEOI

Year of first exchanges	Country
2017	Argentina, Colombia, Mexico
2018	Brazil, Chile, Costa Rica, Panama, Uruguay
2020	Peru
Commitment to start AEOI in 2021	Ecuador
Date of first exchanges not set	Bolivia, Dominican Republic, El Salvador, Guatemala, Honduras, Paraguay

Source: <https://www.oecd.org/tax/automatic-exchange/commitment-and-monitoring-process/AEOI-commitments.pdf>

Table 9 summarises the current status of Latin American countries with respect to AEOI implementation. Nine countries have already exchanged CRS information under AEOI, and Ecuador is committed to start its first exchanges in 2021. The six other countries surveyed have not yet committed to implement the AEOI standard in a set timeline. One of the baseline objectives of the Declaration is to continue to provide the needed support to encourage more Latin American countries to start their AEOI journey. For this purpose, the Global Forum with regional partners delivers intensive technical assistance to the countries committed to a specific timeline and those considering such a commitment to make sure they are ready for their first exchanges on time.

FIGURE 18. Number of financial accounts covered by Latin American countries' automatic exchanges of information

Note: Responses from 8 out of 9 Latin American countries exchanging AEOI data.

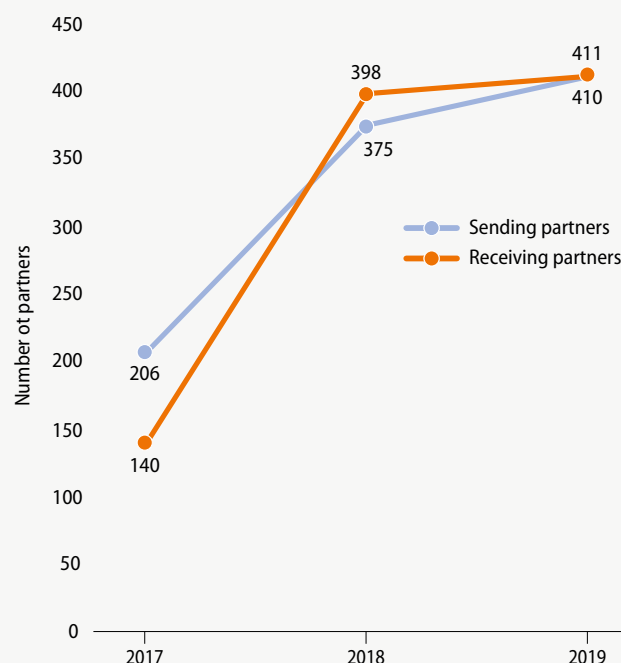
Source: Tax Transparency in Latin America survey

In particular, the Global Forum provides technical assistance for compliance with the extensive confidentiality and ISM requirements of the AEOI standard. This critical element of the standard is particularly challenging for jurisdictions in the region, because of the systemic IT developments required.

In Latin America, the number of data sent and received under AEOI has been increasing steadily since 2017. In 2019, the region received information on 2.1 million financial accounts, which represents an increase of 236% with respect to 2017. Regarding data sent, the region sent information on more than 300 000 financial accounts in 2019, an increase of 70% with respect to 2017 (see Figure 18).⁷

The number of exchange partners logically follows the same increasing trend as for the data exchanged (see Figure 19).

The Global Forum undertook peer reviews of the legal frameworks of countries implementing the

FIGURE 19. Number of AEOI exchange partners of Latin American countries

Note: Responses from 8 out of 9 Latin American countries exchanging AEOI data.

Source: Tax Transparency in Latin America survey

AEOI standard, and the results for Latin America indicate that, although improvements are necessary, most countries meet the legal requirements to implement AEOI (see Table 10). The Global Forum is working with countries to address the recommendations issued as a result of the peer review.

TABLE 10. Implementation of the legal framework on AEOI

Country	Determination
Argentina	In place but needs improvement
Brazil	In place
Chile	In place but needs improvement
Colombia	In place
Costa Rica	Not in place
Mexico	In place but needs improvement
Panama	In place but needs improvement
Uruguay	In place but needs improvement

Source: Peer Review of the Automatic Exchange of Financial Account Information 2020, available at https://www.oecd-ilibrary.org/taxation/peer-review-of-the-automatic-exchange-of-financial-account-information-2020_175eeff4-en.

7. Data for 2020 are not available at the time of the report.

Where does Latin America stand on tax transparency?

BOX 5. Special asset regularisation regime in BRAZIL

Prior to commencing its first CRS exchanges in September 2018, Brazil's Federal Revenue Service launched a voluntary disclosure programme known as Special Asset Regularisation Regime (RERCT - Regime Especial de Regularização Cambial e Tributária). The RERCT gave Brazilian residents the opportunity to voluntarily regularise and report to the tax administration assets, rights and resources (originated from legal activities) not previously reported or wrongfully reported in the past, that may have been remitted or kept abroad, or repatriated.

The adherence to RERCT resulted in around EUR 10 billion (USD 12 billion) collected (in taxes and fines) in 2016. The

amounts were not necessarily repatriated, but had to be declared. The success of this programme is considered to have been driven by the prospect of Brazil starting CRS exchanges soon.

Driven by the favourable results of the first RERCT, in 2017, the Federal Revenue Service launched a second voluntary disclosure programme (RERCT 2). RERCT 2 allowed the collection of approximately EUR 0.5 billion (USD 0.6 billion) in 2017, the same year that Brazil started collecting CRS information to be exchanged from 2018 on.

Source: Brazil's Federal Revenue Service



The implementation of the AEOI standard is already having a very concrete impact in the region. Taxpayers are coming forward to disclose formerly concealed wealth in response to voluntary disclosure programmes (VDP) launched prior to the first AEOI exchanges. VDPs offer taxpayers incentives to come forward and voluntarily declare income and assets that were previously unknown to the administration (most often held in foreign countries) and to pay taxes thereon. From recent experience, these programs have a positive impact both on the improvement of tax discipline and on the mobilisation of tax revenues in general. Five Latin American countries (Argentina, Brazil, Chile, Colombia and Peru) have launched VDPs in connection to AEOI, which have helped to identify at least EUR 12 billion in additional revenue. Box 5 illustrates Brazil's experience on the implementation of a VDP prior to launching AEOI.

Effective use of AEOI is not yet widely implemented in Latin America

One of the main challenges for countries implementing AEOI is the effective use of CRS data. In order for AEOI to bring effective value, it is not only important that information on financial accounts is collected and reported, but also it is equally crucial that receiving jurisdictions use the data in the most effective manner for tax-compliance purposes, for risk management and for data analytics. This is the reason why one of the complementary actions of the Declaration is to assist Latin American countries that are either receiving or will soon receive CRS information, in setting up a framework and procedures for the effective use of that information.

The Global Forum is already working on this capacity-building area: Peru and Colombia benefitted in 2019 from technical assistance to develop strategies on the effective use of CRS information. The objective is to ensure that the use of CRS data becomes a regular and widely-used strategy in the process of verifying cross-border transactions.

Five out of the nine Latin American countries already exchanging CRS data reported using this information for tax audits, investigations and other compliance activities. Box 6 summarises some examples of how countries in the region are using CRS data on their tax audit and investigation strategies.

EXCHANGE OF INFORMATION ON REQUEST SUPPORTS REVENUE MOBILISATION

EOI for tax purposes is not an end in itself. It is a means to an end: enabling tax administrations to better enforce and ensure compliance with their tax laws and collect additional revenues. Six Latin American countries reported collecting additional revenue as a result of EOIR during 2014 to 2020, reaching a total of EUR 298 million (see Figure 20).

While these are encouraging numbers, it should be noted that only one country concentrated 86.2% of the total revenue collected, followed by three countries which together represented 13.7% of the total revenue collected as a result of EOIR.

BOX 6. How AEOI can support tax investigations – country experiences

ARGENTINA

When the AFIP receives CRS information, it first carries out a data matching process to compare the data received with the tax identification numbers (Número de Identificación Fiscal – NIF) held by AFIP in its taxpayer database. Subsequently, AFIP selects cases with potential tax interest, i.e. cases where there is a deviation between what is informed by the exchange partner and what has actually been declared by the taxpayer. This cross-referencing is carried out automatically through a system designed for this purpose.

The selection parameters for audits highlight taxpayers with foreign bank accounts and/or financial payments – either declared, undeclared or with incorrect values when compared to recent tax declarations. In 2020, 1 337 tax audits were generated based on received CRS information.

Source: Federal Administration of Public Revenues of Argentina



data analytics strategies, and cross-references the received CRS data with other sets of information held by the tax administration, looking for specific indicators that evidence risk in the activity of taxpayers. Following the data matching process, CRS information is actively utilised in tax audits as indication or evidence of irregularities, together with other information.

Source: Brazil's Federal Revenue Service

MEXICO

Mexico's Tax Administration Service (SAT) actively uses CRS data, which provides valuable fiscal and financial information to tax auditors in their efforts against tax evasion. To be able to effectively use CRS data, in August 2019 the SAT launched a project that involved relevant tax business and audit areas, with the objective of maximising the use of AEOI in a co-ordinated manner. The key areas involved in this project included the auditing, planning and programming Departments from the Large Taxpayers Unit and the General Audit Unit.

Source: Tax Administration Service of Mexico

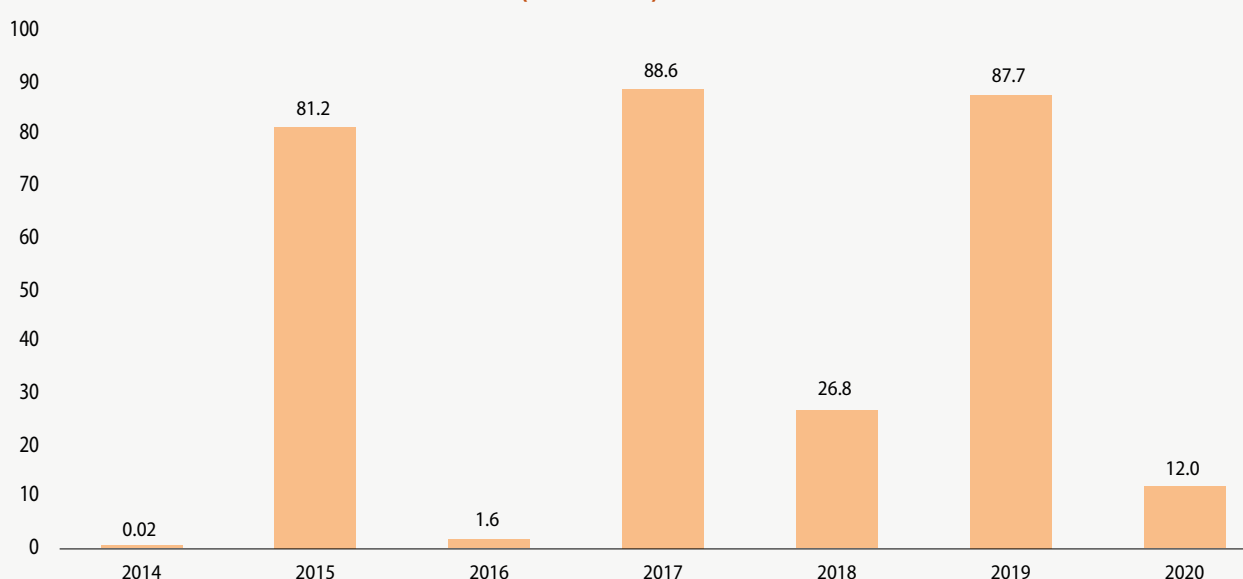


BRAZIL

Brazil's Federal Revenue Service has established a comprehensive strategy for the effective use of CRS information. The Federal Revenue Service applies data matching and other



FIGURE 20. Revenue collected as a result of EOIR (EUR million)



Note: Responses from six countries

Source: Tax Transparency in Latin America Survey

Where does Latin America stand on tax transparency?

These results illustrate the effect of EOIR on DRM, and the importance of the effective use of EOI networks to send more requests for supporting compliance activities and bring previously untaxed income into the fiscal coffers.

Finally, it is important to note that these figures only refer to reported revenue identified thanks to EOIR. Not all Latin

American jurisdictions monitor the amount of additional revenue identified. Assessing the impact of EOI helps demonstrate its relevance in enhancing the country's DRM efforts to decision makers. Countries are encouraged to make use of tools that facilitate this work, such as the EOI assessment form approved by the signatories during the third Punta del Este Declaration meeting.

BOX 7. ECUADOR: How EOI networks can help discover the use of intermediaries to avoid taxation

CASE 1

A company in Ecuador makes payments without income tax withholding in relation to technical services, advice and consultancy (simulated services) – which are considered as deductible expenses – to a country with a DTC with Ecuador. With the information obtained through EOIR, Ecuador's Internal Revenue Service (SRI) found that the company in the country with the DTC (intermediary country) has no economic substance and that the final payments were actually directed to a country with low taxation. Additionally, the SRI obtained through the request information and supporting documentation that indicated the intermediary company had transactions with more than 20 Ecuadorian companies, which were then also subject of investigation (in addition to the company that originated the EOIR). Ecuador discovered that the SRI had been collecting less revenue due to: 1) reduction in the tax base of Ecuadorian companies, 2) non-taxation of non-residents in Ecuador (DTC application) and 3) the intermediary company in the country with DTC declaring zero profit for expenses with countries with low or

no taxation. As a result of this investigation, the SRI collected additional revenue of about EUR 9 million.

CASE 2

97% of the exports of an Ecuadorian company are made to country A (without DTC). However, companies of two other countries in the region (countries B and C), which have signed a DTC with Ecuador, appear in those exports as consignees and recipients of the exported goods. The export price of the Ecuadorian company to country A – when considering expenses – barely covers the cost of the products and leaves a minimum margin of gross profitability. Through EOIR with countries B and C, it was possible to demonstrate that the companies located in those countries are related to the Ecuadorian company and that the company of country A is used to divert profits to a country with low or no taxation. As a result of this investigation, the SRI collected additional revenue of about EUR 0.4 million.

Source: Internal Revenue Service of Ecuador



BOX 8. PERU: How EOI can help protect the tax base

Peru successfully exchanged information within the framework of a DTC signed with a partner country. The National Superintendence of Customs and Tax Administration (SUNAT) requested information about a company resident in the partner country, to determine whether the company was the effective beneficiary of royalty income paid by a company located in Peru. The objective was to validate the correct application of the reduced tax rate of 15% established in the applicable DTC, as opposed to the 30% regular rate.

From the evaluation of the documentation received from the partner country, SUNAT determined that the investigated company was not the effective beneficiary of the income

paid by the Peruvian company; therefore, a 30% withholding rate was applicable, and not 15%.

As a result of this investigation, SUNAT recovered the following revenue, covering four fiscal years:

Year	Amount (EUR)
2010	1 461 666
2011	2 147 737
2012	1 625 432
2013	1 304 451
Total	6 539 286



Boxes 7 and 8 provide examples of the importance of having in place an EOI network pursuant to which a country can request information and use it to protect its tax base.

COUNTRIES FACE CHALLENGES FOR WIDER USE OF EXCHANGED INFORMATION

As a principle, information exchanged under an EOI agreement shall be only used for tax purposes. However, some exceptions are provided in EOI agreements. For instance, the MAAC⁸ and Article 26 of the OECD and UN DTC Models allow the receiving jurisdiction to use EOI information for purposes other than tax where two conditions are met: (i) a similar use is allowed in the receiving and sending jurisdictions, and (ii) a prior authorisation from the sending jurisdiction is obtained.

The wider use of exchanged information is instrumental in the fight against IFFs and would facilitate a whole-of-government approach in tackling that issue. In the Punta del Este Declaration, signatories agreed to lead by example in tackling IFFs through increased international tax co-operation. The signatories “encourage all Latin American countries to further strengthen their efforts in tackling cross-border tax evasion, corruption and other financial crimes through closer co-operation, both at the global and regional levels, including in particular through more intense use of all the available exchange of information tools for the purpose of deterring, detecting and prosecuting tax evaders”.

In addition, wider use is in line with the G20 high-level principles on beneficial ownership transparency⁹ which encourage countries to “ensure that competent authorities (including law enforcement and prosecutorial authorities, supervisory authorities, tax authorities and financial intelligence units) have timely access to adequate, accurate and current information regarding the beneficial ownership of legal persons”.

Despite its huge potential, the practical implementation of the exception of EOI agreements for wider use of tax-exchanged information is not widely adopted in Latin America. Only Argentina has indicated that they have used information exchanged for tax purposes for other purposes.

Argentina is making use of this tool and has actively requested authorisation for wider use. It sent requests to 84 jurisdictions for the use of CRS information for other purposes and, to date, eight countries gave Argentina their unconditional authorisation, eleven countries gave their authorisation subject to conditions, and six did not authorise the use for non-tax purposes. Argentina also reported that specific authorisations related to EOIR information have all been granted by the sending jurisdiction with the exception of three cases (for use in AML, criminal and customs matters).

The wider use of exchanged information is one of the complementary actions agreed by signatories of the Declaration for the period 2021-2023 and, in this context, the Global Forum will continue working with countries and partners to facilitate the work of competent authorities in sharing and utilising tax information in the fight against corruption and other financial crimes.

LATIN AMERICAN COUNTRIES HAVE TAKEN ACTIONS TO MITIGATE THE EFFECTS OF THE PANDEMIC ON TAX TRANSPARENCY WORK

As any other government activity, co-operation among tax administrations through EOI has been affected by the pandemic. Nine Latin American countries indicated that their EOI functions were diminished due to the sanitary crisis, both in the sending of requests to partner jurisdictions and in the processing of requests received by partner jurisdictions, in the ways described in Table 11:

While the pandemic has affected the work of EOI units across the region, it also offered an opportunity to improve or test new working methods such as the use of digital technology in the context of telework.

8. For example, article 22(4) of the Convention on Mutual Administrative Assistance in Tax Matters states that notwithstanding the confidentiality provisions “information received by a Party may be used for other purposes when such information may be used for such other purposes under the laws of the supplying Party and the competent authority of that Party authorises such use”.

9. Following the G20 Leaders’ Declaration from St Petersburg encouraging “all countries to tackle the risks raised by the opacity of legal persons and legal arrangements” the G20 Leaders endorsed at their summit in Brisbane on 15-16 November 2014, the “G20 High Level Principles on Beneficial Ownership Transparency” and committed to leading by example in implementing these agreed principles. These high-level principles are available at http://www.g20.utoronto.ca/2014/g20_high-level_principles_beneficial_ownership_transparency.pdf

Where does Latin America stand on tax transparency?

This has also concerned EOI, and many tax administrations have strengthened their technological infrastructure and have implemented teleworking policies to be able to receive and/or respond to requests using encrypted emails or other secure

electronic channels, while at the same time ensuring the confidentiality and safeguarding of the sensitive information transmitted through EOI.

Box 9 illustrates how Costa Rica has mitigated the impact of COVID-19 in its tax transparency work.

TABLE 11. **Impact of the pandemic on tax transparency work in Latin America**

Impact	Description
Decrease in requests from the audit, investigations and other tax compliance functions for information to aid their work	<ul style="list-style-type: none"> ● The restrictive sanitary measures prevented the physical presence of audit officers in the premises of the tax administration. ● Post offices were closed, impeding the sending of requests in paper format.
Decrease in the number of requests sent to foreign jurisdictions	
Delay in the processing of requests received from foreign countries	<ul style="list-style-type: none"> ● The sanitary measures required tax auditors and EOI staff to work remotely. ● Taxpayers and information holders, particularly from the private sector, are not performing their activities in a regular manner, making it difficult to obtain information from them in time.
Delay in obtaining information required from the information holders	<ul style="list-style-type: none"> ● Sanitary restrictions slowed down and hampered the notification process of information holders.
Delay in responding to requests on time	<ul style="list-style-type: none"> ● Governmental agencies that provide information to the EOI unit, such as the agency that provides banking information, were temporarily closed. ● Migration from physical to digital formats has been challenging.

Source: Tax Transparency in Latin America survey

BOX 9. **COSTA RICA: Maintaining EOI continuity in times of COVID-19**



In Costa Rica, the pandemic has affected many work streams in the Ministry of Finance, including the General Directorate of Taxation (DGT) and its tax transparency work. In response, the Ministry launched an institutional strategy to deal with the impact of the pandemic. This strategy includes the use of technological and digital platforms to minimise physical presence in premises (both personnel and taxpayers), a teleworking policy and staggered schedules that give dynamism and flexibility to operations. This strategy was designed to seek a balance between activities that require physical presence and others that can be carried out remotely, in such a way that no function in the Ministry is neglected.

In the DGT, the sanitary situation restricted the physical presence of staff in the premises, affecting both the processing of incoming and outgoing requests. However, the business continuity plans already in place in the DGT have helped to mitigate the negative impact of the sanitary restrictions.

Regarding outgoing requests, the DGT moved to send 100% of requests to other jurisdictions in digital format, with the use of controls to ensure the confidentiality of information and the safeguarding of data, such as digital signature and encryption. In relation to incoming requests, while the DGT has also moved to digital communications where possible, their processing has suffered a considerable delay because of the difficulties to obtain information in certain situations, particularly when it is necessary to obtain information held by third parties from the private sector, such as the taxpayers themselves. However, the DGT maintains permanent communication with partner jurisdictions, through permanent calls and virtual meetings to follow up on status and actions.

Source: General Directorate of Taxation, Costa Rica



5

Country experiences in tax transparency

This part of the report offers three Latin American countries' experiences in their journey to enhance transparency and exchange of information for tax purposes to tackle tax evasion and IFFs, and how capacity building, along with technical and political leadership, facilitated this challenging task.



Ecuador

Implementing AEOI's confidentiality standards



Interview with the Director of the Internal Revenue Service, **Ms Marisol Andrade**

Why did Ecuador become a member of the Global Forum and is a participant in the Declaration of Punta del Este?

Ecuador became a member of the Global Forum in April 2017, to affirm its fight against cross-border tax fraud and evasion and to affirm its overall support of transparency in tax issues. The ultimate goal of Ecuador is to strengthen its revenue collection through the utilisation of EOI standards.

Ecuador is a signatory of the Punta del Este Declaration as it believes that closer co-operation ties in the region, both through EOI agreements and further integration of regulatory efforts, will lead to more cohesive undertakings in the combat against corruption and other forms of criminal activities related to tax and corporate opacity.

What motivated Ecuador to commit to start the first exchanges under the AEOI standard?

Ecuador became a party to the MAAC in October 2018 and, to fully benefit from this powerful instrument, signed in parallel the CRS MCAA. The CRS MCAA will enable Ecuador to receive banking and other financial information on Ecuadorian residents from the jurisdictions where the financial accounts are held.

Ecuador committed to start its first automatic exchanges in 2021, moved by the conviction that this information will be very useful for its tax collection efforts, as it will complement and help corroborate the information declared by Ecuadorian taxpayers in relation to their offshore wealth.

What was the role of leadership (administrative and political) in making this commitment? Was this a commitment at the level of the Internal Revenue Service, or a political decision promoted by the Ministry of Economy and Finance?

This is a commitment made by the Ecuadorian government at its highest levels, as a strategy against corruption and tax fraud. This effort was led by the Internal Revenue Service (*Servicio de Rentas Internas, SRI*), as the President of the Republic granted full powers to the General Director of the Internal Revenue Service on this relevant matter.

What steps has Ecuador taken in its path of complying with the AEOI standard? Can Ecuador tell us about its experience in implementing the ISM and confidentiality standards? What were the biggest challenges Ecuador faced in this process?

The path to complying with the AEOI standard started when the Global Forum visited Ecuador in March 2018 to undertake a gap analysis of the ISM and confidentiality arrangements in the SRI. An action plan was developed during this visit, with specific activities and deadlines

to address the deficiencies identified. A second visit was made in January 2020, where the Global Forum assessed the progress made by the SRI and identified the remaining challenges in implementation. Ecuador worked intensively since 2018 for the implementation of the action plans and for addressing the deficiencies identified, with the ultimate goal of implementing the safeguarding and confidentiality arrangements as required by the AEOI standard.

The SRI strategy focused on the alignment of the following key components with the AEOI standard:

- legal framework – strengthening of the international and domestic legal framework to ensure the confidentiality and protection of exchanged information
- confidentiality and safeguarding of data – implementation and strengthening of internal procedures to ensure the confidentiality of the information at the institutional level, including the security of physical and logical access. In addition, the SRI acquired technological tools for that purpose
- implementation of technological tools – development of a technological tool that enables the SRI to receive information from national financial institutions and to exchange such information with other jurisdictions.

The implementation of the various actions to align SRI activities with the ISM and confidentiality standards was a challenging and complex task. Year 2020 was even more difficult, as the actions were developed amid the COVID-19 global pandemic and in the context of temporary quarantines, teleworking measures and the decision by the Ecuadorian government to prioritise financial resources towards the alleviation of the pandemic effects at the national level.

What does Ecuador think of the induction programme?

Ecuador's induction programme was launched during a visit to Quito, Ecuador on 10-11 October 2017, led by the Head of the Global Forum Secretariat. Ecuador considers the induction programme as a key component of its journey in the implementation of the tax transparency standards.

In particular, Ecuador would like to highlight the technical assistance received in relation to the implementation of the ISM and confidentiality requirements of the AEOI standard. Ecuador considers that the continuous technical support received from Global Forum's advisors and ISM experts, has been key to Ecuador's AEOI implementation efforts.

In addition, Ecuador is taking steps to implement other activities as part of the induction programme and is receiving assistance from the Global Forum Secretariat and the WBG, for example to review its draft beneficial ownership law and ensure its alignment with the tax transparency standards.

What are the lessons learned to date that Ecuador can share with other countries in the region?

Ecuador has learned very important lessons along its AEOI journey, and would like to highlight the following:

- It is crucial to establish an EOI unit that will handle all efforts for the implementation of the EOI standards, working in a disciplined and co-ordinated manner towards the achieving of the ultimate results.
- It is very important to establish co-operation and knowledge sharing links with friendly jurisdictions that are already exchanging financial accounts information, so to learn and benefit from experiences and avoid common mistakes.



Paraguay

Implementation of the EOIR standard



Interview with the Vice Minister of Taxation of the Under Secretariat of State for Taxation, **Mr Oscar Orué**

Why did the Republic of Paraguay become a member of the Global Forum?

The Republic of Paraguay became a member of the Global Forum because of the government's political decision to move towards greater transparency and EOI on tax matters. Paraguay is convinced that the support of the Global Forum is key to strengthen the frontal fight against cross-border tax crimes and tax evasion. This adherence would allow Paraguay to:

- enhance the control and access powers of the Under Secretariat of State for Taxation (i.e. the Tax Administration)
- strengthen the fight against tax evasion
- achieve greater revenue collection and tax justice among the inhabitants of the Republic.

Paraguay's entry into the Global Forum in 2016 paved the way for the approval of important legislative and procedural reforms in the process of adoption of the tax transparency standards, and the benefits of EOI will ultimately show in terms of tax collection as well as on national investment and growth.

What do you think of the induction programme that Paraguay is receiving?

The induction programme in which the Republic of Paraguay has participated since its adherence to the Global Forum in 2016 has been fundamental. From its inception, it has allowed the country to move forward in the process of adopting the international tax transparency standards.

The technical assistance of the Global Forum allowed Paraguay to have a first diagnosis of the situation and a roadmap for implementation, based on which we agreed with the Global Forum on a detailed action plan, both for the necessary regulatory amendments and for the practical implementation of EOI standards. We are convinced that with the technical assistance and the constant support of the Global Forum, it was possible for Paraguay to achieve important advances in EOI matters.

Likewise, the constant training and learning from practical experiences of other countries of the region – including the virtual courses in these times of pandemic – allowed the building of knowledge on quite specific and relevant topics such as beneficial ownership, the exchange of information for tax purposes from the auditor's point of view, the organisation of the units responsible for EOI, among other issues.

Can you share with us Paraguay's experience in the implementation of the transparency standards (lifting of bank secrecy, beneficial owner reporting), and what were the biggest challenges Paraguay faced during this journey?

The experience was quite enriching for the country, considering that the efforts began when the Republic of Paraguay became a member of the Global Forum back in 2016. From that moment, the Ministry of Finance and particularly the Tax Administration worked tirelessly in the diagnosis of the legal gaps and the related necessary normative and procedural reforms, in the preparation of an action plan to carry out those reforms and in the effective implementation of those reforms.

Milestones in this journey include:

- Beneficial ownership. Paraguay created a dedicated body within the Ministry of Finance in charge of maintaining beneficial ownership information and supervising the related requirements. The draft bill that created the *General Directorate of Legal Persons, Arrangements and Beneficial Owners* was enacted into Law at the end of 2019.
- Access to bank information. The draft bill that permits the access to bank information by the Tax Administration and its exchange with other jurisdictions was presented to Congress in January 2020 and enacted into Law in November 2020.
- Expansion of EOI networks. Paraguay's Congress ratified the MAAC in November 2020, through Law No. 6656/2020. Paraguay is currently in the process of depositing the instrument of ratification with the OECD so that it enters into force in 2021.

One of the greatest challenges faced by Paraguay in the legislative reform processes was the need to do them in a relatively short time, which combined with the complexity of the reforms passed, made the task even more challenging. Another challenge was the debate in the political sphere on the safeguarding of confidential taxpayer information and the adoption of measures to sanction those who disclose such information.

Why did the Republic of Paraguay decide to join the MAAC? How do you think it will benefit Paraguay?

Paraguay joined the MAAC because it is a comprehensive and detailed instrument for the exchange of information for tax purposes, covering exchange on request and automatic and spontaneous exchange, with its 141 signatories, including Paraguay. As the MAAC is a single multilateral instrument, Paraguay saved resources that otherwise would have been spent in bilateral negotiations with each of the jurisdictions with which there is an interest in sharing relevant tax information.

Paraguay considers that the MAAC provides the Tax Administration with a tool for combating tax evasion with greater efficiency and effectiveness, and will consequently help increase tax revenue that Paraguay needs to fulfil its development objectives.

What are the main benefits of the Declaration of Punta del Este for the Republic of Paraguay?

The Declaration of Punta del Este constitutes a call to reinforce measures against tax evasion and corruption in the region. The Republic of Paraguay adhered to it in an effort to share experiences and participate in the benefits of this regional initiative.

We consider that the key benefits of the Declaration include:

- the integration of the national fiscal policies and the tax administration policies, to strengthen the fight against tax evasion
- the improvement of the fight against illicit financial flows, tax evasion and corruption through greater international tax co-operation
- the increase in tax collection through the use of international information exchange tools
- the economic growth of the country, which will lead to the achievement of the Sustainable Development Goals.



Peru

Implementation of the EOIR and AEOI standards

Interview with the National Intendent on Strategy and Risk of the National Superintendence of Customs and Tax Administration (SUNAT), **Mr Palmer De La Cruz**

IMPLEMENTATION OF THE EOIR STANDARD

When did EOIR become a priority for Peru and what motivated Peru to make EOIR a priority?

EOIR became a priority for Peru because of the challenges brought by the economic globalisation, which came accompanied by an exponential growth of cross-border operations and their consequent detrimental impact on tax revenues. SUNAT identified that nearly 50% of taxpayers who declare income above EUR 500 000 and around 600 economic groups at the national level have indicators that suggest cross-border operations.

Then, it became crucial for Peru to have more sources of information and tools to enable tax audit departments to carry out their cross-border investigations more effectively. Peru became a member of the Global Forum in 2014 in response to these challenges and to the urgent need to reduce tax evasion. It is then when Peru started to work hard to implement the EOIR standard, and achieved important milestones in the process.

What role did leadership (administrative and political) play in making EOIR a priority?

The leadership at the government and the tax administration levels played a very important role, both from a political and an administrative point of view.

From the political point of view, leadership allowed the passing of legislation to incorporate the rules on mutual administrative assistance in tax matters into domestic legislation, as well as to expand the network of international tax agreements.

From an administrative point of view, the implementation of the EOIR standard was defined as a priority in the institutional agenda. Consequently, the importance of EOI as a tool for DRM was - and continues - to be disseminated within SUNAT and other relevant agencies. Additionally, a dedicated EOI unit was created and an Information Security Management System (ISMS) was implemented.

Which key milestones Peru achieved in its EOIR journey?

Key milestones that demonstrated Peru's commitment with the EOIR standard included:

- the signing and ratification of the MAAC, which expanded significantly Peru's network with its EOI partners

- the creation of a dedicated EOI unit within SUNAT: the Office for Mutual Administrative Assistance in Tax Matters (OAAMMT)
- the obligation for legal entities and arrangements to request and maintain beneficial ownership information, and to submit this information to SUNAT
- the development and implementation of an ISMS that covers all relevant business processes in SUNAT, including EOIR and AEOI processes, to ensure that the tax information held by SUNAT is managed following strict confidentiality requirements.

These measures, along with other important actions in the EOI field, paved the path for Peru to be successfully rated as Largely Compliant under the Global Forum peer review of the EOIR standard during 2020.

How has the role of the EOI unit evolved from its inception to date?

Before the creation of the OAAMMT, the EOI functions within SUNAT were part of the tasks of a department in charge of institutional strategies. Recognising the importance of allocating more resources to EOI, SUNAT created the OAAMMT in 2017 as an independent unit dedicated exclusively to EOI. OAAMMT's functions are to evaluate, process and send information exchange requests made by the operational areas of SUNAT, as well as to process requests from other jurisdictions. The OAAMMT manages all EOI work streams, including EOIR, AEOI and spontaneous EOI. In addition, the OAAMMT assures that the information is managed and exchanged under strict confidentiality and safeguarding standards.

What are the lessons learned to date in the implementation of the EOIR standard that Peru can share with other countries in the region?

Key lessons learned to date are:

- It is crucial to promote within tax administrations the dissemination of EOI mechanisms as tools that auditors need to use in their day-to-day fiscal investigations. Once auditors and other users involved in this process understand the importance of EOI in their investigations, a greater number of requests will be sent, and thus more revenue will be collected.

- In relation to EOI itself, the fluidity of communications between CAs must be a priority with the utmost importance, as well as the timely attention to the requests, so the success of investigations is not undermined. This should be in line with a constant monitoring of the strict compliance of the rules of confidentiality and information security at all levels.

IMPLEMENTATION OF THE AEOI STANDARD

What motivated Peru to commit to implement the AEOI standard at a specific date?

The AEOI standard represents to Peru a very effective form to access information that enables and improves the efforts against tax avoidance and tax evasion. As the AEOI standard provides financial information of Peruvian residents that have bank accounts abroad, it complements the tax information already held by SUNAT and allows for the identification of non-declared income.

In addition, the automatic exchange of Country-by-Country (CbC) reports allows Peru to have a broader and more complete perspective of the multinational groups with a presence in the country, including the countries where the multinationals operate, the income generated in each jurisdiction and the activities performed. This information is very valuable for the detection of profit shifting from Peru to low-tax jurisdictions, improving the risk assessment of multinationals by the tax administration.

Finally, Peru also worked in many other areas, like in the adequacy of its domestic legal framework to implement the MAAC that was signed in October 2017, as well as in the implementation of the applicable mechanisms and tools to achieve an effective exchange of information.

What was the role of leadership (administrative and political) in making this commitment?

From the political point of view, the consensus between the legislative and executive powers enabled the Peruvian government to take concrete decisions for the adoption of the tax transparency commitments and the implementation of the related recommendations received. This consensus allowed the enactment of

Country experiences in tax transparency

key legal provisions for the implementation of the AEOI standards (both CbC and CRS) in Peru, which defined the legal framework for the utilisation of the information to be exchanged.

From the administrative point of view, leadership at the tax administration level enabled the implementation of an effective ISMS for the reception and exchange of CRS and CbC information that fully complied with international ISM and confidentiality standards. This successful implementation led to Peru being considered by the Global Forum as a safe and reliable partner for the reciprocal exchange of CRS and CbC information.

What steps has Peru taken in its path of complying with the AEOI standard? Can Peru share its experience in implementing confidentiality standards?

To be considered ready for reciprocal AEOI, Peru had to demonstrate full compliance with the ISM and confidentiality requirements, which meant that the information received from other jurisdictions would be kept safe and used solely for the purposes established in the agreements. To achieve this objective, Peru received technical assistance from the Global Forum and the WBG.

Technical experts from both organisations, assessed jointly with SUNAT staff all the aspects related to ISM, including among others: (i) legal framework; (ii) information security management policies; (iii) risk management; (iv) business operational continuity; (v) human resources management; (vi) relations with providers and service providers; (vii) development of information systems; (viii) information life-cycle; and (ix) establishment of responsibilities and sanctions.

This comprehensive technical assistance in all aspects of ISM was crucial to Peru being cleared by the Global Forum for reciprocal AEOI after being considered a safe and reliable country.

What are the lessons learned to date that Peru can share with other countries in the region?

Key lesson that Peru would like to share include the following:

- It is required a strong commitment at the national level to accomplish this level of achievements, especially regarding governmental organisations linked to the implementation of the reforms.
- It is important that tax administration staff recognise and comply with confidentiality and safeguarding standards on information, as they are the most important actors in this procedure.
- It is necessary to have a proper planning regarding the changes required to ensure that all reforms and developments are carried out within the established deadlines.
- Procedures for the proper and effective utilisation of information must be established before such information arrives from partner jurisdictions.
- The protection of the confidentiality of the exchanged information is an ongoing process that must be improved through constant evaluations, lectures and capacity-building courses to tax administration staff.



6

Looking ahead

The year 2020 was marked by the COVID-19 pandemic and its far-reaching impacts, including in Latin America. To support the recovery, DRM appears more necessary than ever. EOI for tax purposes can enable this revenue mobilisation, by combating tax evasion and other IFFs and improving tax compliance by individuals and companies.

Looking ahead

With a new governance framework, the Punta del Este Declaration Initiative will continue promoting the tax transparency agenda in the region. Capacity building for EOI units and tax audit teams must be scaled up, so tax administrations are able to take full advantage of the EOI standards. Countries should strengthen their transparency and EOIR legal and operational frameworks – in particular regarding beneficial ownership – and increase the number of requests sent to partner jurisdictions. In relation to AEOI, countries that have not yet committed to it will be encouraged to implement it, and countries already exchanging should develop strategies to use of the information received effectively. Wider use of exchanged information should also be advanced in the coming years. Finally, the Declaration will continue advocating for tax transparency and EOI at the political level.

EOI CAPACITY BUILDING FOR TAX OFFICIALS

Strengthening tax transparency capacity in Latin American countries is one of the baseline actions of the Punta del Este Declaration and should be pursued intensively in collaboration with the regional partners CIAT, IDB and the WBG.

Countries will be supported in their implementation of functional EOI units, in particular in the use of EOI manuals and tracking tools to ensure the timely processing of EOI requests. The recently released Global Forum-ATAF Toolkit on Establishing and Running an Effective Exchange of Information Function is a first step towards this goal. Additional guidance will be developed, such as a new EOI working manual and monitoring tools (EOI revenue monitoring tool and EOI tracking tool). Countries will be encouraged to make more use of tracking revenue tools to measure the impact of EOI on revenue mobilisation and inform strategic decisions at the technical and political levels.

Countries surveyed expressly indicated the need to build EOI capacities of tax auditors and investigators, being the limited knowledge on EOI one of the reasons why EOI is in some cases not given the priority and dedication required. Latin American tax auditors, tax investigators and other compliance officials will thus be trained through regional and national events, particularly through “Last Mile Seminars” and other topic-specific seminars. Tax officials will also be able to take free e-learning courses on EOIR and beneficial

ownership. In addition, the Global Forum will launch a “Train the Trainer” programme in Latin America. This project seeks to create and support a highly skilled network of trainers who will pass on the acquired knowledge and skills domestically, to foster sustainable capacities within tax administrations in the region.

CONSOLIDATING THE IMPLEMENTATION OF THE EOIR STANDARD

While the great majority of Latin American countries already developed wide EOIR networks, the region still faces challenges for a full operational implementation of the EOIR standard. The various capacity-building trainings mentioned in the previous section will focus on the processing of EOIR requests, so that countries can effectively increase the numbers of requests sent and reap the benefits from EOIR.

Countries that have already been reviewed under the EOIR standard will receive technical assistance to address the recommendations and gaps identified by their peers. Assistance will be provided to countries that have not yet been reviewed, to ensure that they have a robust legal and operational EOIR framework. Special attention will be given to the beneficial ownership requirement, to ensure that Latin American countries have an effective framework for the collection and holding of beneficial ownership information, acknowledging that a multi-pronged approach has proven to be quite relevant in Global Forum assessments.

AEOI COMMITMENT AND EFFECTIVE USE OF AEOI DATA

One of the baseline actions of the work plan of the Declaration for 2021-2023, is that Latin American countries that have not yet done so consider implementing the AEOI standard. The Global Forum and the partner organisations will encourage commitment to this standard on a practicable timeframe and will provide technical support to meet the goal, including support for the implementation of the extensive confidentiality and ISM requirements of the AEOI standard..

The effective use of AEOI data remains one of the main challenges for Latin American countries. In order to unlock AEOI's full potential, information on financial accounts should not only be collected and reported;

receiving jurisdictions should also be able to use the data effectively. The potential uses of AEOI data are many-fold: improving compliance and customer service by pre-populating more asset-related fields within a tax return, providing inputs for risk assessment or reassessments, deterring taxpayers from engaging in tax evasion practices, mapping financial interests and cross-border operations of taxpayers and securing international debt collection activities. Peer learning and assistance for the development of sound strategies, including a workshop on the effective use of CRS data to assist compliance activities, will be promoted to facilitate knowledge sharing.

WIDER USE OF EXCHANGED INFORMATION

As reflected in the work plan of the Declaration, Latin American countries have expressed a real interest for the use of EOI information for non-tax purposes. It has a great potential to unlock the full benefits of EOI beyond the tax arena. To this end, the Global Forum is undertaking a regional study to define the conditions needed so the information received by a country can be used for other purposes. The study

will focus on mapping the domestic legal framework and confidentiality rules that should be applied to tax information provided/accessed by other law enforcement authorities. This initial work will serve further discussions of Punta del Este Declaration members and future actions in this area.

ADVOCATING FOR TAX TRANSPARENCY

Engagement at the political level will remain a key pillar of the Punta del Este Declaration Initiative, as political buy-in is critical for the implementation of the EOI standards. The adherence to the Declaration is a strong signal to the region's objective of advancing tax transparency in Latin America as a tool for combating tax evasion and IFFs and increasing DRM. Therefore, the leadership of this Initiative will continue encouraging countries that have not adhered to the Declaration yet to do so, to increase the political attention to tax transparency.

Finally, non-members of the Global Forum will continue to be encouraged to join the global efforts in tax transparency.

Engagement at the political level will remain a key pillar of the Punta del Este Declaration Initiative, as political buy-in is critical for the implementation of the EOI standards.





2021 Country-by-country progress

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This part of the report presents the progress achieved by the 16 Latin American countries, which have responded to the 2021 TTiLA survey.

ARGENTINA**Global Forum member since 2009**

Signatory of the Punta del Este Declaration in 2018

Regular user of EOIR

First AEOI in 2017



The implementation of the transparency and EOIR standard was found Largely Compliant in the first round of EOIR reviews in 2012. Argentina's EOIR review under the second round was launched in Q4 2019, however, this review was limited to an assessment of the legal and regulatory framework (phase 1), because the sanitary conditions did not allow for an on-site visit and full review to take place. The full review will be finalised as soon as possible (phase 2). The EOI infrastructure is in place (delegation of the CA function, EOI unit, human resources, manual and tools). The MAAC has been in force since January 2013, the AEOI Standard has been implemented since 2017 and Argentina is making progress in taking advantage of EOI mechanisms such as the effective use of CRS data and wider use of information. Argentina's legal framework implementing the AEOI standard was found to be in place but needs improvement. Argentina participated in Global Forum beneficial ownership and Last Mile seminars in 2020.

BOLIVIA**Not a Member of the Global Forum**

Limited user of EOIR



Some elements of an EOI infrastructure are in place (EOI unit), but the EOI networks and exchanges are limited. Bolivia is encouraged to consider joining the Global Forum and implementing the international tax transparency and EOI standards to strengthen its domestic resource mobilisation through the fight against tax evasion and other forms of IFFs. Bolivia is also invited to join the Punta del Este Declaration.

BRAZIL**Global Forum member since 2009**

Signatory of the Punta del Este Declaration in 2019

Moderate user of EOIR

First AEOI in 2018



The implementation of the transparency and EOIR standard was found Largely Compliant in the first round of EOIR reviews in 2013 and in the second round in 2018. The EOI infrastructure is in place but EOI tracking tools could be strengthened. The MAAC has been in force since October 2016 and there is room for improvement in the sending of EOI requests. The AEOI standard has been implemented with first exchanges in 2018 and there is a strategy for the effective use of CRS information in audits and investigations. Brazil's legal framework implementing the AEOI standard is considered in place. Brazil participated in Global Forum beneficial ownership and Last Mile trainings in 2020.

CHILE**Global Forum member since 2009**

Signatory of the Punta del Este Declaration in 2018

Tailored technical assistance

Chile has provided data on the number of requests sent but preferred not to have them published

First AEOI in 2018



The implementation of the transparency and EOIR standard was found Largely Compliant both in the first round of EOIR reviews in 2014 and in the second round in 2020. Technical assistance is being provided for the implementation of the enhanced EOIR standard, in particular in relation to the availability of beneficial ownership information. The EOI infrastructure is in place (delegation of the CA function, EOI unit, manuals and tools). The MAAC has been in force since November 2016. The AEOI standard has been implemented with first exchanges in 2018. Chile's legal framework implementing the AEOI standard is assessed as in place but needs improvement. Chile participated in a beneficial ownership training in 2020.

Country-by-country progress

COLOMBIA

Global Forum member since 2011

Signatory of the Punta del Este Declaration in 2018

Tailored technical assistance

Moderate user of EOIR

First AEOI in 2017



The implementation of the transparency and EOIR standard was found Compliant in the first round of EOIR reviews in 2015. Technical assistance is being provided for the implementation of the enhanced EOIR standard, in particular the availability of beneficial ownership information, and for the effective use of CRS data. The second round of EOIR reviews against the enhanced EOIR ToR is scheduled for Q3 2021. The CA function has been delegated and the rest of the EOI infrastructure has been set up (EOI unit, manual and tools). The MAAC has been in force since July 2014 and although Colombia is progressing in the number of requests sent there is room for improvement. The AEOI standard has been implemented with first exchanges in 2017. Colombia's legal framework implementing the AEOI standard is found to be in place. Colombia participated in Global Forum beneficial ownership and Last Mile trainings in 2020.

COSTA RICA

Global Forum member since 2009

Signatory of the Punta del Este Declaration in 2019

Tailored technical assistance

Limited user of EOIR

First AEOI in 2018



The implementation of the transparency and EOIR standard was found Largely Compliant in the second round of EOIR reviews in 2019, which represented an improvement with respect to the Partially Compliant rating of 2015. Technical assistance is being provided for the implementation of the enhanced EOIR standard and the availability of beneficial ownership information, as well as on the legal framework and effectiveness in practice of AEOI. The EOI infrastructure is in place (delegation of the CA function, EOI unit, manuals, human resources and tools). The MAAC has been in force since August 2013 and there is potential to improve the use of EOIR. The AEOI standard has been implemented with first exchanges in 2018. Costa Rica's

legal framework implementing the AEOI standard is not in place. Costa Rica participated in Global Forum beneficial ownership and Last Mile seminars in 2020.

DOMINICAN REPUBLIC

Global Forum member since 2013

Signatory of the Punta del Este Declaration in 2019

Tailored technical assistance

Limited user of EOIR



The implementation of the transparency and EOIR standard was found Largely Compliant in the second round of EOIR reviews in 2019, representing an improvement in relation to the Partially Compliant rating of the 2016 first round review. Technical assistance is being provided for the implementation of the ISM and confidentiality requirements of the AEOI standard. The year of first AEOI exchanges has not been defined yet. The EOI infrastructure is in place (delegation of the CA function, EOI unit, manuals and tools). The MAAC has been in force since December 2019 and there is potential to improve the use of EOIR. The Dominican Republic participated in Global Forum beneficial ownership and Last Mile seminars in 2020.

ECUADOR

Global Forum member since 2017

Signatory of the Punta del Este Declaration in 2018

Induction programme (ongoing)

Limited user of EOIR

Committed to first AEOI in 2021



The induction programme started in October 2017 and its delivery is progressing. Technical assistance is provided for the implementation of the transparency and EOIR standard with an ongoing preliminary review of the legal framework on beneficial ownership. The MAAC has been in force since December 2019 and the EOIR review under the enhanced ToR was launched in Q1 2021. There is potential to improve the use of EOIR. Joint technical assistance with the WBG was provided for the implementation of the ISM and confidentiality requirements of AEOI, in view of its official assessment, which is currently undergoing, and the commitment to start AEOI exchanges in 2021. Some elements of the EOI infrastructure are progressing (delegation of the CA function, manuals and tools) but a dedicated EOI unit

has not been fully set up yet. Ecuador participated in Global Forum beneficial ownership and Last Mile seminars in 2020.

EL SALVADOR

Global Forum member since 2011

Not a Member of the Punta del Este Declaration

Tailored technical assistance

Limited user of EOIR



The implementation of the transparency and EOIR standard was found Largely Compliant in the first round of EOIR reviews in 2016. Technical assistance was provided in perspective of the second round of EOIR reviews launched in Q1 2021, including a preliminary review of the assessment questionnaire. The EOI infrastructure has been set up (delegation of the CA function, EOI unit, manuals and tools). The MAAC has been in force since June 2019 and there is potential to improve the use of EOIR. The implementation of the AEOI standard by a specific date has yet not been considered. El Salvador participated in Global Forum beneficial ownership and Last Mile seminars in 2020. El Salvador is invited to join the Punta del Este Declaration.

GUATEMALA

Global Forum member since 2009

Signatory of the Punta del Este Declaration in 2020

Limited user of EOIR



The implementation of the transparency and EOIR standard was found Non-Compliant in the second round of EOIR reviews in 2019. Technical assistance is provided to help Guatemala address the deficiencies identified and reach as soon as possible a satisfactory rating. The EOI infrastructure is progressing (delegation of the CA function and EOI unit) but EOI tracking tools are not in place yet. Although the MAAC is in force since October 2017, the use of EOIR is still limited and there is potential to improve its use. The implementation of the AEOI standard by a specific date has yet not been considered. Guatemala participated in Global Forum beneficial ownership and Last Mile seminars in 2020.

HONDURAS

Global Forum member since 2019

Signatory of the Punta del Este Declaration in 2020

Induction Programme (ongoing)

Limited user of EOIR



The induction programme started in December 2019 and its delivery is progressing. The EOIR review is scheduled for Q4 2023 and the Global Forum is undertaking a gap analysis of the legal framework and implementation in practice. The EOI network and the use of EOIR is limited: the MAAC has not been signed yet but Honduras has officially expressed interest in becoming a party to the MAAC and is now undergoing the Co-ordinating Body review process, and technical assistance is being provided in this process. The EOI infrastructure is progressing with the setting up of an EOI unit and manual, but delegation of the CA function and the use EOI tools are yet to be implemented. The implementation of the AEOI standard by a specific date has yet not been considered. Honduras participated in Global Forum beneficial ownership and Last Mile seminars in 2020.

MEXICO

Global Forum member since 2009

Not a member of the Punta del Este Declaration

Regular user of EOIR

First AEOI in 2017



The implementation of the transparency and EOIR standard was found Compliant in the first round of EOIR reviews in 2014. The EOIR review under the enhanced EOIR ToR is scheduled for Q4 2021. Mexico's legal framework implementing the AEOI standard is considered in place but needs improvement. The EOI infrastructure is in place (delegation of the CA function, EOI unit, manuals and tools). The MAAC has been in force since September 2012. The AEOI standard has been implemented with first exchanges in 2017 and advanced implementation of EOI such as the effective use of CRS data is undertaken. Mexico participated in Global Forum beneficial ownership and Last Mile seminars in 2020. Mexico is invited to join the Punta del Este Declaration.

Country-by-country progress

PANAMA

Global Forum member since 2009

Signatory of the Punta del Este Declaration in 2018

Tailored technical assistance

Limited user of EOIR

First AEOI in 2018



The implementation of the transparency and EOIR standard was found Partially Compliant in the second round of EOIR reviews in 2019, improving with respect to the Non Compliant rating of the 2016 report. Technical assistance is being provided to address the deficiencies identified, including on availability of beneficial ownership information, so that a satisfactory rating is obtained as soon as possible. Panama's legal framework implementing the AEOI standard is found to be in place but needs improvement. The EOI infrastructure is in place (delegation of the CA function, EOI unit, manuals and tools). The MAAC has been in force since July 2017 and there is potential to improve the use of EOIR. The AEOI standard has been implemented with first exchanges in 2018. Panama participated in Global Forum beneficial ownership and Last Mile seminars in 2020.

PARAGUAY

Global Forum member since 2016

Signatory of the Punta del Este Declaration in 2018

Induction Programme (ongoing)

Limited user of EOIR



The induction programme was launched in 2016 and its delivery is progressing. Technical assistance is provided for the implementation of the transparency and EOIR standard in view of the EOIR review scheduled in Q3 2021. Technical assistance was provided for the implementation of the enhanced EOIR standard, including the availability of beneficial ownership information, the lifting of bank secrecy and the process for MAAC adhesion. The MAAC was signed in May 2018 and technical assistance is being provided for the deposit of the instrument of ratification, so Paraguay can make full use of the instrument. The EOI infrastructure is mostly in place with CA delegation, EOI unit and manuals. The implementation of the AEOI standard by a specific date has yet not been considered. Paraguay participated in Global Forum beneficial ownership and Last Mile seminars in 2020.

PERU

Global Forum member since 2014

Signatory of the Punta del Este Declaration in 2019

Tailored technical assistance

Limited user of EOIR

First AEOI in 2020



The implementation of the transparency and EOIR standard was found Largely Compliant in the second round of EOIR reviews in 2020. Technical assistance was provided for the implementation of the enhanced EOIR standard, including the availability of beneficial ownership information and the lifting of bank secrecy. Support has also been provided for the ISM and confidentiality requirements of AEOI. The AEOI standard has been implemented with first exchanges in 2020. The EOI infrastructure is in place (delegation of the CA function, EOI unit, manuals and tools). The MAAC has been in force since September 2018 and there is potential to improve the use of EOIR. Peru participated in Global Forum beneficial ownership and Last Mile seminars in 2020.

URUGUAY

Global Forum member since 2009

Signatory of the Punta del Este Declaration in 2018

Limited user of EOIR

First AEOI in 2018



The implementation of the transparency and EOIR standard was found Largely Compliant in the second round of EOIR reviews in 2020, maintaining the rating received in the first round of EOIR reviews in 2015. Uruguay's legal framework implementing the AEOI standard is found to be in place but needs improvement. The EOI infrastructure is in place (delegation of the CA function, EOI unit, manuals and tools). The MAAC has been in force since December 2016 and there is potential to improve the use of EOIR. The AEOI standard has been implemented with first exchanges in 2018 and Uruguay has a strategy for effective use of CRS information. Uruguay participated in Global Forum beneficial ownership and Last Mile seminars in 2020.



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Annexes

- **Summary of tax transparency progress in 2020, by country**
- **Punta del Este Declaration**
- **Development donors of the Global Forum**

Annex A

Summary of tax transparency progress in 2020 by country

COUNTRY	Membership	Technical assistance programme available	Implementation of EOIR standard		EOI infrastructure		
			1 st round	2 nd round	CA delegation	EOI Unit	EOI resources and tools
Argentina	2009	Tailored	LC in 2012	Review launched in Q4 2019	Yes	Yes	Yes
Bolivia	Non member	–	–	–	Yes	Yes	No
Brazil	2009	Tailored	LC in 2013	LC in 2018	Yes	Yes	Yes
Chile	2009	Tailored	LC in 2014	LC in 2020	Yes	Yes	Yes
Colombia	2011	Tailored	C in 2015	Preparation in progress Review in Q3 2021	Yes	Yes	Yes
Costa Rica	2009	Tailored	PC in 2015	LC in 2019	Yes	Yes	Yes
Dominican Republic	2013	Tailored	PC in 2016	LC in 2019	Yes	Yes	Yes
Ecuador	2017	Induction programme	–	Review launched in Q1 2021 and ongoing	Yes	No	Yes
El Salvador	2011	Tailored	LC in 2016	Review launched in Q1 2021 and ongoing	Yes	Yes	Yes
Guatemala	2009	Tailored	–	NC in 2019	Yes	Yes	Yes
Honduras	2019	Induction programme	–	Preparation in progress Review in Q4 2023	No	Yes	Yes
Mexico	2009	Tailored	C in 2014	Preparation in progress Review in Q4 2021	Yes	Yes	Yes
Panama	2009	Tailored	NC in 2016	PC in 2019	Yes	Yes	Yes
Paraguay	2016	Induction programme	–	Preparation in progress Review in Q3 2021	Yes	Yes	Yes
Peru	2014	Tailored	Legal framework in place in 2016	LC in 2020	Yes	Yes	Yes
Uruguay	2009	Tailored	LC in 2015	LC in 2020	Yes	Yes	Yes

EOI network and MAAC status Very narrow < 10 Narrow < 50 Wide < 100 Very wide > 100	Use of EOIR Average requests per year Limited < 25 Moderate < 50 Regular > 50	Effective use of AEOI over the last 3 years	Revenue gains identified under EOIR	AEOI standard		
				Confidentiality and data safeguards framework	AEOI commitment	Implementation of the legal framework
Very wide MAAC in force since 2013	Regular	Yes	Yes	Successfully assessed	First exchange in 2017	In place but needs improvement
Very narrow MAAC process not initiated	Limited	–	No	No action	–	–
Very wide MAAC in force since 2016	Moderate	Yes	No	Successfully assessed	First exchange in 2018	In place
Very wide MAAC in force since 2016	*	*	*	Successfully assessed	First exchange in 2018	In place but needs improvement
Very wide MAAC in force since 2014	Moderate	Yes	No	Successfully assessed	First exchange in 2017	In place
Very wide MAAC in force since 2013	Limited	In progress	No	Successfully assessed	First exchange in 2018	Not in place
Very wide MAAC in force since 2019	Limited	–	No	Technical assistance – preliminary assessment in 2020	No	–
Very wide MAAC in force since 2019	Limited	–	Yes	Assessment ongoing	First exchange intended in 2021	–
Very wide MAAC in force since 2019	Limited	–	Yes	No action	No	–
Very wide MAAC in force since 2017	Limited	–	No	No action	No	–
Very narrow MAAC process not initiated	Limited	–	Yes	No action	No	–
Very wide MAAC in force since 2012	Regular	Yes	Yes	Successfully assessed	First exchange in 2017	In place but needs improvement
Very wide MAAC in force since 2017	Limited	In progress	No	Successfully assessed	First exchange in 2018	In place but needs improvement
Very narrow MAAC signed in 2018, ratified in 2020 and deposit in progress	Limited	–	No	No action	No	–
Very wide MAAC in force since 2018	Limited	In progress	Yes	Successfully assessed	First exchange in 2020	–
Very wide MAAC in force since 2016	Limited	Yes	No	Successfully assessed	First exchange in 2018	In place but needs improvement

*Chile has provided data but preferred not to have them published.

Annex B

Punta del Este Declaration

During the ministerial meeting which took place on 19 November 2018 in Punta del Este, Uruguay, the participating ministers from Latin America discussed the possibilities for leveraging international tax co-operation for public good and signed the Punta del Este Declaration calling for action:

Punta del Este Declaration

A CALL TO STRENGTHEN ACTION AGAINST TAX EVASION AND CORRUPTION

Whereas it is important to strengthen tax policy and administration to better mobilise domestic resources for the benefit of our citizens by supplying governments with much needed resources and instruments for pursuing our respective development goals and sustaining economic growth to achieve the Sustainable Development Goals;

Whereas Latin American countries face significant challenges with respect to revenue collection, with many countries having a tax-to-GDP ratio significantly lower than the OECD average of 34.3%, with the average ratio in Latin America and the Caribbean region more than ten points lower at 22.7%;

Whereas the United Nations' Addis Ababa Action Agenda affirmed the need to redouble efforts to substantially reduce illicit financial flows by 2030, with a view to eventually eliminating them, including by combating tax evasion and corruption through strengthened national regulation and increased international co-operation;

Whereas efforts to tackle illicit financial flows can be enhanced by adopting a "whole of government" approach as reflected in the OECD's Oslo Dialogue and as further described in the publications Fighting Tax Crime: the 10 Global Principles; Effective Inter-Agency Co-Operation in Fighting Tax Crimes and Other Financial Crimes and Improving Co-operation between Tax Authorities and Anti-Corruption Authorities in Combating Tax Crime and Corruption;

Whereas tackling tax evasion, corruption and other financial crimes is critically important for enhancing public trust in state institutions, ensuring fair and equitable distribution of the financial burden associated with delivering public goods and services, and achieving sustainable revenue collection;

Whereas important steps that can mitigate tax evasion, corruption and other financial crimes have been identified by the international community;

Whereas unprecedented progress has been achieved in promoting greater tax transparency and exchange of information in the past decade with the support of the Global Forum and other international platforms;

Whereas implementing the international standards of transparency and exchange of information (on request and automatic) as well as the requirements pertaining to the availability of information on the beneficial owners of legal entities has gained widespread acceptance and these standards are now being implemented around the world;

Whereas many Latin American countries are already participating in automatic exchange of information and many are developing centralised beneficial ownership registries as a mechanism to meet the tax transparency standards;

Whereas the progress achieved in Latin America, and the international community more broadly, has been unparalleled in its speed and reach, yet requires further work to level the playing field and ensure that tax authorities have effective means for collecting revenues in a fair and sustainable manner;

Whereas digitalisation is transforming many aspects of our everyday lives, including the way our economy and society are organised and function, and has a wide range of implications for taxation that impacts tax policy and tax administration at both the domestic and international level;

We, the undersigned ministers of Latin America jurisdictions, declare that:

1. We reiterate our commitment to fully and effectively implement the international tax transparency standards of the Global Forum;
2. We agree to establish a Latin American initiative to maximise the effective use of the information exchanged under the international tax transparency standards to tackle tax evasion, corruption and other financial crimes and improve international tax co-operation to counter practices contributing to all forms of financial crimes;
3. We resolve to lead by example in effectively using the powerful global infrastructure for exchange of information which has been built in the past decade to counter illicit financial flows and support domestic resource mobilisation;
4. We encourage all Latin American countries to further strengthen their efforts in tackling cross-border tax evasion, corruption and other financial crimes through closer co-operation, both at the global and regional levels, including in particular through more intense use of all the available exchange of information tools for the purpose of deterring, detecting and prosecuting tax evaders;
5. We commit to explore the full range of possibilities for co-operation provided by the multilateral Convention on Mutual Administrative Assistance in Tax Matters including through enhanced co-operation;
6. We will consider the possibility of (i) wider use of the information provided through exchange of tax information channels for other law enforcement purposes as permitted under the multilateral Convention on Mutual Administrative Assistance in Tax Matters and domestic laws, and (ii) advance more effective and real-time access to beneficial ownership information across Latin America;
7. We will consider carrying out a self-review against the principles identified in the OECD report, *Fighting Tax Crime: the 10 Global Principles and the successful practices identified in the OECD reports, Effective Inter-Agency Co-Operation in Fighting Tax Crimes and Other Financial Crimes and Improving Co-operation between Tax Authorities and Anti-Corruption Authorities in Combating Tax Crime and Corruption*;
8. We welcome the establishment of the OECD's Latin America Academy for Tax and Financial Crime Investigation in Buenos Aires, Argentina, which will help train our financial crime investigators to pursue tax crimes, corruption and other financial crimes more effectively;
9. We renew our commitment to enhance the foundations of public trust in tax administration and other enforcement bodies by eradicating corruption and ensuring confidentiality of the information obtained by public authorities;
10. We agree to establish national action plans to further these objectives and have our representatives report on the progress made at the next plenary meeting of the Global Forum;
11. As regards the tax challenges of digitalisation, we remain committed to working towards a long-term, consensus-based solution in the BEPS Inclusive Framework.

Signed in Punta del Este, Uruguay; on 19 November 2018,
Done in one original in English and in Spanish.

Annex C

Development donors of the Global Forum

Since 2011, the Global Forum has delivered a capacity-building programme to support the implementation and effective use of the two global standards on transparency and exchange of information by its developing members. Our activities are empowering jurisdictions in their fight against tax evasion and other IFFs, and ultimately helping them increase their domestic resource mobilisation.

Our capacity-building programme has developed and expanded over the years. Today, more than half of the Global Forum members are developing countries. The programme aims to ensure that developing jurisdictions are not left behind, and fully

benefit from the remarkable progress achieved in transparency and administrative co-operation in the past decade.

Through awareness raising at political level, training of thousands of officials, the development of tools (e.g. toolkits, e-learning) and high-standard technical assistance, the dynamic of change is progressing and more developing jurisdictions are reaping the benefits of a more transparent tax world.

The delivery of the Global Forum's capacity-building programme is only made possible thanks to the financial support and the trust of our donor partners.



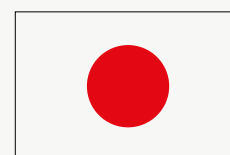
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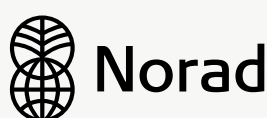
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France



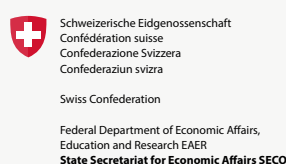
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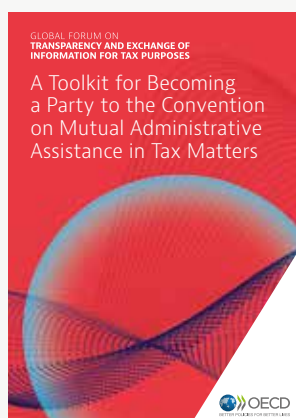


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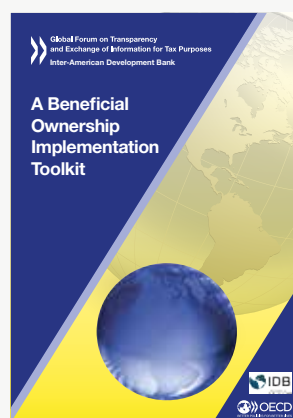


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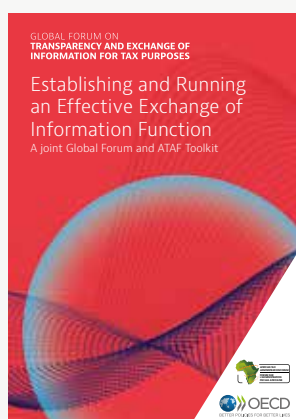
Further reading



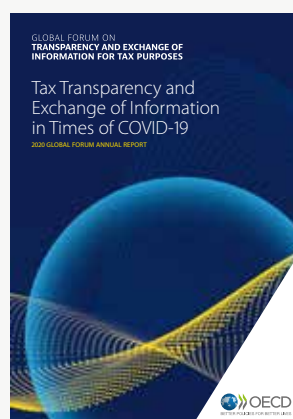
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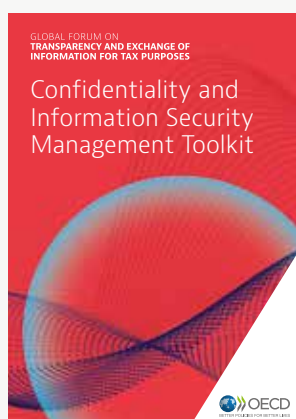
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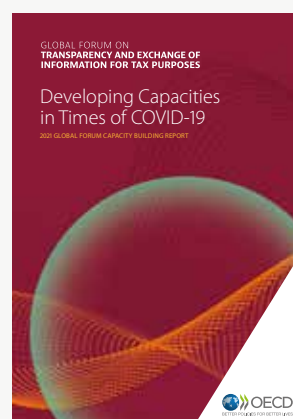
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