

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

# Tax Transparency in Latin America 2022

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 in November 2018 in Punta del Este, Uruguay, Latin American member countries decided to initiate a programme focused on Latin America through a landmark ministerial declaration, the Punta del Este Declaration.**

**The objective of this Latin America Initiative is to maximise the effective use of information exchanged under international tax transparency standards to tackle tax evasion, corruption and other financial crimes, with the ultimate goal of mobilising domestic resources.**

**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 (MAAC), (ii) improve transparency, in particular with respect to beneficial ownership, and (iii) build regional synergies.**

Focusing on Latin America enables the provision of tailored support to address the specific needs of Latin American countries to grow their capacity in tax transparency and exchange of information. The Declaration fits into broader agendas, as tax transparency is an opportunity to support a whole of government approach in the fight against tax crimes and other serious financial crimes

To meet the objectives of the Declaration, the Latin America Initiative was launched as a partnership between the Global Forum, its Latin American members and its regional partners: the Inter-American Centre for Tax Administrations (CIAT), the Inter-American Development Bank (IDB) and the World Bank Group (WBG).

The Initiative is open to all Latin American countries signatories of the Declaration. Currently, 15 member Latin American countries have signed the Declaration and participate to the Initiative: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru and Uruguay. Bolivia is an observer to the Latin America Initiative.

An ambitious work programme was agreed by these countries to develop and implement tax transparency in the region, so they can fully benefit from tax cooperation. Punta del Este Declaration members meet every year to take stock of the progress made and reflect on the remaining challenges. The capacity-building programme offered by the Global Forum under the Punta del Este Declaration is funded by development partners.

15

## MEMBERS OF THE PUNTA DEL ESTE DECLARATION

---

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

1

## OBSERVER OF THE PUNTA DEL ESTE DECLARATION

---

Bolivia

3

## TECHNICAL PARTNERS OF THE PUNTA DEL ESTE DECLARATION

---

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



# Preface

Launched in 2018 through the Punta del Este Declaration, the Global Forum's Latin America Initiative aims at unlocking the potential of transparency and exchange of information (tax transparency) in the region, strengthening domestic resource mobilisation and reversing all forms of illicit financial flows.

Latin America needs adequate, predictable and sustainable financing mechanisms to support its development. As one of the main financing sources, tax revenue represented in 2020 19.8% of the gross domestic product on average for the 16 Latin American countries analysed in the report, which is much lower than OECD countries' average of 33.5%.<sup>1</sup> The continuous improvement of the fight against tax evasion and other forms of IFFs may contribute to reduce the tax gap and allow the region to finance its development.

By engaging and participating in international tax co-operation and by exploiting the benefits of global transparency and exchange of information for tax purposes, which have occurred in the last years, Latin American countries can increase their domestic revenues.

The *Tax Transparency in Latin America* report contributes to the efforts to advance the global tax transparency agenda in the region. It enlightens policy makers and citizens by showing how exchange of information has been useful in tax investigations carried out by several Latin American tax administrations to tackle tax evasion and bring additional revenue. The 2022 edition highlights the significant progress achieved in 2021 in Latin America in key areas of the Punta del Este

Declaration work plan: (i) raising political awareness and commitment, (ii) strengthening tax administrations and developing capacities, (iii) broadening of EOI networks, (iv) increasing use of EOI, and (v) advancing the wider use of treaty-exchanged information.

2021 was a landmark year for the Initiative. With its endorsement by El Salvador and Mexico, all Latin American members of the Global Forum are now signatories of the Punta del Este Declaration. The increasing number of EOI requests sent by some Latin American countries notably translated into additional tax revenue. More Latin American countries are now implementing and using cross-border exchange of information in their tax investigations. The continuous engagement of the Global Forum and its regional partners constitutes another major success of the Declaration. Working with decision makers and tax administrations of its member countries, the Global Forum and its regional partners contribute to the sustainable financing of Latin America's development.

This progress 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.

1. OECD et al. (2022), *Revenue Statistics in Latin America and the Caribbean 2022*, OECD Publishing, Paris, available at <https://doi.org/10.1787/58a2dc35-en-es>.



**María José Garde**  
Chair of the Global Forum



**Zayda Manatta**  
Head of the Global Forum Secretariat



**Elizabeth Guerrero Barrantes**  
Chair of the Punta del Este Declaration





## Acknowledgements

*Tax Transparency in Latin America 2022* is the second progress report of the Punta del Este Declaration, in which all 15 Latin American members of the Global Forum participate. The report prepared by the Global Forum Secretariat<sup>1</sup> presents progress achieved in 2021.

The Punta del Este Declaration is supported by partner organisations. 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.

The Global Forum Secretariat also thanks donor governments who contribute to the funding of the capacity-building programme on tax transparency. These

include the European Union, France, Germany, Japan, the Netherlands, Norway, Senegal, Switzerland and the United Kingdom.

The Global Forum Secretariat is also grateful to the officials from the ministries of finance and tax administrations of the 16 Latin American countries which provided data for producing this report by responding to the Tax Transparency in Latin America survey.<sup>2</sup> Their efforts in gathering the data and their patience in providing further clarifications have been critical to the quality of this report.

Finally, it is fundamental to acknowledge the important contribution of the tax administrations that shared their countries' experiences, as well as the officials involved in the preparation of those case studies.

1. This report was prepared by the following staff of the Global Forum Secretariat: Juliana Candido, Luis Casillas, Miguel Morelos, Agnes Rojas and Darma Romero, under the supervision of Hakim Hamadi, Head of the Capacity-Building and Outreach Unit, and Zayda Manatta, Head of the Global Forum Secretariat.

2. All 15 Punta del Este Declaration members and Bolivia.

# Contents

The Punta del Este Declaration, its members and partners	2	<b>4. BUILDING SOLID EXCHANGE OF INFORMATION INFRASTRUCTURES</b>	41
Preface	4	Exchange of information infrastructures in Latin America are generally solid but skill developments are needed	42
Acknowledgments	5		
Abbreviations and acronyms	7	<b>5. MOBILISING RESOURCES THROUGH EXCHANGE OF INFORMATION</b>	46
Executive summary	9	Exchange of information on request is generating additional revenue	47
<b>OVERVIEW OF TAX TRANSPARENCY IN LATIN AMERICA</b>	12	Effective use of CRS-AEOI for domestic revenue mobilisation is incipient	51
The Punta del Este Declaration	12	<b>6. WIDER USE OF TREATY-EXCHANGED INFORMATION IN LATIN AMERICA</b>	53
Latin America in the Global Forum	12	Legal and practical implementation of the wider use of treaty-exchanged information in Latin America	54
2021 technical assistance figure in Latin America	12	Advancing wider use in the region	56
EOI implementation in Latin America	12	<b>7. LOOKING AHEAD</b>	57
Latin American countries have a strong EOI network	13	Building sustainable capacities in exchange of information	58
EOI requests are growing	13	Implementing the requirements for exchange of information on request, including beneficial ownership frameworks	58
CRS-AEOI implementation in Latin America	13	Encouraging commitments to automatic exchange of financial account information and effective use of related data	58
Revenues collected or identified as a result of EOI	13	Advancing the wider use of treaty-exchanged information	58
<b>1. TAX TRANSPARENCY FOR DOMESTIC RESOURCE MOBILISATION IN LATIN AMERICA</b>	14	Championing gender balance in tax transparency	59
Tax evasion and other forms of illicit financial flows affect domestic resource mobilisation in Latin America	15	Advocating for tax transparency co-operating with regional partners	59
A tax transparency initiative for Latin America to support domestic resource mobilisation efforts	16	<b>8. COUNTRY-BY-COUNTRY PROGRESS</b>	60
Two complementary standards underpinning the Latin America Initiative	18	<b>9. ANNEXES</b>	64
<b>2. ADVANCING TAX TRANSPARENCY IN LATIN AMERICA</b>	20	Annex A. Punta del Este Declaration	65
Building awareness on tax transparency	21	Annex B. Development donors of the Global Forum	67
Building capacities for tax transparency in 2021	22		
Collaboration with regional partners	25		
<b>3. GROWING COMMITMENT TO IMPLEMENT TAX TRANSPARENCY</b>	27		
Priority given to exchange of information remains high	28		
Implementation of the exchange of information on request standard	29		
Broadening implementation of the automatic exchange of financial accounts standard, but still behind potential	35		

# Abbreviations and acronyms

<b>AEOI</b>	Automatic Exchange of Information
<b>AfDB</b>	African Development Bank Group
<b>AML/CFT</b>	Anti-Money Laundering and Counter Terrorist Financing
<b>APRG</b>	Automatic Exchange of Information Peer Review Group
<b>CA</b>	Competent Authority
<b>CbC-AEOI</b>	Automatic Exchange of Country-by-Country Reports
<b>CDS</b>	Confidentiality and Data Safeguards
<b>CIAT</b>	Inter-American Centre of Tax Administrations
<b>CR</b>	Core Requirement
<b>CRS</b>	Common Reporting Standard
<b>CRS-AEOI</b>	Automatic Exchange of Financial Account Information under the Common Reporting Standard
<b>CRS-MCAA</b>	CRS Multilateral Competent Authority Agreement
<b>CTS</b>	Common Transmission System
<b>Declaration</b>	Punta del Este Declaration
<b>DRM</b>	Domestic Resource Mobilisation
<b>DTC</b>	Double Taxation Convention
<b>ECLAC</b>	The United Nations Economic Commission for Latin America and the Caribbean
<b>EOI</b>	Exchange of Information
<b>EOIR</b>	Exchange of Information on Request
<b>FACTI</b>	United Nations' Financial Accountability Transparency and Integrity High Panel Report
<b>FATCA</b>	Foreign Account Tax Compliance Act
<b>FATF</b>	Financial Action Task Force
<b>GDP</b>	Gross Domestic Product
<b>Global Forum</b>	Global Forum on Transparency and Exchange of Information for Tax Purposes
<b>IDB</b>	Inter-American Development Bank
<b>IFF</b>	Illicit Financial Flows
<b>ISM</b>	Information Security Management
<b>KSP</b>	Knowledge Sharing Platform for Tax Administration
<b>MAAC</b>	Convention on Mutual Administrative Assistance in Tax Matters
<b>MoU</b>	Memorandum of Understanding
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PRG</b>	Peer Review Group
<b>SEOI</b>	Spontaneous Exchange of Information



## Abbreviations and acronyms

<b>STR</b>	Suspicious transaction report
<b>Tax transparency standards</b>	Standards of transparency and exchange of information for tax purposes
<b>TIEA</b>	Tax Information Exchange Agreement
<b>ToR</b>	Terms of Reference
<b>TTiLA</b>	Tax Transparency in Latin America
<b>TtT</b>	Train the Trainer Programme
<b>VDP</b>	Voluntary Disclosure Programme
<b>WBG</b>	World Bank Group



# Executive summary

Established in 2018 as a call for action to the Latin American countries, the Punta del Este Declaration Initiative intends to tackle tax evasion and avoidance, as well as corruption and other financial crimes. This is done by encouraging the implementation and effective use of exchange of information (EOI) and the international tax transparency standards.

For the second consecutive year, the Tax Transparency in Latin America (TTiLA) report shows the progress that countries in the region have made in the last year and guides the next steps in the future work of the Latin America Initiative.

Sixteen Latin American countries responded to the 2022 TTiLA survey: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru and Uruguay.

## Executive summary

Significant progress was achieved in 2021 on the baseline and complementary actions agreed in 2020 by the signatories of the Declaration: (i) raising political awareness and commitment; (ii) strengthening tax administrations and developing capacities; (iii) broadening of EOI networks; (iv) increasing the use of EOI; (v) advancing the wider use of treaty-exchanged information. This reflects the work carried out by the members of the Initiative with the Global Forum Secretariat and its regional partners, though important challenges remain.

### *The TTiLA 2022 report shows encouraging progress in relation to the implementation of the tax transparency standards, but challenges remain and progress is uneven.*

The new governance framework of the Declaration was implemented in 2021, with the election of a Chair and a Vice-Chair from amongst the member countries with a one-year mandate to steer the work of the Declaration. Engagement at the political level continued during 2021: Mexico and El Salvador joined the Punta del Este Declaration, which now has all Latin American Global Forum members as signatories. The tax transparency agenda was further enhanced with the launch of the first TTiLA report in July 2021.

Throughout 2021, the Global Forum carried out several capacity-building activities. Three Latin American countries are benefitting from an induction programme. In addition, seven countries benefitted from tailored technical assistance to address their specific needs. Five training events were organised and attended by more than 530 tax officials from the Latin American region, with a female participation of more than 50%. Capacity building activities included new toolkits and manuals developed in collaboration with regional partners. Collaboration with regional partners has been key to ensure the political attention to tax transparency and the highest level of participation in the region.

Latin American countries are committed to tax transparency. They translate this commitment by actively participating in the Global work and by sharing their technical knowledge and expertise in the

different working groups and panels that oversee the implementation of the EOI standards.

The TTiLA 2022 report shows encouraging progress in relation to the implementation of the tax transparency standards, but challenges remain and progress is uneven.

- The region has improved its performance under the exchange of information on request (EOIR) standard during 2021, with some countries undertaking strategies to increase the number of requests sent. However, most Latin American countries are still making very few requests and are not yet using their wide EOI networks to its full potential.
- Countries are advancing in the implementation of the beneficial ownership standard. They are moving to a multi-pronged approach for the availability of beneficial ownership information. However, they continue to face challenges at technical levels.
- The implementation of the automatic exchange of financial account information under the Common Reporting Standard (CRS-AEOI) is broadening and, as of 2021, 10 Latin American countries are exchanging reciprocally, with Ecuador commencing exchanges in 2021. Awareness activities and tailored technical assistance programmes are still needed to support the five other countries that have not yet set a year of first exchanges to determine an appropriate timeframe.
- Latin American countries have, in general, solid EOI infrastructures and networks based on the Convention on Mutual Administrative Assistance in Tax Matters, which lays the foundation for EOIR and CRS-AEOI. However, most countries deem the level of knowledge of their officials on EOI, particularly among tax auditors, as “medium”, signalling a need for sustainable training capacities.
- EOI is generating additional revenue for the region. During 2009-2021, at least EUR 25.7 billion in additional revenue have been identified through voluntary disclosure programmes launched prior to the first CRS-AEOI exchanges, EOI and offshore investigations. In particular, EOIR brought additional tax revenue in Latin America for a total of EUR 3.6 billion. In 2021, CRS-AEOI allowed identifying





Punta del Este, Uruguay

and/or recovering EUR 10 million. However, these results may not provide a full picture of the situation, as countries do not monitor systematically how much tax is identified due to EOI.

- The wider use of treaty-exchanged information for non-tax purposes aims to support a whole of government approach to tackle not only tax evasion but other serious financial crimes (such as money laundering and corruption). However, while countries in the region have in place the necessary international and domestic legal framework, the use of this possibility is very limited in the region.

Looking forward, the work of the Punta del Este Declaration will continue to focus in keeping the region's political commitment to EOI and tax transparency, while strengthening and building sustainable capacities to adequately and successfully implement the standards. Taking advantage of all the possibilities for international

co-operation to tackle tax evasion and other financial crimes will also be a main area of the work. For these purposes, the Global Forum Secretariat will facilitate the creation of a network of EOI trainers, through the "Train the Trainer" programme, and will promote the use of EOI for tackling all types of financial crimes, through a proposed framework for the wider use of treaty-exchanged information. The tax transparency work in the region will be pursued in collaboration with the Global Forum's regional partners.

.....

*During 2009-2021, at least EUR 25.7 billion in additional revenue have been identified through voluntary disclosure programmes launched prior to the first CRS-AEOI exchanges, EOI and offshore investigations.*

.....

# Overview of tax transparency in Latin America

Latin American countries take a priority on tax transparency to tackle tax evasion and mobilise domestic revenue. They are building strong EOI infrastructures through the establishment of dedicated units and the allocation of resources for staff, training and technical tools. Nevertheless, sustainable capacity building for tax administration staff, particularly tax auditors, needs to continue. Although Latin American countries have significantly expanded their EOI networks, most of them are still making very few requests for information and the use of CRS data could be improved. The implementation of the CRS-AEOI standard is gaining ground with 10 Latin American countries already exchanging financial account information in 2021, but work remains to be done to ensure all countries participate in this global standard.

## The Punta del Este Declaration

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

## Latin America in the Global Forum

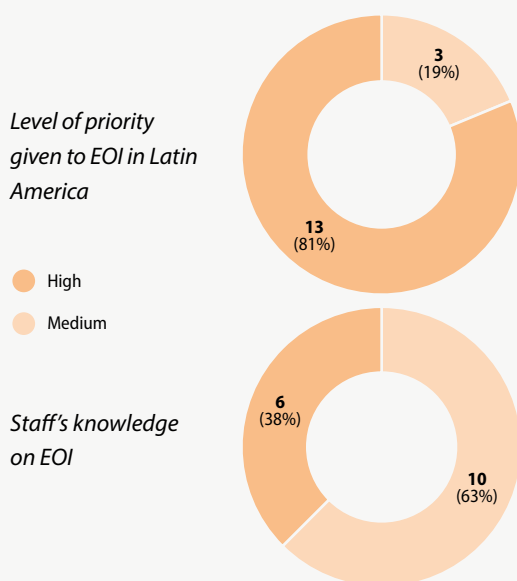
- **15 Latin American countries** are members of the Global Forum (9% of the membership)
- The Inter-American Centre of Tax Administrations, the Inter-American Development Bank and the World Bank Group are **observers**

## 2021 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: Bolivia, Chile, Colombia, Costa Rica, Guatemala, Panama, Peru
- **5 virtual training events** were organised and attended by 530 officials

## EOI implementation in Latin America

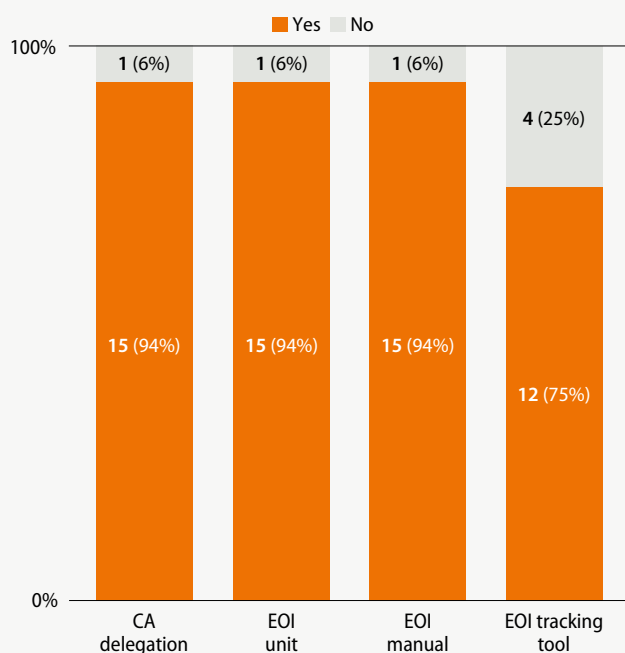
EOI remains a **PRIORITY** for Latin American countries but sustainable capacity building is needed.



Most Latin American countries indicated that the level of knowledge on EOI, particularly among tax compliance staff is "medium", and only six countries considered that the level of knowledge is "high".

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

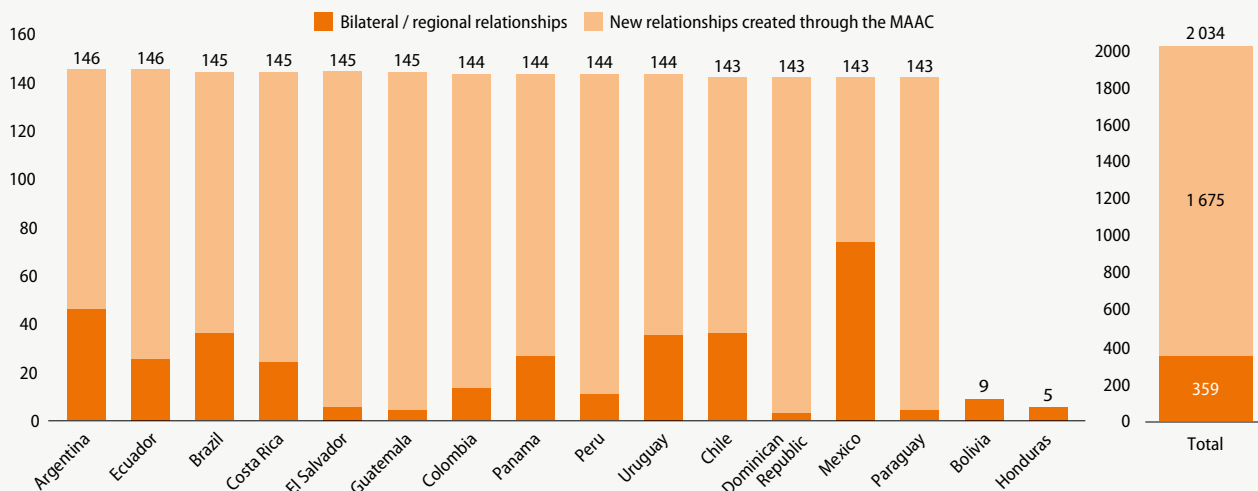
*Number and share of countries with EOI organisational arrangements and technical tools*



## Latin American countries have a strong EOI network

Latin American countries have rapidly expanded their **EOI relationships** and 14 of them are parties to the MAAC.

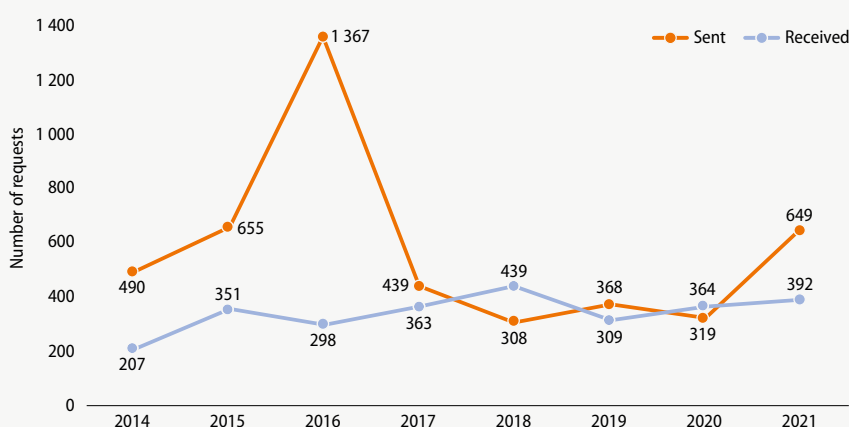
Latin American countries' EOI relationships, by type



## EOI requests are growing

In 2021, the Latin American region increased the number of requests sent by **103%** compared to 2020 and has been a net sender of requests. However, important disparities remain between countries.

Number of EOI requests sent and received by Latin American countries, 2014-2021



## CRS-AEOI implementation in Latin America

**Ten countries** are already exchanging CRS information with one country starting its 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	Dominican Republic, El Salvador, Guatemala, Honduras, Paraguay
Not yet committed to CRS-AEOI	Bolivia

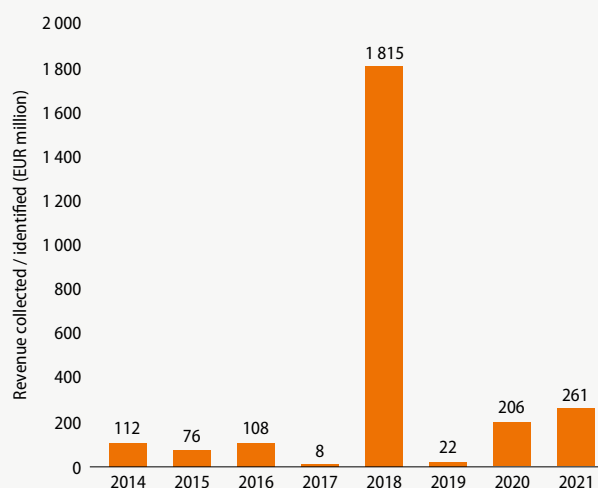
## Revenues collected or identified as a result of EOI

Seven Latin American countries reported collecting additional revenue as a result of EOIR over 2014-2021, amounting to a total of EUR 2.6 billion. Since 2009, it amounted to **EUR 3.6 billion**.

Since 2009, at least **EUR 21.5 billion** in additional revenue (tax, interest and penalties) have been identified in Latin America through voluntary disclosure programmes launched prior to the first CRS-AEOI exchanges.

Overall, since 2009 at least **EUR 25.7 billion** in additional revenue have been identified through voluntary disclosure programmes launched prior to the first CRS-AEOI exchanges, EOI and offshore investigations.

Revenue collected or identified as a result of EOIR





A stylized map of Latin America in a dark orange color, set against a lighter orange background. The map shows the outlines of Mexico, Central America, and South America.

# Tax transparency for domestic resource mobilisation in Latin America

1

Illicit financial flows (IFFs) can be defined as all cross-border financial transfers generated by methods, practices and crimes aimed at transferring financial capital out of a country in contravention of national or international laws.\* IFFs represent a significant hurdle to international development efforts, and they go hand-in-hand with a wide range of financial crimes such as tax evasion, money laundering and corruption. They also have a considerable negative impact on revenue collection, depriving governments of crucial resources to finance public services and development projects. The current global landscape makes this problem even more pressing: the aftermath of the COVID-19 pandemic resulted in slower economic activity, increased government expenditure on public health, social aid, and other areas, and reduced tax incomes, hindering states' finances.

\* OECD (2014), *Illicit Financial Flows from Developing Countries: Measuring OECD Responses*, OECD Publishing, Paris, available at <https://doi.org/10.1787/9789264203501-en>.

Developing and using tools that effectively tackle tax evasion and other IFFs is therefore an increasingly important objective. Amongst these tools are the standards of transparency and exchange of information (EOI) for tax purposes (tax transparency standards). EOI is at the core of international tax co-operation. It provides for the cross-border sharing of information for tax purposes between tax authorities, to detect, prevent and counter tax evasion and avoidance, to ensure the correct application of a jurisdiction's domestic tax legislation and to foster domestic tax compliance. These tools allow tax authorities to extend the reach of their oversight globally, allowing them to bolster their domestic resource mobilisation (DRM) capabilities. Tax transparency can also be a potent weapon to tackle other forms of IFFs, such as money laundering and corruption.

#### TAX EVASION AND OTHER FORMS OF ILLICIT FINANCIAL FLOWS AFFECT DOMESTIC RESOURCE MOBILISATION IN LATIN AMERICA

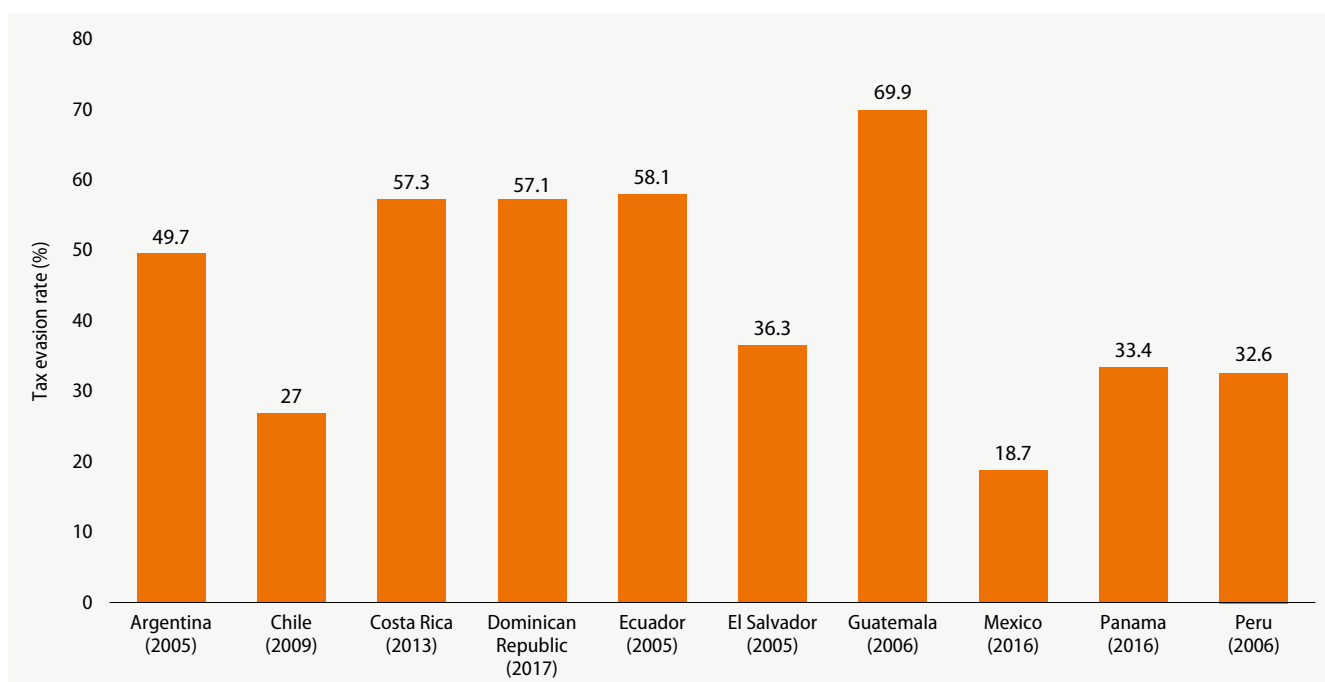
Tax evasion and other forms of IFFs are a global problem that hinder DRM, undermine the credibility of the tax system, and result in significant revenue loss for

governments. Developing countries are particularly affected, as these flows deprive nations of crucial funds to pursue their development agendas. As governments plan for their respective post-pandemic economic recovery plans, the need to tackle tax evasion and other forms of IFFs becomes increasingly pressing.

As other regions, the problem of tax evasion affects Latin America. Different institutions have tried to quantify the losses to tax evasion and other IFFs in the region. For instance, the Economic Commission for Latin America and the Caribbean (ECLAC) estimates that EUR 272 billion, amounting to 6.1% of the region's gross domestic product (GDP), was lost to tax non-compliance in 2018, of which 3.8% correspond to corporate and personal income tax evasion.<sup>1</sup> Moreover, ECLAC estimates that several countries from the region have an income tax gap of more than 50%, meaning that tax authorities collect less than half of the revenues they should theoretically gather. The estimated tax evasion rates for personal income and corporate tax in Latin America have remained at an average of 44% and 58% respectively in the last two decades (see Figures 1 and 2).

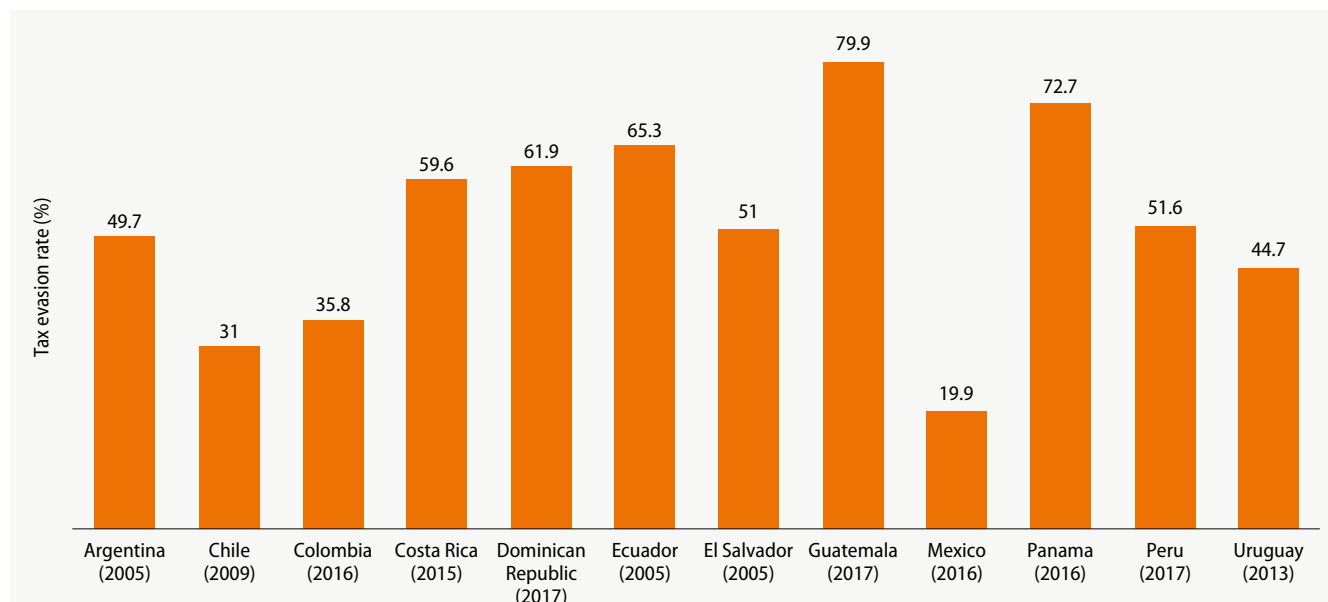
1. ECLAC (2020), *Fiscal Panorama of Latin America and the Caribbean 2020: Fiscal policy amid the crisis arising from the coronavirus disease (COVID-19) pandemic*, Economic Commission for Latin America and the Caribbean, available at <https://repositorio.cepal.org/handle/11362/45731>.

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



Source: ECLAC (2020), *Fiscal Panorama of Latin America and the Caribbean 2020*

FIGURE 2. **Estimated tax evasion rates for corporate income tax in Latin American countries**



Source: ECLAC (2020), Fiscal Panorama of Latin America and the Caribbean 2020

The high rates of tax evasion are reflected in low tax revenues in the region. In 2020, the average tax-to-GDP ratio of the 16 Latin American countries analysed in this report was 19.8%, 0.6 percentage points lower than 2019, and well below the OECD average of 33.5%.<sup>2</sup> While Brazil's tax-to-GDP ratio of 31.6%, the highest in the region, was close to the OECD average, the situation of other Latin American countries is more varied with for instance Guatemala's tax-to-GDP ratio, the lowest ratio in Latin America, being 21 percentage points lower, at 12.4%.<sup>3</sup>

Further, it is estimated that 27% of the region's wealth (equivalent to EUR 900 billion) is held offshore, leading to a potential revenue loss of EUR 19 billion.<sup>4</sup>

The revenue lost to tax evasion and other IFFs affects the ability of governments to mobilise domestic resources, which in turn hinders their capacity to invest in their development agenda. Tax collection is therefore a challenge in Latin America, and initiatives like the Punta del Este Declaration are highly relevant including in the current context to fostering economic recovery after the COVID-19 pandemic.

*The high rates of tax evasion are reflected in low tax revenues in the region. In 2020, the average tax-to-GDP ratio for the 16 Latin American countries analysed in this report was 19.8%, 0.6 percentage points lower than in 2019, and well below the OECD average of 33.5%.*

### A TAX TRANSPARENCY INITIATIVE FOR LATIN AMERICA TO SUPPORT DOMESTIC RESOURCE MOBILISATION EFFORTS

The Punta del Este Declaration was signed in November 2018 as a call to action for Latin American countries to implement international tax transparency standards to counter IFFs and strengthen DRM. During the first meeting that took place in Punta del Este, Uruguay, the initial signatories<sup>5</sup> agreed to establish this initiative to

2. OECD et al. (2022), *Revenue Statistics in Latin America and the Caribbean 2022*, op. cit.

3. OECD et al. (2022), *Revenue Statistics in Latin America and the Caribbean 2022*, op. cit.

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.

5. Argentina, Panama, Paraguay and Uruguay.

TABLE 1. **Punta del Este Declaration meetings: 2018-2021**

Meeting	Date	Key points advanced
First meeting	November 2018	<ul style="list-style-type: none"> <li>Punta del Este Declaration agreed and signed by representatives of Argentina, Panama, Paraguay and Uruguay, signalling commitment to implement tax transparency standards throughout the region.</li> </ul>
Second meeting	November 2019	<ul style="list-style-type: none"> <li>Punta del Este Ministerial breakfast held in the margins of the Global Forum's 10th Anniversary Plenary Meeting.</li> <li>Reflection on progress made since the Declaration was signed; national action plans to implement commitments were presented and next steps discussed.</li> <li>Chile, Colombia, Ecuador, which endorsed the Declaration in 2018, and Brazil, Costa Rica, Dominican Republic and Peru, which signed it in 2019, welcomed as new signatories.</li> </ul>
Third meeting	November 2020	<ul style="list-style-type: none"> <li>Guatemala and Honduras welcomed as new signatories.</li> <li>Approval of the 2021-2023 work plan underpinned by baseline actions to be implemented by all signatories as they are crucial for laying a sound basis for EOI (including ratifying the MAAC and promoting training of tax officials) and complementary actions for interested signatories.</li> <li>Agreement to strengthen governance by establishing rotating positions of Chair and Vice-chair of the Initiative, which would be chosen amongst high-level officials of member countries.</li> </ul>
Fourth meeting	July 2021	<ul style="list-style-type: none"> <li>Release of the first Tax Transparency in Latin America report which highlights the progress made on implementing the Declaration's key commitments.</li> <li>Members discussed the current state of tax transparency in the region.</li> </ul>
Fifth meeting	November 2021	<ul style="list-style-type: none"> <li>El Salvador and Mexico were welcomed as members.</li> <li>The baseline study on the wider use of treaty-exchanged information in Latin America was presented and discussed by the delegates.</li> <li>Members were updated on the progress made in realising the 2021-2023 Punta del Este work plan.</li> </ul>

maximise the effective use of information exchanged under these standards. The Punta del Este Declaration calls for the establishment of national action plans on EOI and tax transparency, promotes the building of capacities in EOI, and encourages the exploring and use of the full range of possibilities for multilateral co-operation in the tax domain that EOI provides. Members meet each year to review the progress achieved, discuss challenges and establish priority areas of action. Table 1 summarises the meetings held in the context of the Declaration, as well as the key points discussed during those meetings.

Since its inception in 2018, the number of signatories of the Declaration has been steadily increasing in the region. In 2021, the Declaration was endorsed by Mexico

and El Salvador as new signatories. All Latin American countries that are members of the Global Forum are now signatories of the Declaration (see Figure 3). Bolivia is an observer country. The commitment at the political and technical levels of the governments in the region translate into the implementation and effective use of international tax transparency standards.

Following the adoption of the Governance Plan in 2020, the Initiative is presided each year by a Chair and a Vice-Chair selected amongst the participating jurisdictions. In February 2021, Ms Mercedes Marcó Del Pont, Federal Administrator of Public Revenues of Argentina, and Ms Alejandra Hernández Sánchez, Vice-Minister of Revenue in the Ministry of Finance of Costa Rica, were

FIGURE 3. **Timeline of adherence to the Punta del Este Declaration**



*"Being committed to world co-operation to fight tax evasion, thwart illicit financial flows and eradicate corruption, Mexico stands by the Punta del Este Declaration. By this means we are confident that our relations with equally committed countries will be strengthened, taking advantage of information exchanges as an essential tool to reach the objectives of such initiative, thus facilitating increases in tax collection as a share of GDP and greater prosperity, equity and improved living conditions for all Latin American citizens."*



**Mr Rogelio E. Ramírez de la O**, Minister of Finance and Public Credit, Mexico

appointed as Chair and Vice-Chair of the Initiative, respectively. Following the conclusion of Ms Hernández Sánchez duties as Vice-Minister of Revenue, in July 2021, Ms Elizabeth Guerrero Barrantes, the newly appointed Vice-Minister of Revenue of the Ministry of Finance of Costa Rica, served as Vice-Chair of the Initiative.

A call for nominations for the leadership of the Initiative was launched in December 2021. Consequently, for 2022, Ms Elizabeth Guerrero Barrantes, Vice-Minister of Revenue of the Ministry of Finance of Costa Rica, and Mr Oscar Orué Ortiz, Vice-Minister of Taxation of the Under-Secretariat of State for Taxation of Paraguay, were appointed as Chair and Vice-Chair of the Initiative, respectively.

*"In my capacity as Vice-Chair of the Punta del Este Declaration, it is an honor for me to continue promoting with great determination EOI capacity-building activities in the tax administrations in Latin America, including for the wider use of treaty-exchanged information. I am confident that all jurisdictions in the region are aware of the value of the tax transparency tools in the fight against tax evasion and other financial crimes, and with this in mind, we will continue working to implement the standards and accomplish the social and economic development of our countries."*



**Mr Oscar Alcides Orué Ortiz**, Vice-Minister of Taxation of the Under-Secretariat of State for Taxation of Paraguay, Vice-Chair of the Punta del Este Declaration

### TWO COMPLEMENTARY STANDARDS UNDERPINNING THE LATIN AMERICA INITIATIVE

The standard of exchange of information on request (EOIR) and the standard on automatic exchange of financial account information under the Common Reporting Standard (CRS-AEOI) are two powerful tools to counter tax evasion and other IFFs. EOIR thwarts the opportunities for entities and individuals to hide the true value and origin of their wealth. It also allows tax auditors to estimate correctly the tax due by entities and individuals and help advance investigations on non-compliant taxpayers. Likewise, implementing CRS-AEOI entails several benefits for jurisdictions. It ensures transparency of financial assets held and revenues earned abroad by tax residents, thus allowing the detection of potential non-compliance and tax evasion. Moreover, with taxpayers being aware of its implementation, CRS-AEOI also deters future non-compliance and incentivises the reporting of financial assets held abroad and the related revenues.

*"The recent adhesion of El Salvador as the 15th member of the Punta del Este Declaration, which has among its main objectives to strengthen Latin American initiatives to address tax evasion, corruption and other financial crimes, sends a strong message to the international community, reaffirming the commitment of this Government to work to combat tax evasion and increase tax collection, which will allow the financing of necessary public work for the benefit of the Salvadoran people."*



**Mr José Alejandro Zelaya**, Minister of Finance, El Salvador

EOIR and CRS-AEOI enrich the information available to tax authorities that allow them to identify and properly treat tax evaders and, where the conditions set out in the applicable international instrument are met, criminals involved in other types of IFFs. They are also a powerful deterrent and invigorate citizens' confidence in the tax system and in government as a whole. Finally, the effective use of these standards contributes to bridge the tax gap, and thus strengthen the fiscal capacity of governments to pursue their respective development agendas. Table 2 provides an overview of the EOIR and CRS-AEOI standards.

TABLE 2. An overview of the EOIR and CRS-AEOI standards

Exchange of information on request	Automatic exchange of financial account information
<p>The EOIR standard requires a jurisdiction's competent authority (CA) – usually, the tax authority – to provide on request information to another jurisdiction's CA that is foreseeably relevant for conducting a taxpayer's investigation and to enforce its tax laws or the provisions of a tax agreement in force between two countries.</p> <p>The EOIR standard is built around three pillars of availability, access and exchange, which form the basis of its Terms of Reference (ToR).<sup>a</sup></p> <ul style="list-style-type: none"> <li>● <b>A. Availability of information.</b> Jurisdictions should ensure the availability of (i) legal and beneficial ownership information of all relevant legal entities and arrangements, (ii) accounting records and underlying documents, and (iii) banking information (including beneficial ownership) of account holders in banks within the jurisdiction.</li> <li>● <b>B. Access to information.</b> Jurisdictions should have the authority and powers to obtain relevant information for tax purposes, including legal and beneficial ownership, accounting and banking information.</li> <li>● <b>C. Exchange of information.</b> Jurisdictions should have an international legal basis or mechanism, and an organisation to be able to exchange information.</li> </ul> <p>All members of the Global Forum have committed to the implementation of the EOIR standard, and the level of compliance with this standard, both in terms of the legal framework and the implementation in practice, is assessed under the Global Forum's peer review process to ensure a level playing field.</p> <p><b>Over 370 000 requests for information have been received by Global Forum members in more than 10 years, enabling the identification or collection of at least EUR 11 billion in additional tax.<sup>b</sup></b></p>	<p>The CRS-AEOI standard requires financial institutions to apply due diligence rules and periodically report information regarding financial accounts of tax residents of other jurisdictions to their local CAs. Subsequently, the CAs automatically exchange this information with the CAs of other jurisdictions (i.e. the country of tax residence of the account holder). The Common Reporting Standard (CRS) contains details as to the due diligence process that should be applied by financial institutions to determine what accounts are reportable and the items of information that should be exchanged amongst other relevant indications.</p> <p>All members of the Global Forum are committed to the implementation of the CRS-AEOI standard, whilst not all jurisdictions are expected to implement it immediately, due to time needed for them to develop their capabilities. Currently, 121 jurisdictions are committed to exchange financial account information automatically by 2024.<sup>c</sup></p> <p>Jurisdictions implementing the CRS-AEOI standard undergo a peer review process by the Global Forum. The peer reviews are carried out against the three Core Requirements (CR) of the CRS-AEOI ToR:<sup>d</sup></p> <ul style="list-style-type: none"> <li>● <b>CR 1:</b> jurisdictions should ensure that all reporting financial institutions apply due diligence procedures which are in accordance with the CRS to review the financial accounts they maintain, and collect and report the information required by the CRS.</li> <li>● <b>CR 2:</b> jurisdictions should exchange information with all interested appropriate partners<sup>e</sup> in accordance with the CRS-AEOI standard, in a timely manner, ensuring it is sorted, prepared, validated and transmitted in accordance with the CRS-AEOI standard.</li> <li>● <b>CR 3:</b> jurisdictions should keep the information exchanged confidential and properly safeguarded, and use it in accordance with the exchange agreement under which it was exchanged.</li> </ul> <p><b>In 2020, information on 75 million financial accounts were exchanged under CRS-AEOI, covering around EUR 9 trillion worth of assets.<sup>f</sup></b></p>



a. OECD (2016), *Exchange of Information on Request, Handbook for Peer Reviews 2016-2020*, available at <https://www.oecd.org/tax/transparency/documents/terms-of-reference.pdf>.

b. Global Forum Annual Survey.

c. Status of CRS-AEOI commitments, available at <https://www.oecd.org/tax/transparency/AEOI-commitments.pdf>.

d. OECD / Global Forum (2018), *The framework for the full AEOI reviews: the Terms of Reference*, available at <https://www.oecd.org/tax/transparency/documents/AEOI-terms-of-reference.pdf>.

e. Interested appropriate partners are those interested in receiving information and that meet the required standards in relation to confidentiality and data safeguards.

f. OECD / Global Forum, *Reinforcing Multilateral Co-operation in Tax Matters for a Fair and Inclusive Recovery, 2021 Global Forum Annual Report*, available at <https://www.oecd.org/tax/transparency/documents/global-forum-annual-report-2021.pdf>.



# Advancing tax transparency in Latin America

2

Political outreach and engagement is a major focus of the Punta del Este Declaration. Involvement of decision-makers in addressing the tax transparency challenges of Latin American countries is strategic to create awareness and support the tax transparency agenda in the region.

Latin American members are working towards implementing the 2021-2023 agreed work plan to achieve the Declaration's objectives. Activities developed in 2021 helped advance the tax transparency agenda in Latin America through capacity building and co-operation with regional partners.

### BUILDING AWARENESS ON TAX TRANSPARENCY

During 2021, strong awareness was built in the region, including by reporting for the first time on regional progress and by advocating for transparency and EOI in regional fora.

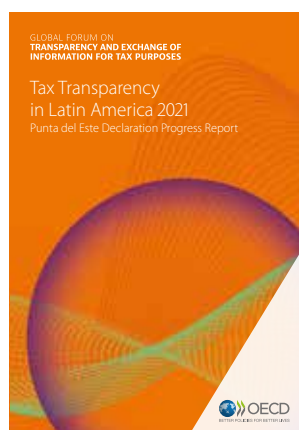
#### Reporting on regional progress

Members of the Punta del Este Declaration met twice during 2021 when the first Tax Transparency in Latin America (TTiLA) progress report was released and the baseline study on the wider use of treaty-exchanged information in Latin America was discussed.

#### First Punta del Este Declaration Initiative progress report

The first TTiLA report<sup>1</sup> was released at the fourth Punta del Este Declaration meeting, held virtually on 12-13 July 2021. This took place in a live event followed by around 500 attendees and featuring the report's key findings on the progress achieved in the implementation and use of tax transparency in Latin America. This launch was followed by panel discussions with experts from member countries, and governmental and civil society organisations<sup>2</sup> on the current state of tax transparency in the region, focusing on revenue mobilisation and on beneficial ownership.

The following day, delegates from Punta del Este Declaration members, observers and regional partners discussed common challenges and opportunities faced in the region. Sessions included topics such as capacity-building strategies in the region and revenue mobilisation through CRS-AEOI. Delegates



also discussed inter-agency co-operation for a whole of government approach in the tackling of tax evasion and other financial crimes, and the presentation of the proposed structure for the study on wider use of treaty-exchanged information in Latin America.<sup>3</sup>

#### Baseline study on wider use of treaty-exchanged information in the region

Punta del Este Declaration members met virtually for the fifth Punta Del Este meeting on 16 November 2021. This meeting was attended by 90 delegates from member countries, one observer and regional partners to discuss the progress made during the year.<sup>4</sup>

A highlight of the meeting was the presentation of the baseline study on the subsequent use for non-tax purposes of information exchanged for tax purposes (i.e. wider use) (see Part 6 of this report). Delegates discussed the main conclusions and findings of the report, encouraged partner countries to overcome any legal or practical challenges to wider use of treaty-exchanged information and also welcomed the recommendations for future work in the area.

#### Advocating for tax transparency in regional events

In 2021, the leadership of the Punta del Este Declaration and the Secretariat took part in regional events and conferences to advocate for the essential role of tax transparency in fighting tax evasion and other IFFs and presenting the progress achieved under the Initiative:

- participation of the Global Forum Secretariat to the event “*The Transparency and Taxation Agenda in the Context of the United Nations’ Financial Accountability Transparency and Integrity (FACTI) High Panel Report*” in April 2021 organised by the CIAT, Tax Justice Network, and the FACTI
- participation of the Chair of the Initiative and the Head of the Global Forum Secretariat to the CIAT General Assembly in Guatemala in June 2021

1. OECD / Global Forum (2021), *Tax Transparency in Latin America 2021*, available at <https://www.oecd.org/tax/transparency/documents/Tax-Transparency-in-Latin-America-2021.pdf>.

2. It includes the regional partners of the Declaration (CIAT, IDB and WBG), the Financial Action Task Force on Latin America (GAFILAT), the Latin American Network for Economic and Social Justice and the Tax Justice Network.

3. See further details in the Statement of Outcomes of the fourth Punta del Este Declaration meeting, available at [https://www.oecd.org/tax/transparency/documents/4th-meeting-Punta-del-Este-Declaration-Initiative\\_outcomes.pdf](https://www.oecd.org/tax/transparency/documents/4th-meeting-Punta-del-Este-Declaration-Initiative_outcomes.pdf).

4. See further details in the Statement of Outcomes of the fifth Punta del Este Declaration meeting, available at <https://www.oecd.org/tax/transparency/documents/5th-meeting-Punta-del-Este-Declaration-outcomes.pdf>.



## Advancing tax transparency in Latin America

- participation of the Chair of the Declaration and the Global Forum Secretariat to the “Sixth Conference on International Tax Law – EOI for Tax Purposes and Challenges for Latin America, The Punta del Este Declaration” in September 2021 organised by the University of Buenos Aires.

These regional events reflect the interest of Latin American countries and regional organisations in tax transparency. They ensure the visibility to the Initiative and present central policy issues of tax transparency to policy-makers in the region

### BUILDING CAPACITIES FOR TAX TRANSPARENCY IN 2021

On the capacity-building front, the Global Forum Secretariat, jointly with the regional partners, continued providing substantial technical expertise of great value to Latin American countries. In 2021, efforts continued to focus on broadening EOI technical capacities of tax authorities across the region, and on delivering training to enhance tax officials understanding of EOI and its use in their day-to-day work. Technical support was provided in a variety of forms including: (i) induction programmes

*In 2021, efforts continued to focus on broadening EOI technical capacities of tax authorities across the region, and on delivering training to enhance tax officials understanding of EOI and its use in their day-to-day work.*

to facilitate the on-boarding of new Global Forum members; (ii) tailored technical assistance on demand, for other Global Forum members; (iii) workshops and seminars; and (iv) development knowledge tools such as toolkits and e-learning courses.

### Induction programmes

Induction programmes were developed in response to the needs of new members of the Global Forum that joined from 2016 onward, with the objective of making them familiar with the activities and processes of the Global Forum. As part of this comprehensive technical assistance programme, the new members are assisted in preparing for the implementation of the tax transparency standards and the review procedures, as well as in putting in place the infrastructure required to effectively benefit from them. Designed to fit to the particular circumstances of the country, the programme is based on a customised roadmap and action plan that sets out the steps to be taken for the effective implementation and use of the standards.

Currently three Latin American countries benefit from this close assistance. Table 3 summarises the technical assistance provided in 2021.

### Tailored technical assistance on demand

Pre-2016 members of the Global Forum receive technical assistance on a series of EOI related topics. Non-member countries of the Global Forum may also receive pre-membership support.

TABLE 3. Technical assistance provided under the induction programmes in 2021

Country	Type of assistance
<b>Ecuador</b>	<ul style="list-style-type: none"> <li>● CRS-AEOI / Information and Security Management (ISM): assistance with the confidentiality questionnaire and the preparation of the related peer review with the support of the WBG</li> <li>● EOIR: guidance on beneficial ownership implementation and on the implementation of the EOI tracking tool developed by the Global Forum Secretariat</li> </ul>
<b>Honduras</b>	<ul style="list-style-type: none"> <li>● MAAC: assistance with the request to join the MAAC</li> <li>● CRS-AEOI / ISM: preliminary maturity assessment of the ISM framework and guidance on the ISM capacity-building tools developed by the Global Forum Secretariat</li> </ul>
<b>Paraguay</b>	<ul style="list-style-type: none"> <li>● EOIR: preparatory work for peer review with the support of the IDB and the WBG</li> <li>● MAAC: assistance with the MAAC ratification and deposit process</li> </ul>

TABLE 4. **Tailored technical assistance in Latin America in 2021**

Type of assistance	Benefiting countries
Assistance related to beneficial ownership	Chile, Colombia, Costa Rica, Guatemala, Panama
Assistance related to the MAAC (adhesion, information on reservations and declarations)	Bolivia, Colombia
CRS-AEOI technical assistance (including legislation, implementation and ISM)	Costa Rica
EOI tracking tool / EOI assessment tool	Colombia, Peru
EOIR assistance	Guatemala
Pre-membership assistance	Bolivia

Table 4 summarises the extensive technical assistance provided in 2021 by the Global Forum Secretariat and its regional partners to seven Latin American countries.

### Workshops and seminars

Due to the ongoing global pandemic, Global Forum training events in 2021 continued to be held on a virtual basis. These events related to a variety of topics on tax transparency and EOI for tax officials. Over 530 tax officials from the region attended Global Forum training events in 2021 showing the great interest from authorities and their staff to further deepen their knowledge and practical skills for the effective implementation of the tax transparency standards. In

terms of gender balance, Latin America shows a positive example with a preponderance of female participation in capacity-building initiatives (see Table 5).

### Development knowledge tools

The Global Forum has continued to develop tools such as toolkits and manuals, e-learning courses, guidance documents and templates on relevant topics related to transparency and EOI. These tools were essential to advance the capacity-building work in the midst of the COVID-19 pandemic.

### Toolkits and manuals

Toolkits and manuals provide background information

TABLE 5. **Virtual events for Latin American countries during 2021**

Event	Description	Latin American participants	Female participation
Beneficial ownership and EOIR assessor training (March 2021)	Provided training to potential EOIR peer reviews expert assessors.	6	50%
Last Mile for Latin American Jurisdictions (in Spanish – July 2021)	Delivered to tax auditors to increase their awareness and understanding on the tax transparency standards and on their potential to help tax audits and investigations.	172	62%
Workshop on the concept of foreseeable relevance (September 2021)	Aimed at strengthening awareness and improving co-operation and mutual understanding of the concept among tax authorities.	21	52%
Workshop on the effective use of CRS data (October 2021)	Provided presentations and experience-sharing sessions from jurisdictions on diverse topics including data treatment, approaches to data matching and risk analysis implementation.	221	49%
Workshop on CRS-AEOI effectiveness review process (December 2021)	Provided presentations sharing best practices and better detailing this review process.	117	64%
<b>Total</b>		<b>537</b>	<b>55%</b>

and practical solutions to Global Forum members, in particular developing ones, which intend to establish a sound EOI infrastructure and effectively use of it in their DRM strategy.<sup>5</sup> In 2021, the Global Forum developed the following toolkits and manuals:

- *Building Effective Beneficial Ownership Frameworks – a joint Global Forum and IDB Toolkit.*<sup>6</sup> The toolkit presents the various approaches to ensure the availability of beneficial ownership information in line with the international standards and presents lessons learned from Global Forum peer reviews. It was developed in co-operation with the IDB (see Box 1).
- *Model Manual on Exchange of Information for Tax Purposes.*<sup>7</sup> This manual provides a detailed guide to assist jurisdictions in putting in place the necessary processes and procedures to ensure effective EOI. It was prepared in co-operation with the WBG and the African Development Bank Group (AfDB) (see Box 2).
- *Toolkit for the Implementation of the Standard for Automatic Exchange of Financial Account Information.*<sup>8</sup> This toolkit assists government officials in the implementation of the CRS-AEOI standard. It contains an introduction to the standard, its key building blocks and an overview of the monitoring and peer review processes. It provides a hands-on implementation strategy to the standard, and details the key considerations for jurisdictions when implementing the necessary international and domestic legal frameworks. It then gives an overview on how jurisdictions can ensure effective implementation, as well as details on how to ensure the effective use of data received from exchange partners. It contains examples of various approaches that have been taken by jurisdictions that have already implemented the standard.

### E-learning courses

The Global Forum Secretariat regularly develops new e-learning courses offering tax officials the necessary training to tackle today's most pressing challenges in international taxation. These tools are offered free of charge. They are hosted on the Knowledge Sharing Platform for Tax Administration (KSP).<sup>9</sup> During 2021, the Global Forum Secretariat worked on the following e-learning courses:

- *Confidentiality and Data Safeguards Assessment Process.*<sup>10</sup> It guides jurisdictions on answering the Confidentiality and Data Safeguards (CDS) Questionnaire. This e-learning aims to support jurisdictions to better understand the CDS assessment process for CRS-AEOI, and to get acquainted with good practices in completing the assessment questionnaire.
- *Confidentiality and Data Safeguards Requirements.*<sup>11</sup> It supports jurisdictions to better understand the requirements for CDS as defined in the CRS-AEOI ToR. It gives an overview of the confidentiality requirements, including legal framework, ISM framework, human resources security, access controls, IT controls, protection of information, operational arrangements and finally investigations of non-compliance and breaches.
- *CRS-AEOI e-learning course.*<sup>12</sup> It provides a comprehensive overview of the CRS-AEOI standard. It sets out the financial account information to be exchanged, the financial institutions that need to report, the different types of accounts and taxpayers covered, as well as the common due diligence procedures to be followed by reporting financial institutions.

5. Global Forum's toolkits are available at <https://www.oecd.org/tax/transparency/documents/key-publications-and-documents.htm>.

6. OECD / Global Forum and IDB (2021), *Building Effective Beneficial Ownership Frameworks – a joint Global Forum and IDB Toolkit*, available at [https://www.oecd.org/tax/transparency/documents/effective-beneficial-ownership-frameworks-toolkit\\_en.pdf](https://www.oecd.org/tax/transparency/documents/effective-beneficial-ownership-frameworks-toolkit_en.pdf). This toolkit is available in English and Spanish. The French version will follow shortly.

7. OECD / Global Forum, AfDB and WBG, *Model Manual on Exchange of Information for Tax Purposes*, available at <https://www.oecd.org/tax/transparency/documents/EOI-manual.pdf>. This toolkit is available in English, French and Portuguese. The Spanish version will follow shortly.

8. OECD / Global Forum (2021), *Toolkit for the Implementation of the Standard for Automatic Exchange of Financial Account Information*, available at [https://www.oecd.org/tax/transparency/documents/aeoi-implementation-toolkit\\_en.pdf](https://www.oecd.org/tax/transparency/documents/aeoi-implementation-toolkit_en.pdf). This toolkit is available in English. The French and Spanish version will follow shortly.

9. Global Forum's e-learning courses are available at <https://www.oecd.org/tax/transparency/resources/global-forum-e-learning.htm> and through the KSP platform at <https://ksp-ta.org/>.

10. This e-learning is available in English, French and Spanish.

11. This e-learning is available in English, French and Spanish.

12. This e-learning was launched in March 2022 in English. The French and Spanish version will follow shortly.

### Other technical tools

The Global Forum Secretariat also develops template, guidance and other tools to support the implementation and effective use of the tax transparency standards.<sup>13</sup>

An effective EOI system requires EOI activities to be adequately monitored, recorded and tracked. In order to support its members on having an effective EOI function, the Global Forum Secretariat developed additional technical tools to help them on this task, in particular:

- *EOI tracking tool*. This tool allows to register and monitor incoming requests, outgoing requests and any other types of EOI.
- *EOI impact assessment tool*. It helps jurisdictions monitor the additional revenue identified through EOI.

In addition, to support the implementation of an appropriate ISM framework, the Global Forum Secretariat has also developed templates and guidance documents, including

- an Overarching Information Security Policy template
- a Remote Access Policy template

- an Information Security Officer terms of reference
- a “Bring Your Own Device” Policy template
- a Guidance on AEOI Portal Design and Development.

### COLLABORATION WITH REGIONAL PARTNERS

The Global Forum jointly with the regional partners of the Punta del Este Declaration – CIAT, IDB and WBG – have significantly contributed to increase the political attention to tax transparency in the region. 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.

*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.*

13. These tools are available to Global Forum members upon request.

#### BOX 1. Building Effective Beneficial Ownership Frameworks – A joint Global Forum and IDB Toolkit (2021)

Jurisdictions should implement the beneficial ownership requirement of the international transparency standard in a manner consistent with their national legislative and institutional frameworks. The methods may differ from one jurisdiction to another.

This toolkit:

- briefly presents some lessons learned from Global Forum’s EOIR peer reviews
- analyses the trends identified across jurisdictions in the implementation of beneficial ownership requirements
- explains the various approaches available to jurisdictions to ensure the availability of beneficial ownership



information: (i) existing information held by persons obliged by anti-money laundering and countering the financing of terrorism laws (AML/CFT approach); (ii) information held by the entities themselves (entity approach); (iii) a central beneficial ownership register held by a public authority other than the tax authority (central register approach); and/or (iv) a central beneficial ownership register held by the tax authority (tax administration approach)

- offers practical suggestions to be taken into account when considering the various policy approaches
- lists aspects that jurisdictions should examine when adapting their legislation and regulations to comply with the beneficial ownership standard

Source: OECD / Global Forum and IDB (2021), *Building Effective Beneficial Ownership Frameworks – A joint Global Forum and IDB Toolkit*, op. cit.



### Inter-American Centre of Tax Administrations

CIAT organises annual general assemblies and technical conferences, which are relevant forums where Latin American countries discuss experiences and challenges that pertain to tax administrations, including issues related to international taxation and tax transparency. The leadership of the Punta del Este Declaration and the Global Forum Secretariat participated in the 2021 CIAT's General Assembly.



In addition, the Global Forum will contribute to the chapter on International Co-operation of the CIAT Manual on the Control of International Tax Planning. This chapter presents the different forms of EOI available to jurisdictions, as well as enhanced forms of administrative assistance that can take place between jurisdictions (tax examinations abroad, simultaneous tax examinations, joint audits, the service of documents and the assistance in recovery). The chapter will be published in 2022.

### Inter-American Development Bank

IDB and the Global Forum have continued to maintain a fruitful collaboration. During 2021, they published together the *Building Effective Beneficial Ownership Frameworks* toolkit, further



developing the work started in this area with the *Beneficial Ownership Implementation Toolkit*, published in 2019<sup>14</sup> (see Box 1).

Complementing this collaboration, the IDB's development policy lending is increasingly supportive of the work on tax transparency, encouraging countries to implement policy reforms in this area. Within this framework, IDB actively supports Latin American countries with technical advice on the drafting of legislation, particularly in the beneficial ownership area.

### World Bank Group

The WBG and the Global Forum continued to work together in 2021 in the fight against IFFs and in supporting DRM efforts in Latin America. This includes providing joint technical assistance in relevant EOI areas.



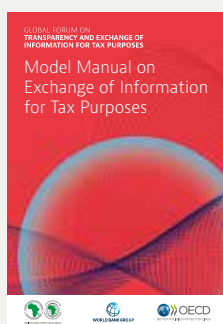
The WBG and the Global Forum developed a *Model Manual on Exchange of Information for Tax Purposes* together with the AfDB (see Box 2), an important tool to support the implementation of effective EOI processes.

<sup>14</sup> OECD / Global Forum, IDB (2019), *A Beneficial Ownership Implementation Toolkit*, available at <https://www.oecd.org/tax/transparency/documents/beneficial-ownership-toolkit.pdf>. The toolkit is available in English, French and Spanish.

#### BOX 2. Model Manual on Exchange of Information for Tax Purposes (2021)

This toolkit was released in partnership with the WBG and the AfDB. It provides a detailed guide to assist jurisdictions, regardless of their stage of implementation of EOI, to put in place the necessary processes and procedures or to improve existing ones to ensure effective EOI. It covers a wide range of forms of administrative co-operation, including the most advanced ones (e.g. simultaneous tax examinations and tax examinations abroad).

This manual provides models that can be easily tailored by a jurisdiction to address its specific needs and provides:



- guidance and templates for implementing relevant procedures for all forms of EOI
- specific guidance on the role of the EOI unit, its internal procedures and processes and its communication with field officers and foreign CAs for EOI for tax purposes
- guidance on the role of the field officers and the relevant EOI rules, procedures and processes applicable
- checklists for use by EOI staff and a range of template letters to deal with the main communications that EOI units carry out both internally and with treaty partners.

Assistance from the Global Forum Secretariat is available to help jurisdictions develop their own EOI manual.

**Source:** OECD / Global Forum, AfDB and WBG, *Model Manual on Exchange of Information for Tax Purposes*, op. cit.

# 3

## Growing commitment to implement tax transparency

Implementing the tax transparency standards can be a major task for some countries. It involves putting in place the legal framework, and the organisational and practical infrastructure needed to fully implement the EOIR and CRS-AEOI standards, benefit from EOI and enhance DRM. Therefore, it requires strong resolve from countries to address all possible legal, political, technical and resource implications to promote EOI awareness and commitment through all levels of the administration.

This part of the report shows how countries in the Latin American region have continued to demonstrate their commitment to implement EOI, in particular in relation to the following key elements:

- the priority given to EOI
- the implementation of the EOIR standard, including beneficial ownership
- the implementation of the CRS-AEOI standard.

## Growing commitment to implement tax transparency

The results for 2021 indicate that Latin American countries continue giving a high priority to EOI, and this has reflected in some countries advancing their number of outgoing EOI requests and starting the implementation of CRS-AEOI. However, as a whole, countries in the region are not yet taking full advantage of the EOIR standard, and Latin America's participation in CRS-AEOI is still behind its potential.

### PRIORITY GIVEN TO EXCHANGE OF INFORMATION REMAINS HIGH

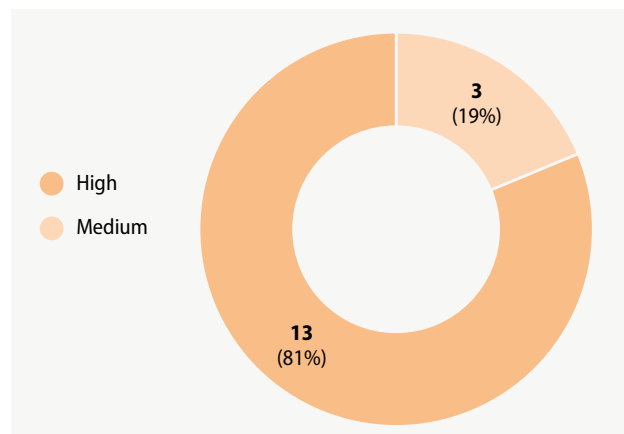
Commitment to EOI in Latin America remains strong. Figure 4 shows that the great majority of countries (13 out of 16 countries – 81%) gave EOI a high priority in 2021. Countries have indicated that this level of commitment is mainly driven by their need to:

- have a solid network of EOI partners
- use the tools that EOI provides not only to strengthen tax audit and control processes but to tackle other types of financial crimes, such as money laundering and terrorism financing.

Only 3 countries (19%) indicated a medium priority given to EOI in 2021. The reasons provided are:

- the still limited awareness of auditors on EOI, as they are the actors who effectively use the treaty-exchanged information and trigger requests for information

FIGURE 4. Level of priority given to EOI in Latin America



**Note:** Responses from 16 countries. The labels show the number of countries and in brackets the corresponding percentage.

**Source:** Tax Transparency in Latin America survey

- a temporary lack of personnel in the EOI unit and delay in replacing them.

The fact that the 15 Latin American members of the Global Forum have endorsed the Punta del Este Declaration is a prominent sign of engagement in the region.

Latin American countries are also greatly involved in the international tax transparency work. They actively participate in Global Forum work and share their technical knowledge and expertise. Table 6 provides an overview of the participation of Latin American countries to Global

TABLE 6. Latin American participation in Global Forum working groups

Working Group	Description	Latin American participants (2021)
Global Forum Steering Group	The Steering Group prepares and guides the work of the Global Forum. The Steering Group is composed of 20 members of the Global Forum.	Brazil, Chile
Peer Review Group (PRG)	The PRG oversees the Global Forum's peer reviews in relation to the EOIR standard. It consists of 30 members of the Global Forum.	Argentina, Colombia, Uruguay
Automatic Exchange of Information Peer Review Group (APRG)*	The APRG oversees the work on peer reviews against the CRS-AEOI standard. The APRG is comprised of 34 members from the AEOI Peers.	Colombia, Panama
Assessors for EOIR peer reviews	EOIR peer reviews are conducted by an assessment team. Assessment teams will usually consist of two expert assessors drawn primarily from PRG members, although Global Forum members outside of the PRG are also eligible to provide expert assessors.	Argentina, Brazil, Colombia, Costa Rica, Uruguay,
Confidentiality and ISM Expert Panel	The Panel is composed of experts drawn from tax administrations of Global Forum members to assess the ISM and confidentiality aspects of the CRS-AEOI standard.	Argentina, Chile, Ecuador, Panama, Uruguay

**Source:** Global Forum

\* The CDS assessment is overseen by the APRG+, which is an extended format of the APRG with three additional members (i.e. 37 members).

### BOX 3. PANAMA's participation in the Confidentiality and ISM Expert Panel



My participation in the Expert Panel positions Panama within the concert of leaders in the confidentiality and ISM area by being able to participate directly in the relevant and pertinent decisions regarding methodology, tools, standards and terms of reference on confidentiality and data safeguarding assessments. It allows us to be at the frontline, to benefit other jurisdictions with our experience and to benefit internally with good practices and continuous improvement.

The specific experience and guidance provided to the Expert Panel is the comprehensive view of the ISM framework within a small and relevant tax administration. In addition, we collaborate with the knowledge of how inter-agency administrative processes can have an impact on the various controls and their implementation with an emphasis on the

EOI structure as a fundamental link in the confidentiality chain. In addition to having participated in the development of the post-exchange evaluation questionnaire for reciprocal and non-reciprocal jurisdictions and the work for the plan for breaches, we have shared a view on the importance of interdisciplinary evaluation teams and supported the advancement of the use of Spanish in evaluation processes. In this regard, we have submitted to the Global Forum for approval, as a contribution of the Republic of Panama, a Spanish translation of the evaluation questionnaire. units carry out both internally and with treaty partners.

**Mr Martín Barciela**, Confidentiality and ISM Expert Panellist – Confidentiality and Data Safeguarding Co-ordinator of the General Directorate of Taxes, Ministry of Economy and Finance of Panama.

Forum's bodies and to the peer review processes. Box 3 provides a testimony of a Panamanian member of the ISM Expert Panel regarding its longstanding contribution to the confidentiality work of the Global Forum.

### IMPLEMENTATION OF THE EXCHANGE OF INFORMATION ON REQUEST STANDARD

This section provides an overview of the progress of the Latin American region in relation to the EOIR standard on three fronts: (i) the results of the peer reviews, (ii) the progress on the use of requests for information and (iii) the implementation of the beneficial ownership standard.

#### Peer reviews of the exchange of information on request standard

EOIR is an essential tool for tax administrations to access information on their taxpayers worldwide and determine whether they are paying the correct amount of tax. All 163 members of the Global Forum have committed to the implementation of the EOIR standard, and the level of compliance with this standard, both in terms of the legal framework and implementation in practice, is assessed under the Global Forum's EOIR peer review process.

Until the end of 2021, eight Latin American countries<sup>1</sup> have been fully reviewed in the second round of reviews undertaken by the Global Forum against the enhanced ToR, which includes the requirement to have beneficial ownership information available.<sup>2</sup> As reported in the TTiLA 2021 report, six of them (75%) received a Largely Compliant rating, showing in general a solid performance in relation to EOIR and an improvement in relation to their first round of reviews. The two other Latin American countries which received a non-satisfactory rating are receiving technical assistance to address the deficiencies identified and request a re-assessment.<sup>3</sup>

The COVID-19 pandemic continued imposing travel restrictions. Therefore, in 2021, the Global Forum carried out reviews of the legal and regulatory framework (Phase 1 review), and the assessment of the practical implementation of the legal framework will take place separately at a later time (Phase 2 review), when an on-site visit will be possible. The pandemic also continued to affect, in some countries, the functionality of the CA and other relevant authorities and agencies involved in the review to such an extent that it was not possible to effectively launch the peer review for those countries.

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

2. Peer review ratings are available at <https://www.oecd.org/tax/transparency/documents/exchange-of-information-on-request-ratings.htm>.

3. Guatemala (Non-compliant) and Panama (Partially Compliant).



## Growing commitment to implement tax transparency

In 2021:

- Colombia and Paraguay were particularly affected by the pandemic and obtained at their request a postponement of their peer reviews.
- Argentina successfully undertook its Phase 1 review with a positive outcome and receiving an “In Place” determinations for the great majority of the essential elements of the EOIR standard.<sup>4</sup>
- The reviews of three Latin American countries were launched (Ecuador, El Salvador and Mexico), the outcome of which is expected for 2022.

Therefore, seven Latin American members of the Global Forum remain to be fully assessed under the second round of reviews.<sup>5</sup>

Nicaragua, which has been identified in 2020 as a jurisdiction relevant to the work of the Global Forum, was invited to join the Global Forum in 2021. As Nicaragua has not joined the Global Forum, it will be reviewed as a non-Global Forum member against the EOIR standard in 2022.

### **Countries are effectively requesting information but disparities persist**

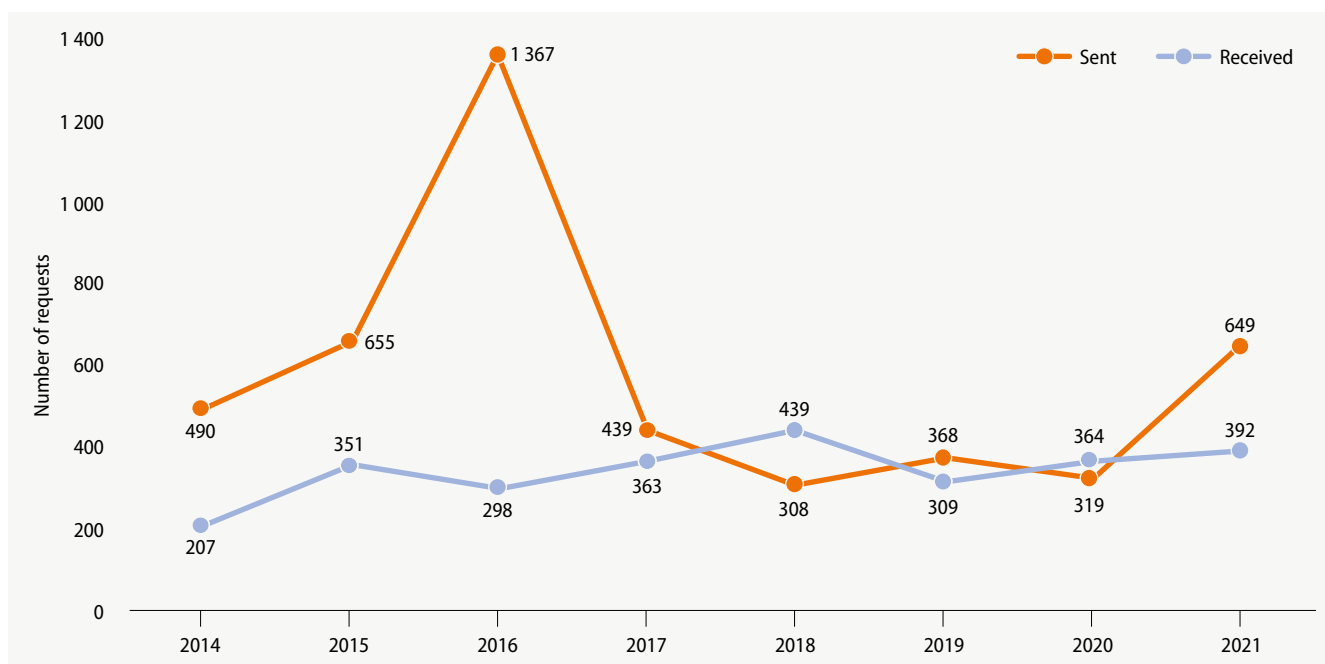
The ultimate goal of the tax transparency standards is to fight tax evasion and other IIFs and support DRM. Without increasing and using EOIR, countries will not be able to advance their offshore tax audits and investigations and collect unidentified tax revenue. Latin American countries – as part of the work plan 2021-2023 of the Punta del Este Declaration – have committed to increase the number of requests sent while at the same time ensuring their relevance and quality.

The results for 2021 indicate that, overall, the region as a whole has improved its EOIR performance. Some countries undertook measures to increase the requests for information sent to support their tax investigations. However, most Latin American countries are still making very few requests and are not yet using their wide EOI networks intensively.

4. OECD (2021), *Global Forum on Transparency and Exchange of Information for Tax Purposes: Argentina 2021 (Second Round, Phase 1): Peer Review Report on the Exchange of Information on Request*, Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD Publishing, Paris, <https://doi.org/10.1787/07213810-en>.

5. Argentina, Ecuador, El Salvador, Colombia, Mexico, Honduras and Paraguay.

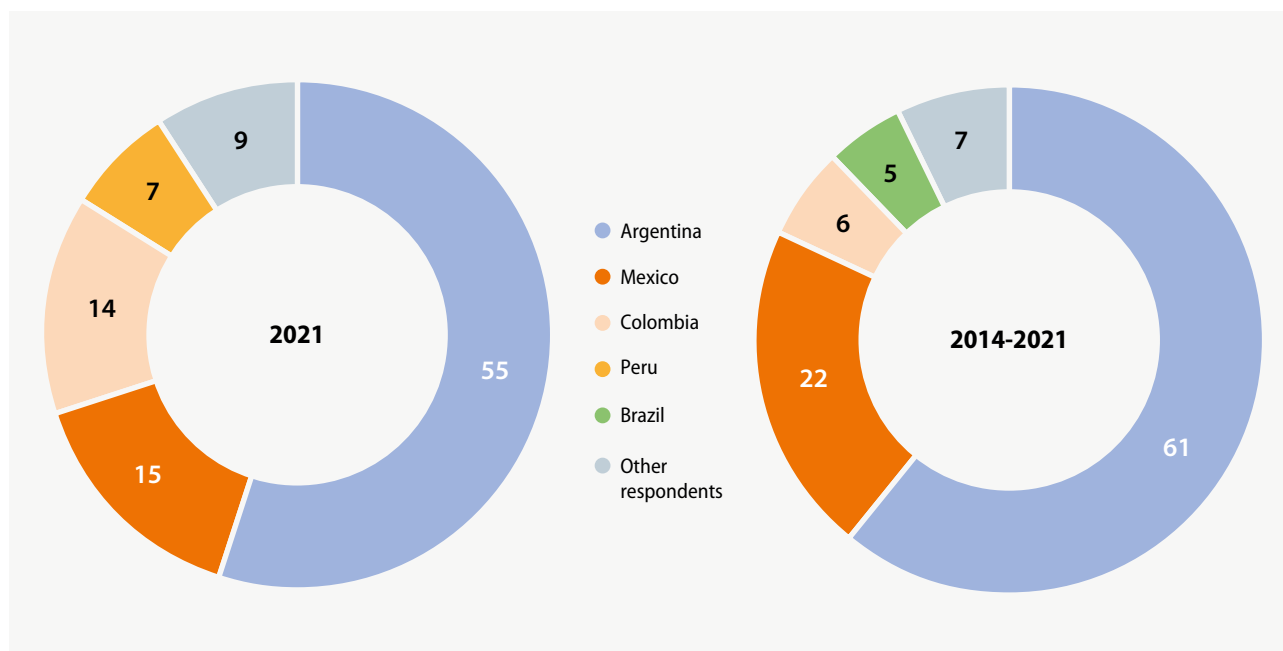
**FIGURE 5. Number of EOI requests sent and received by Latin American countries**



**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

FIGURE 6. **Distribution of EOI requests sent by Latin American countries (in %)**



**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

In 2021, the region increased the number of requests sent by 103% with respect to 2020. This spike in the number of requests sent was driven by the notable increases in Peru (2 050%), Panama (600%), Argentina (220%) and Colombia (53%). Overall, the region was a net sender of requests with 649 requests sent and 392 requests received (see Figure 5).

Four Latin American countries were responsible for 91% of all the EOI requests sent in 2021: Argentina (55%), Mexico (15%), Colombia (14%) and Peru (7%). This concentration in only four countries denotes uneven performance and persisting disparities in the use of EOIR in the region across the whole period analysed (2014-2021) (see Figure 6).

Countries are relying more and more on awareness-raising and training for tax auditors to effectively use EOIR in their tax investigations. They are also using CRS-AEOI-related investigations to launch specific requests for additional information. Box 4 provides a summary of the strategies behind the increase of requests for information in Argentina, Colombia, Panama and Peru.

### ***Despite the challenges, Latin America continues advancing in the transparency of beneficial ownership***

The availability of beneficial ownership information of legal persons and arrangements (entities) is a key requirement of tax transparency and an essential instrument in the fight against tax evasion and other financial crimes, such as corruption, money laundering and terrorism financing.<sup>6</sup> The following sections summarise the progress of the region on the implementation of the beneficial ownership standard and elaborate on the different approaches Latin American countries are using to build their beneficial ownership frameworks.

### ***Beneficial ownership implementation in Latin America***

In Latin America, the beneficial ownership requirement is still in early stages of implementation and countries that have been peer-reviewed have received various recommendations with respect to the definition and methodology of identification of the beneficial owners, the coverage of all relevant entities, and the monitoring and supervision. The results have been mixed, ranging

6. The beneficial ownership requirement, which was incorporated into the EOIR standard in 2016, adopts the same definition and process for identification of beneficial owners as the Financial Action Task Force (FATF) standard, thus responding to a G20's call for greater synergy on beneficial ownership transparency.

## Growing commitment to implement tax transparency

### BOX 4. Country strategies to increase the use of EOIR requests

#### ARGENTINA

The Federal Administration of Public Revenues (Administración Federal de Ingresos Públicos – AFIP) of Argentina is increasingly orienting its risk management strategy towards a thorough analysis of the information received under the CRS-AEOI standard, which has triggered various follow-up requests for complementary information.

As part of this strategy, the AFIP is also undertaking internal CRS-AEOI training sessions to tax auditors during which the importance of using EOIR to resolve inconsistencies between CRS data and the taxpayer's submissions is emphasised.

During 2021, the AFIP initiated 2 006 tax investigations related to CRS-AEOI. In addition, it sent a total of 358 EOIR, of which 193 requests (53.9%) were connected to CRS-AEOI investigations.



These trainings allowed a greater number of auditors to become aware of this tool and to use it as an important source of information in their audit processes.

In addition, the DIAN has placed greater emphasis on the use and analysis of financial account information received under the CRS-AEOI standard, which has generated associated requests for information.

#### PANAMA

The Information Exchange Department together with the Tax Treaty Department of the Ministry of Finance of Panama has initiated a verification strategy based on incoming requests for tax residency certificates, which has resulted in an increase in requests made to other jurisdictions.



#### PERU

The significant increase in the number of EOIR requests is due, among others, to the delivery of training and induction sessions on the use of EOIR tools to audit areas, implemented by the Office of Mutual Administrative Assistance in Tax Matters (Oficina de Asistencia Administrativa Mutua en Materia Fiscal – OAAMMT) during 2021. In addition, the increase responds to the rise in the number of cases investigated related to investments abroad of natural persons whose income has not been declared or has been only partially declared.



#### COLOMBIA

The progress on the use of EOIR is mainly the result of the EOIR training delivered to officials of the Directorate of National Taxes and Customs (Dirección de Impuestos y Aduanas Nacionales – DIAN).



**Sources:** Federal Administration of Public Revenues of Argentina, Directorate of National Taxes and Customs of Colombia, General Directorate of Taxes of Panama, and National Superintendence of Customs and Tax Administration of Peru.

from Largely Compliant to Non-Compliant ratings in Element A.1 of the EOIR ToR on the availability of information on the identity of the legal and beneficial owners of entities.

Latin American countries report facing challenges to implement the beneficial ownership standard, including:

- the need to create political and technical awareness on the importance of beneficial ownership among the different actors involved in the passing of legislation and among the obliged entities
- the standardisation of the beneficial ownership definition in line with the standard across the different domestic legislations
- the definition of the policy approaches best suited for the country when implementing its beneficial ownership framework
- the definition and implementation of supervision and compliance activities on the universe of entities obliged to identify and provide information on their beneficial owners
- the need to undertake administrative and technological adjustments for the processing of beneficial ownership information, in particular the development and deployment of the IT platform that will receive and hold the information when using a central register approach.

### ***Toward a multi-pronged approach for the availability of beneficial ownership information***

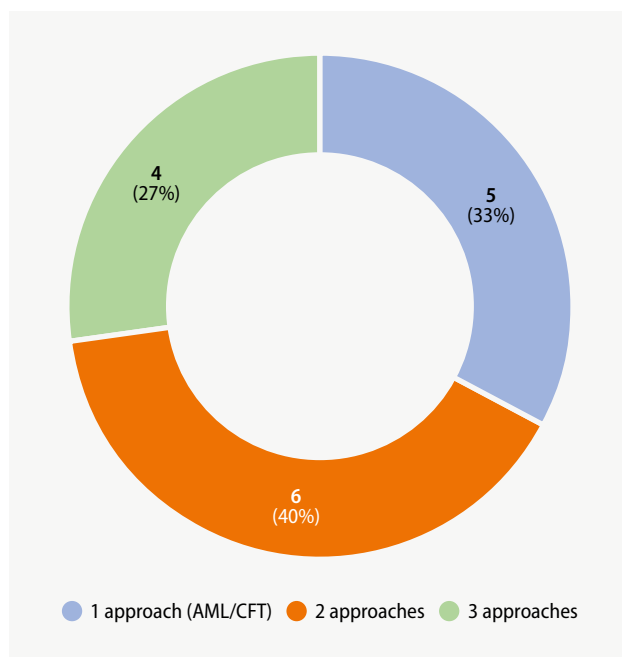
The EOIR standard focuses on the availability of beneficial ownership information through an outcome-based approach. It requires the availability of the information but does not prescribe the means to ensure it. Jurisdictions can take the approach that fits the best to their legal and organisational circumstances provided that the availability of adequate, accurate and up-to-date beneficial ownership information is ensured. For instance, a jurisdiction could use:<sup>7</sup>

- A single approach relying on a unique source of information and the related legal framework. This approach is usually based on existing information held by obliged persons under the AML/CFT framework (the AML/CFT approach).
- A multi-pronged approach comprising different sources of information. These sources can include the AML/CFT approach, information held by the entities themselves (entity approach), and/or a central beneficial ownership register held by a public authority (central register approach) or the tax authority (tax administration approach).

Lessons learned from the Global Forum EOIR peer reviews indicate that a multi-pronged approach generally leads to a more solid beneficial ownership system. Among Latin American members of the Global Forum, 10 countries (67%) use two or three approaches for the availability of beneficial ownership information, evidencing a trend to a multi-pronged approach. The five other members in the region (33%) exclusively rely on their AML/CFT framework (see Figure 7).

Figures 8 and 9 illustrate the performance of the eight Latin American countries that have been fully peer reviewed under the EOIR standard. They also compare the number of approaches used versus the determinations and ratings received with respect to the availability of legal and beneficial ownership information for legal persons and arrangements (EOIR ToR, Element A.1). The results indicate that countries using only one approach (AML/CFT approach) generally fare worse than those who use two or more approaches.<sup>8</sup>

**FIGURE 7. Number of Latin American countries using one or more approaches for the availability of beneficial ownership information**



**Note:** Responses from 15 countries. The labels show the number of countries and the corresponding percentage in brackets.

**Source:** Tax Transparency in Latin America survey and peer review reports.

However, countries relying on a multi-pronged approach did not necessarily obtain determinations or ratings free of deficiencies. This shows that the use of a multi-pronged approach does not automatically lead to efficient beneficial ownership systems, as countries may still need to fine-tune some aspects of their legal frameworks and their practical implementation to ensure they are fully in line with the EOIR standard.

When strengthening their beneficial ownership frameworks, countries in the region are relying more and more on a centralised approach to ensure the availability of beneficial ownership information, whether held by the tax authority or by another authority. To date, nine Latin American countries rely on this approach, combined with others.<sup>9</sup> During 2021, Colombia joined the ranks of countries that have implemented a central registry, in this case maintained and supervised by the tax authority. Box 5 illustrates the experience of Colombia.

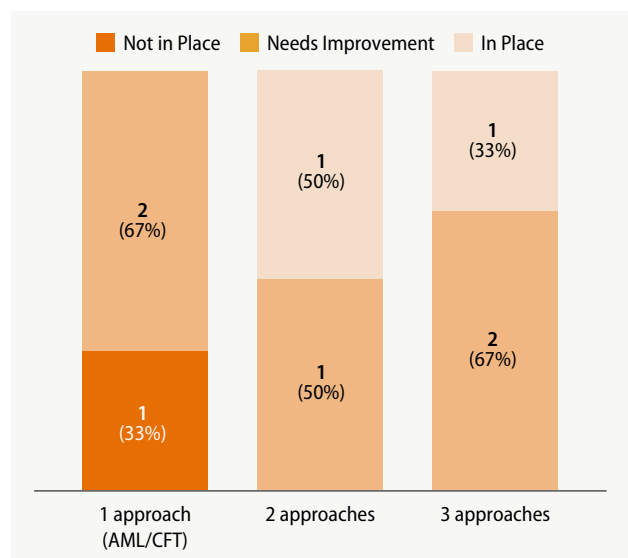
7. OECD / Global Forum and IDB (2021), *Building Effective Beneficial Ownership Frameworks – A Joint Global Forum and IDB Toolkit*, op. cit.

8. The gaps identified in relation to Element A.1, while mostly reflect deficiencies in relation to the transparency of beneficial ownership, can also reflect the impact of deficiencies in relation to the availability of legal ownership information.

9. Argentina, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, Paraguay, Peru and Uruguay.

## Growing commitment to implement tax transparency

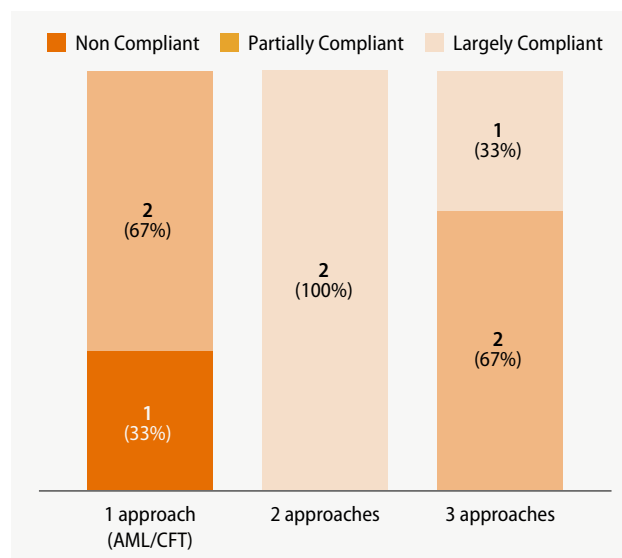
FIGURE 8. **Element A.1 – Number of approaches used and determination of the legal framework**



**Note:** The labels show the number of countries using the approach(es) and the corresponding percentage in brackets.

**Source:** EOIR peer reviews of eight Latin American countries

FIGURE 9. **Element A.1 – Number of approaches used and rating of the practical implementation**



**Note:** The labels show the number of countries using the approach(es) and the corresponding percentage in brackets.

**Source:** EOIR peer reviews of eight Latin American countries

### BOX 5. **COLOMBIA's Single Register of Beneficial Owners**

In the recent years, various government entities in Colombia have been working together to comply with beneficial ownership standards, as prescribed by the EOIR ToR and the FATF Recommendations.

Since 2016 to date, four national laws have been issued (Laws No. 1819 of 2016, No. 2010 of 2019, No. 2155 of 2021 and No. 2195 of 2022) on issues related to beneficial ownership such as its definition, due diligence procedures, applicable sanctions, and to the creation of two related systems:

- the System for the Identification of Structures without Legal Personality (Sistema de Identificación de Estructuras sin Personería Jurídica – SIESPJ)
- the Single Register of Beneficial Owners (Registro Único de Beneficiarios Finales – RUB), administered by the DIAN.

The regulatory resolution of the RUB and the SIESPJ was issued in December 2021 and entered into force in January 2022. In relation to the RUB, obliged entities (legal persons and arrangements) incorporated or created before 30 September 2022 must file their beneficial ownership information no later than 31 December 2022. Those incorporated or created after 30 September 2022 must file their beneficial ownership information no later than two months after their registration in

the Single Tax Register (Registro Único Tributario – RUT) or in the SIESPJ. All information must be provided through a DIAN's electronic system.

The SIESPJ will issue an Unincorporated Structures Identification Number (Número de Identificación de Estructuras Sin Personería Jurídica – NIESPJ) to unincorporated or similar structures that are not obliged to register with the RUT, which will in turn allow them to report their beneficial owners to the RUB.

Natural persons who are registered in the RUT will be informed whether they have been reported as beneficial owners in the RUB.

The DIAN is currently in the process of validating the information filed with the RUB so far and determining penalties for non-reporting or erroneous reporting.

Colombia was supported by the Global Forum Secretariat during the drafting of the beneficial ownership laws and regulations, and also received technical support from Peru's tax authority (National Superintendence of Customs and Tax Administration – SUNAT).

**Source:** Directorate of National Taxes and Customs of Colombia





## BROADENING IMPLEMENTATION OF THE AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNTS STANDARD, BUT STILL BEHIND POTENTIAL

This section provides an overview of the progress of the region in relation to: (1) the participation of countries in reciprocal CRS-AEOI; (ii) the results of the peer reviews of the legal framework for implementing the CRS-AEOI standard; and (iii) the progress on the number of financial information sent and received by Latin American countries.

### Increasing participation of Latin America in CRS-AEOI

Following the development by the OECD, working with the G20, of the CRS-AEOI standard and its endorsement by the G20 in 2014, the Global Forum launched a commitment process to ensure its widespread implementation. All members of the Global Forum, including its 15 Latin American members, are committed to the implementation of the CRS-AEOI standard. However, developing countries that do not host a financial centre were not asked to commit to particular timelines. Recognising the particular challenges they may face to implement this standard and the lower risk they pose to the level playing field, those countries are committed instead to implement CRS-AEOI in a practical timeline to be defined with the support of the Global Forum Secretariat.

The first CRS-AEOI exchanges in Latin America started in 2017 with three countries. Since then, seven other countries in the region have started their CRS-AEOI exchanges between 2018 and 2021, bringing the number of Latin American countries participating to CRS-AEOI to 10 (see Figure 10).

Five Latin American members of the Global Forum have not yet implemented the CRS-AEOI standard.<sup>10</sup> The Global Forum Secretariat and its regional partners will continue to raise awareness on the benefits of the implementation of this standard and to provide technical support to countries interested in committing to a specific year. To that end, a strategy to unleash the potential of CRS-AEOI for developing countries was released late 2021 (see Box 6).<sup>11</sup>

The recent experience of Ecuador, which has started its first exchanges in 2021, shows that the political and technical commitment at the highest levels greatly support an ambitious programme to meet the CRS-AEOI commitment (see Box 7). Costa Rica, which started CRS-AEOI exchanges in 2018, has also committed important resources to CRS-AEOI and has developed an in-house IT tool to fulfil all aspects of the domestic reporting and international exchange processes under CRS-AEOI (see Box 8).



FIGURE 10. Timeline of Latin American countries' participation in CRS-AEOI



10. Dominican Republic, El Salvador, Guatemala, Honduras and Paraguay.

11. OECD / Global Forum (2021), *Unleashing the potential of automatic exchange of information for developing countries*, available at <https://www.oecd.org/tax/transparency/documents/aeoi-strategy-developing-countries.pdf>.

### BOX 6. 2021 Strategy on CRS-AEOI implementation

#### Unleashing the potential of automatic exchange of information for developing countries

The 2021 Strategy aims to fulfil the potential of CRS-AEOI in developing countries through a strengthened approach to capacity-building and technical assistance. The Strategy focuses on the development of decision makers' and tax administration experts' knowledge of the requirements to implement the CRS-AEOI standard through new tools and continued awareness-raising initiatives to ensure that the assisted jurisdiction is an informed actor in its capacity-building programme.

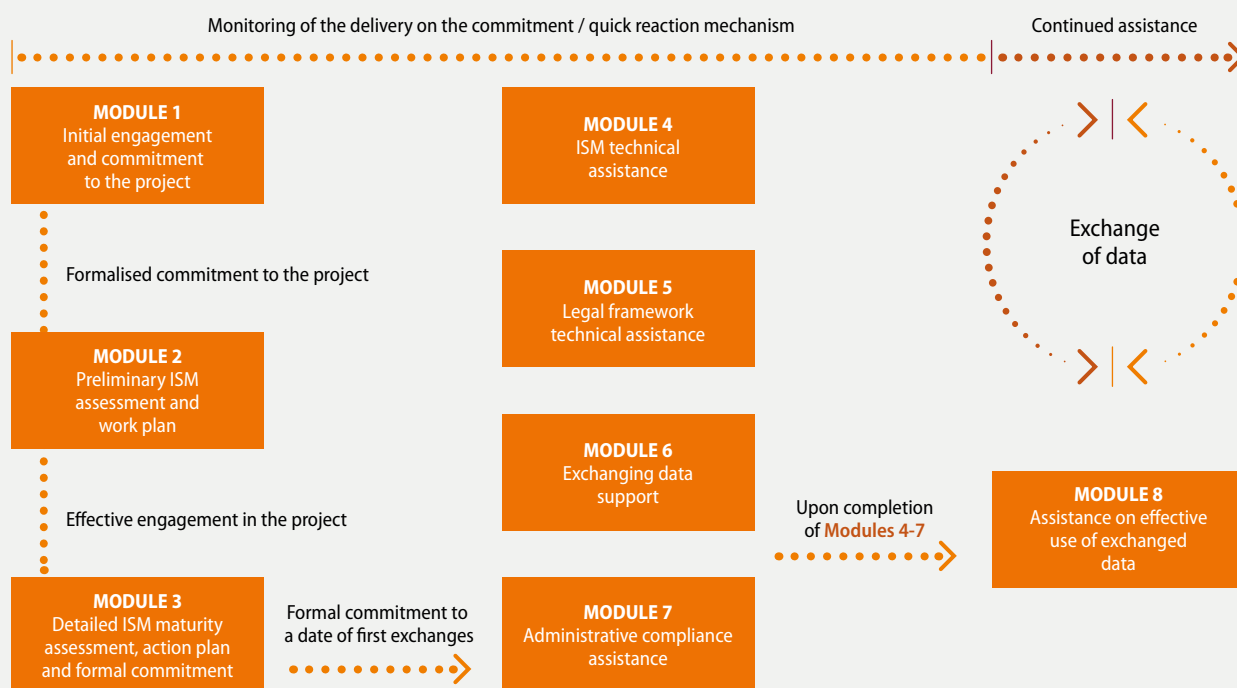
The Strategy is based on a modular approach that divides technical assistance programmes into several coherent and logical modules with specific targets to be achieved in order to move from one module to another. In line with the Global Forum's broader 2020 Capacity-Building Strategy, the modular approach is implemented to ensure a better allocation of resources and improved monitoring. The modular approach provides for comprehensive technical support for a successful implementation and includes the following topics:

- awareness raising activities
- design of an implementation strategy
- setup of a voluntary disclosure programme
- implementation of an appropriate confidentiality and data safeguard framework
- putting in place the domestic and international legal frameworks
- supporting the setup of the IT requirements
- design and implementation of an administrative compliance framework
- assistance on the effective use of exchanged data.

The new Strategy will ensure that the Global Forum Secretariat continues to provide its unique expertise and know-how to unleash the potential of CRS-AEOI for developing countries.

Source: OECD / Global Forum (2021), Unleashing the potential of automatic exchange of information for developing countries, op. cit.

#### Modular approach for the CRS-AEOI implementation



Modules 1-3 are successive

Modules 4-7 can be initiated simultaneously or consecutively, and in the relevant order, depending on the circumstances of the jurisdiction

## BOX 7. ECUADOR'S CRS-AEOI journey



On September 2021, Ecuador carried out its first reciprocal exchanges under the CRS-AEOI standard. This very important milestone was the result of the Internal Revenue Service (Servicio de Rentas Internas – SRI) of Ecuador taking decisive actions at the political and technical levels for allocating appropriate human, organisational and technical resources in preparation for its first exchanges.

### Preparation for the first reciprocal exchanges

In order to prepare for its first reciprocal exchanges, Ecuador:

- put in place the international and domestic legal frameworks, which include the incorporation of the CRS due diligence requirements for reporting financial institutions in domestic law, and the signing of the Multilateral Competent Authority Agreement for CRS-AEOI.
- received intense technical assistance from the Global Forum Secretariat and the WBG.
- developed an in-house technical solution that allows the SRI to receive the financial account information from

Reporting Financial Institutions and to exchange that information with CRS-AEOI partners.

- successfully went through the Global Forum's pre-exchange confidentiality and data safeguards assessment that cleared Ecuador for reciprocal exchanges.

### First reciprocal exchanges

To get ready for the first exchange of CRS-AEOI information, the SRI coordinated with multiple relevant stakeholders, such as supervisory bodies for financial institutions, reporting financial institutions, CRS-AEOI partners and the Global Forum Secretariat. In September 2021, Ecuador was able to successfully exchange CRS information as follows:

- Ecuador sent information of over 50 000 reportable accounts to 42 exchange partners.
- Ecuador received information of over 44 000 reportable accounts from 43 exchange partners.

Source: Internal Revenue Service of Ecuador



### BOX 8. COSTA RICA's in-house technical solution for AEOI



The Tax Information Exchange System (*Sistema de Intercambio de Información Fiscal* – SIIF), is an in-house technical solution developed by the Directorate General of Taxation (Dirección General de Tributación – DGT) of the Ministry of Finance of Costa Rica. The SIIF receives CRS information from reporting financial institutions and Country-by-Country (CbC-AEOI) reports from ultimate parent entities, and allows exchanging that information with treaty partners.

The SIIF has a production environment, as well as a testing environment that enables reporting financial institutions and parent companies to test and confirm whether their reports meet the CRS-AEOI and CbC-AEOI technological requirements.

To protect the confidentiality of the information, each reporting financial institution and parent company go through a comprehensive verification process and can only access the SIIF with a unique username and password provided by the DGT, and the CRS-AEOI and CbC-AEOI reports are signed and encrypted using the authorised user's digital signature certificate. The information is stored with encryption and access by tax officials is restricted by roles assigned on a strict need-to-know basis.

The development of the SIIF had the following milestones:

- **2016:** development of basic features to receive information from reporting financial institutions and sending it to treaty partners, to prepare consolidated files per jurisdiction and to create user types and roles to access the SIIF on a strict need-to-know basis.
- **2018:** enhancement of the encryption features of CRS-AEOI files and development of tools for the presentation of CbC-AEOI reports.
- **2020:** adaptation of the platform to the requirements of the Common Transmission System (CTS) version 2.0 and to the requirements of the standardised XML schemas.
- **2021:** development of a module to generate statistics and exploit CRS information.
- **2022 onward:** updates to keep up with confidentiality and data safeguards standards, to enhance the effective use of CRS data and to improve the quality of information sent to treaty partners.

**Notes:** The CTS version 2.0 allows users to exchange over 25 forms of tax information through the CTS, including EOIR.

**Source:** Directorate General of Taxation of Costa Rica





### Implementation of the legal framework on CRS-AEOI

Latin American countries that committed to start their CRS-AEOI exchanges by 2018 are subject to a peer review process.<sup>12</sup> The results of the peer review of the legal frameworks of Latin American countries for implementing the CRS-AEOI standard indicate that, although improvements are necessary, most countries meet the legal requirements to implement CRS-AEOI (see Table 7).<sup>13</sup> The Global Forum Secretariat is supporting Latin American countries to address the deficiencies identified in their legal framework so that progress is reflected in future peer reviews.

The peer review of the effectiveness in practice of the implementation of the CRS-AEOI standard is currently undergoing. The compliance ratings are expected to be published by the end of 2022.

### Increasing scale of automatic exchanges by Latin American countries

With more Latin American countries participating in the CRS-AEOI exchanges, the number of financial accounts exchanged automatically has increased. In 2021, the number of financial accounts for which information was received by Latin American countries increased by 21% with respect to 2020, while the number of financial accounts for which information was sent by Latin American countries increased by 74% (see Figure 11).

The higher rate of increase in the number of accounts sent compared to the increase in the number of accounts received can be explained by: (i) Latin American countries sending information for the first time during 2021, and (ii) the increase in the number of information sent on preexisting accounts (due to the finalisation of the related due diligence processes by reporting financial institutions).

The majority of the 10 Latin American countries exchanging under CRS-AEOI have a broad network of exchange partners under the CRS Multilateral

TABLE 7. Implementation of the legal framework of CRS-AEOI in Latin America

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 2021

Competent Authority Agreement (CRS-MCAA).<sup>14</sup> The main exchange partners (for incoming information) of Latin American countries are outside of the region. Countries that most recently started exchanges (Ecuador and Peru) will continue to expand their networks as further relationships are activated. The number of reciprocal CRS-AEOI relationships activated by Latin American countries is 892 (see Figure 12).



12. Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Panama and Uruguay.

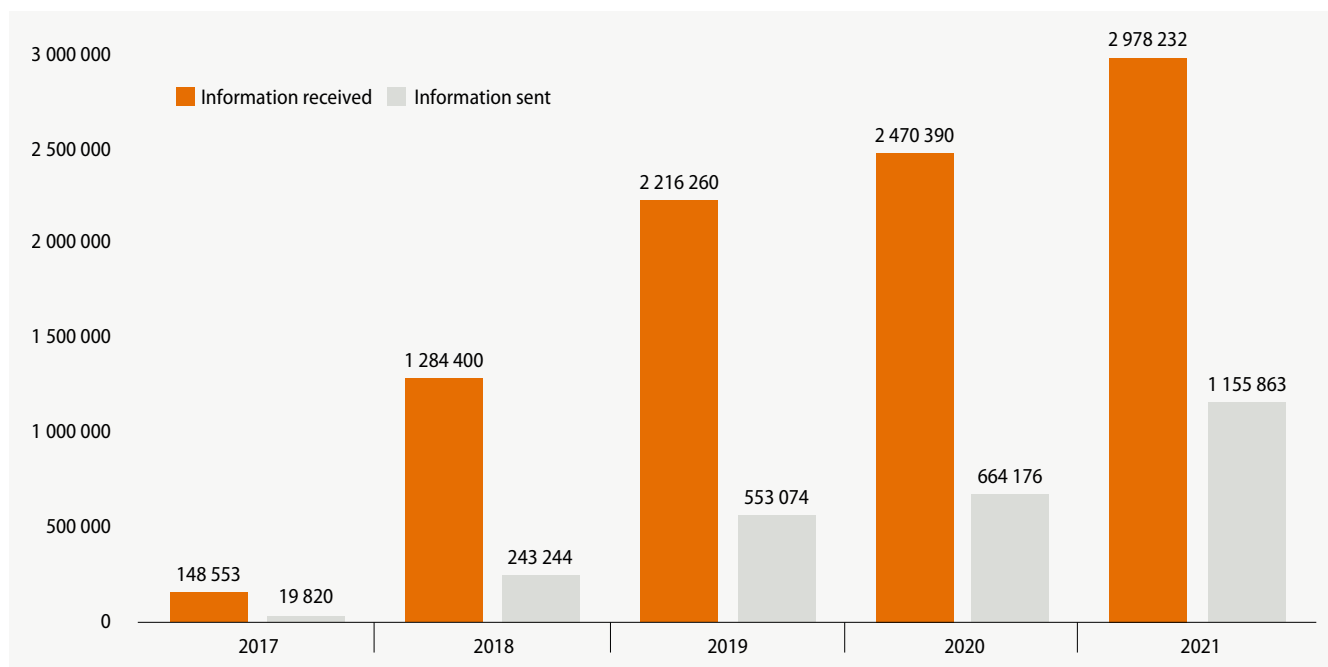
13. OECD (2021), *Peer Review of the Automatic Exchange of Financial Account Information 2021*, OECD Publishing, Paris, available at <https://doi.org/10.1787/90bac5f5-en>.

14. To facilitate the large-scale implementation of the CRS-AEOI standard, the CRS-MCAA has been developed. A particular bilateral relationship under the CRS-MCAA becomes effective only if both jurisdictions have the MAAC in effect, have filed the required notifications under Section 7 and have listed each other as exchange partner. The text of the CRS-MCAA is available at <https://www.oecd.org/tax/automatic-exchange/international-framework-for-the-crs/multilateral-competent-authority-agreement.pdf>.



## Growing commitment to implement tax transparency

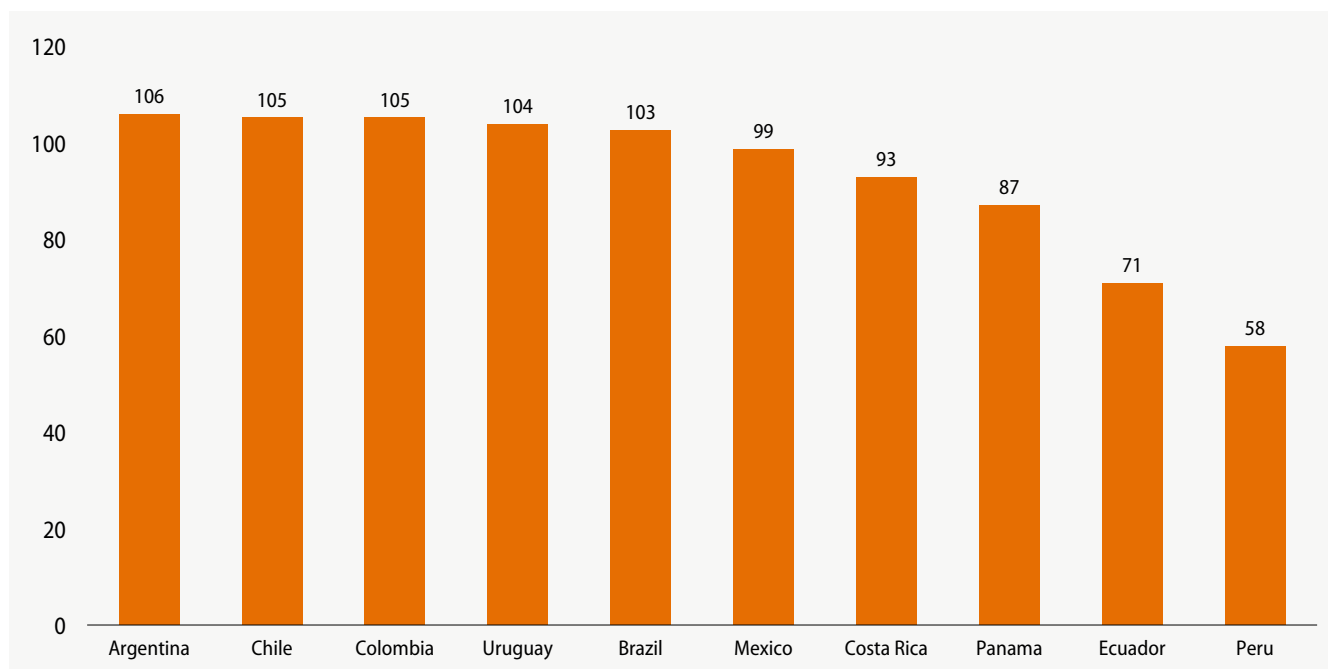
FIGURE 11. Number of financial accounts exchanged by Latin American countries



**Note:** For 2021, full responses from 8 out of 10 Latin American countries exchanging CRS-AEOI data.

**Source:** Tax Transparency in Latin America survey.

FIGURE 12. Number of activated CRS-MCAA exchange relationships by Latin American countries



**Note:** as of 2022, the total number of CRS-MCAA signatories is 115.

**Source:** Automatic Exchange Portal, <https://www.oecd.org/tax/automatic-exchange/international-framework-for-the-crs/exchange-relationships/>

# 4

## Building solid exchange of information infrastructures

EOIR and CRS-AEOI cannot happen efficiently without solid EOI infrastructures. Therefore, countries must have fully resourced EOI processes to assist EOI officials and tax auditors in undertaking their work. One of the baseline actions under the Punta del Este Declaration work plan for 2021-2023 includes the setting up of adequate EOI frameworks to allow jurisdictions to fully benefit from EOI. This includes:

- **An EOI infrastructure**, including the putting in place of an EOI unit and the delegation of the CA function within the unit with adequate resources, including knowledgeable staff and tools to support the EOI function
- **A broad EOI network**, allowing countries to exchange information with all relevant partners under multilateral or bilateral international treaties.

The results of the TTiLA 2022 survey indicate that Latin American countries are building, in general, solid EOI infrastructures, although further progress is required, particularly with respect to the EOI capabilities of staff and the use of tools to support EOI operations and monitoring. The great majority of Latin American countries has a wide EOI network mainly due to their participation to the MAAC.

## Where does Latin America stand on tax transparency?

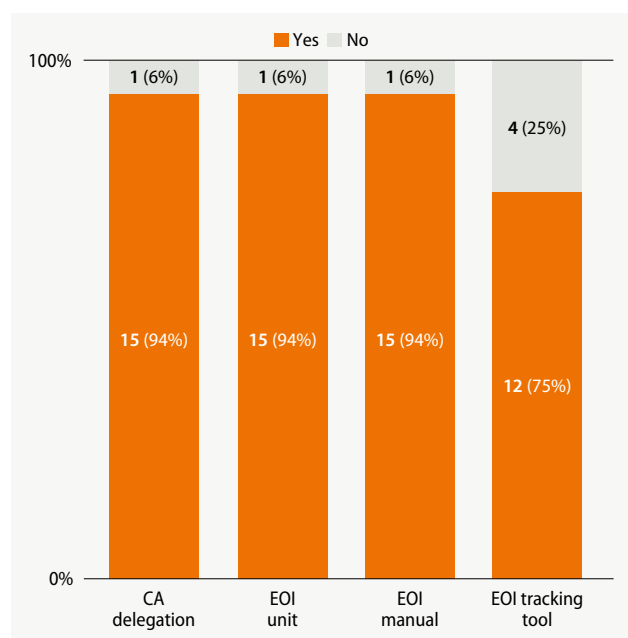
### EXCHANGE OF INFORMATION INFRASTRUCTURES IN LATIN AMERICA ARE GENERALLY SOLID BUT SKILL DEVELOPMENTS ARE NEEDED

The existence of a solid EOI unit is the building block of sustainable and efficient EOI. This is the office in charge of carrying out EOI with partner jurisdictions on a daily basis. Therefore, it is crucial that EOI units are allocated with adequate technical and human resources, so the EOI function is performed with the timeliness and quality that administrative assistance in tax matters requires. In addition, having the CA<sup>1</sup> status assigned to the EOI unit ensures that EOI processes are dealt with more efficiently and effectively.

#### Organisational and technical resources remain mostly stable

In 2021, the statistics in relation to EOI infrastructures in Latin America remained mostly stable when compared to the previous year (see Figure 13).

FIGURE 13. Number of countries with EOI organisational arrangements and technical tools



**Note:** Responses from 16 countries. The labels show the number of countries and the corresponding percentage in brackets.

**Source:** Tax Transparency in Latin America survey.

- As in 2020, most Latin American jurisdictions (15 out of 16, equivalent to 94%) had a functional EOI unit with the delegation of the CA function and manuals to support the EOI function.
- The use of EOI tools improved slightly with four countries (75%) now relying on relevant tools to support the EOI function. This is one more country compared to 2020.

It is expected that Latin American countries will continue developing their EOI infrastructure, and the Global Forum will encourage them to incorporate tools and resources into their EOI operations.

#### Latin American countries are allocating human resources to exchange of information, but more competences need to be built

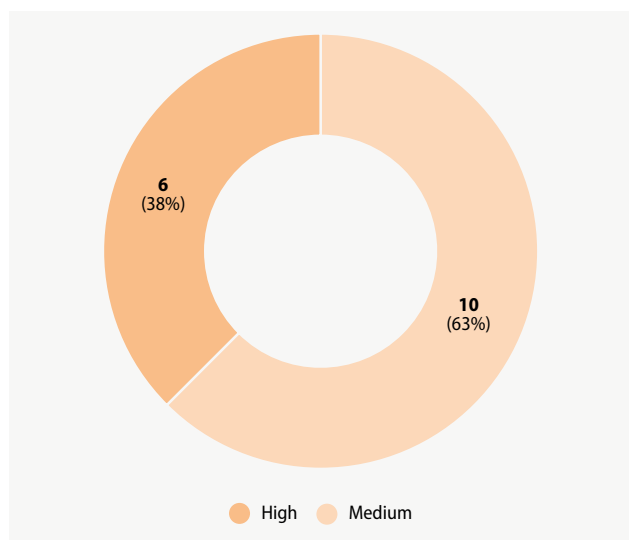
EOI units should have sufficient and skilled human resources in order to handle EOI operations in an effective manner.

Year 2021 showed a positive trend regarding the allocation of human resources to EOI, with Latin American countries allocating over 110 staff dedicated full time to EOI activities. This represents an increase of around 10% compared to the previous year (101 full-time staff). In addition, 49 staff, who are primarily engaged in compliance activities, treaty negotiations, transfer-pricing analysis and other international tax work, partly contribute to EOI. Part-time staff increased slightly compared to the previous year (46 part-time staff, +6.5%).

However, the perceived level of knowledge on EOI is not as encouraging. In 2021, 10 Latin American countries (63%) indicated that the level of knowledge on EOI, particularly among tax compliance staff is “medium”, and only six countries (38%) considered that, the level of knowledge is “high” (see Figure 14). The number of countries considering having staff with a high level of EOI knowledge decreased by 25% compared to 2020, which can be partially attributed to:

1. A CA is the person or government authority who represents a jurisdiction in the implementation of the EOI agreement and is responsible for the effective implementation of its provisions. The primary CA role is usually assumed by the minister of finance, the commissioner of the tax authority or their authorised representative(s). However, the primary CA will typically delegate the authority to exchange information to one or more operational officers, for instance to the EOI unit manager.

FIGURE 14. Staff's knowledge on EOI



**Note:** Responses from 16 countries. The labels show the number of countries and the corresponding percentage in brackets.

**Source:** Tax Transparency in Latin America survey.

- experienced staff leaving the tax administration or EOI units
- relatively low practice in EOI
- EOI units recently implemented.

Nevertheless, Latin American countries are already undertaking actions to improve EOI expertise among their staff, as 10 countries reported carrying out in 2021 65 internal EOI training events (63% more than in 2020) delivered to a total of 1 668 tax auditors and EOI staff (76% increase) (see Table 8).

TABLE 8. Internal EOI capacity-building initiatives in Latin America

Number of events / staff trained	2020	2021
Number of training events held for tax auditors / EOI staff	40	65
Number of tax auditors / EOI staff trained	949	1 668

**Note:** Responses from 10 countries

**Source:** Tax Transparency in Latin America survey

Latin American countries are encouraged to continue investing in trainings and promoting knowledge among

EOI officials and tax auditors. The Global Forum will continue supporting the building of capacities in Latin America, including by launching a “Train the Trainer” programme during 2022, aimed at promoting sustainable EOI capacities in the region.<sup>2</sup>

Box 9 describes the experience of Peru in building capacities of staff and expanding its use of EOI manuals and tools.

#### BOX 9. PERU's experience in strengthening its EOI function and building capacities among tax auditors



During 2021, Peru took important actions to strengthen its EOI infrastructure and to increase the competences of staff on EOI principles and procedures.

In July 2021, the OAAMMT (Peru's dedicated EOI unit), updated its Procedure for Exchange of Information on Request with Foreign Tax Administrations. This Procedure details the steps, requirements and operational mechanisms for EOIR and includes useful templates that can assist EOI unit officials and local tax auditors in their EOI work. The update of the Procedure established new provisions, in particular:

- the mandatory use of the EOI assessment form. This form follows the template developed by the Global Forum Secretariat in 2020, and tax auditors are now required to use this form to register the use of EOI in their tax audits and investigations, and to register the amount of additional revenue collected attributable to EOI.
- the implementation of an annual training plan for staff in the areas of auditing and litigation, in order to encourage the use of EOIR in international tax audits.

The use of the EOI assessment form is advancing among tax auditors, and more than 500 tax officials have been trained nationwide on EOI. The enhanced EOI training and awareness among tax officials has resulted in the launch of 63 international audits for which EOI has been requested.

The associated revenue expected to be collected relates to a tax base of around EUR 2.27 billion.

**Source:** National Superintendence of Customs and Tax Administration of Peru.

2. More information on the Train the Trainer programme is available at <https://www.oecd.org/tax/transparency/what-we-do/technical-assistance/train-the-trainer.htm>.

## Where does Latin America stand on tax transparency?

### Exchange of information networks continue to grow in the region

EOI is only possible if there is an international agreement that allows it. A sound EOI infrastructure needs to be therefore complemented with broad EOI networks.

EOI agreements can take the form of bilateral agreements, such as Double Tax Conventions (DTCs) or Tax Information Exchange Agreements (TIEAs), or the form of regional and multilateral instruments such as the MAAC. As opposed to bilateral instruments, the MAAC offers a single legal basis for multi-country co-operation in tax matters. Currently, 144 jurisdictions participate to the MAAC,<sup>3</sup> expanding the global tax EOI network to over 7 700 exchange relationships.<sup>4</sup>

With Paraguay having deposited the instrument of ratification of the MAAC in July 2021, almost all Latin American countries members of the Global Forum are parties to the MAAC (see Table 9). In January 2022, Honduras received the formal invitation from the Co-ordinating Body to become a party to the MAAC. With Honduras, the full circle of EOI relationships will be complete for Latin American Global Forum members.

During 2021, three non-Latin American jurisdictions<sup>5</sup> signed the MAAC, automatically generating 42 additional EOI relationships for the region. Figure 15 shows the total number of EOI relationships by country (bilateral and multilateral), as well as the additional EOI relationships generated by the MAAC.

TABLE 9. MAAC adherence in Latin America, by year of signature and entry into force

Country	Signature	Deposit of instrument of ratification	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	2021	2021
Peru	2017	2018	2018
Uruguay	2016	2016	2016

Source: Latin American countries participating to the Convention on Mutual Administrative Assistance in Tax Matters

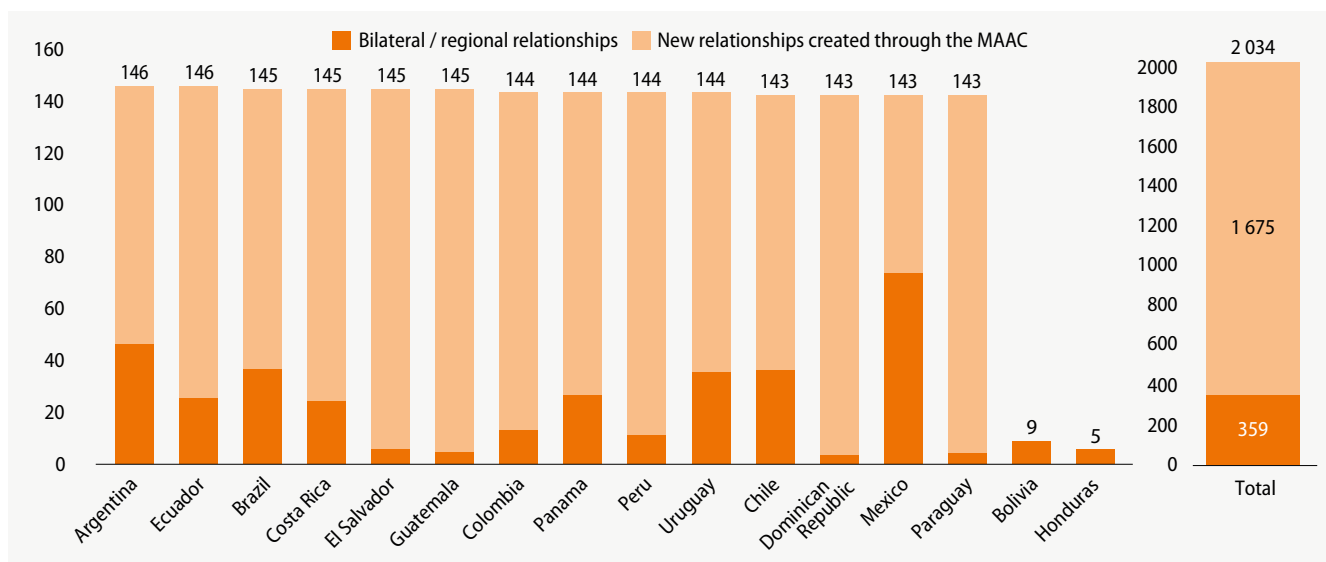
3. Jurisdictions participating in the Convention on Mutual Administrative Assistance in Tax Matters – Status as of December 2021, available at [https://www.oecd.org/tax/exchange-of-tax-information/Status\\_of\\_convention.pdf](https://www.oecd.org/tax/exchange-of-tax-information/Status_of_convention.pdf).

4. OECD / Global Forum (2021), *Reinforcing Multilateral Co-operation in Tax Matters for a Fair and Inclusive Recovery. 2021 Global Forum Annual Report*, available at <https://www.oecd.org/tax/transparency/documents/global-forum-annual-report-2021.pdf>.

5. Maldives, Papua New Guinea and Rwanda.



FIGURE 15. Latin American countries' EOI relationships, by type



**Note:** Responses from 16 countries

**Source:** Tax Transparency in Latin America survey



.....

*Latin American countries are encouraged to continue investing in trainings and promoting knowledge among EOI officials and tax auditors. The Global Forum will continue supporting the building of capacities in Latin America.*

.....



# 5

## Mobilising resources through exchange of information

The effectiveness and commitment to EOI is not only measured by the number of requests sent, by the amount of data exchanged under CRS-AEOI or by the number of treaty partners a country has, but also by how the information is effectively used to enforce tax compliance and generate additional revenue. The results of the TTiLA 2022 survey indicate that EOI is generating revenue for the region, although countries do not monitor systematically how much tax is identified and/or recovered as a result of EOI.

### EXCHANGE OF INFORMATION ON REQUEST IS GENERATING ADDITIONAL REVENUE

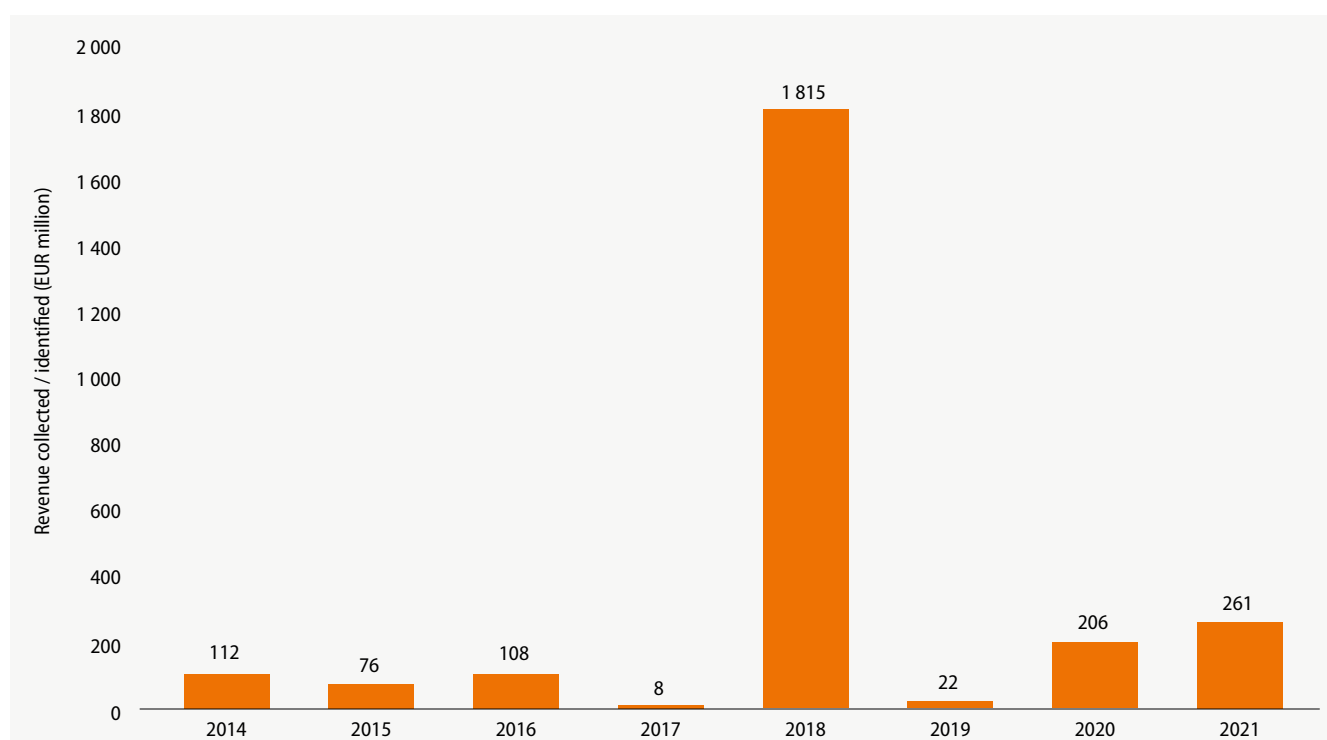
In 2021, nine Latin American countries reported monitoring how much tax is identified or recovered as a result of EOIR, but only do so on an occasional case-by-case basis. Although the resources generated by EOIR are not systematically identified and recorded, the historical data indicates that EOIR does generate important revenues. During the 2014-2021 period, EOIR brought additional tax revenue in Latin America for a total of EUR 2.6 billion.<sup>1</sup> In 2018, one country alone reported extraordinary tax revenue gains due to EOIR of EUR 1.7 billion.

During 2021, five countries informed collecting additional revenue with EOIR and one country (Mexico) reported having recovered its highest historical collection for an individual taxpayer using EOIR (see Figure 16).

These impressive numbers demonstrate the effectiveness of EOIR and signal the need for countries to use more actively this tool in their tax compliance strategies. Further, countries in the region are encouraged to systematically assess and record the revenues generated by EOIR, and promote within EOI units and local tax offices the use of EOI assessment forms, which can be based on the one prepared by the Global Forum Secretariat.<sup>2</sup> Regarding the latter, Peru has taken the lead and has incorporated the use of this form in its EOI procedures (see Box 9) and has recorded to date almost EUR 500 000 in the assessment form. One additional country has indicated that it plans to start tracking additional revenues in 2022.

Boxes 10-13 provide examples of how countries use EOIR to support their tax audits and investigations and to protect their tax base.

FIGURE 16. Revenue collected or identified as a result of EOIR



**Note:** Responses from five countries in 2021. For other years, the number of countries that provided information is variable.

**Source:** Tax Transparency in Latin America survey

1. The difference with the numbers provided in the TTiLA 2021 report is due to countries providing revised figures. Countries have various approaches to track and report revenue generated through EOIR. Some countries rely on revenue identified while other on revenue collected. Some countries also update the data following the outcomes of appeal procedures. The Global Forum is working with countries to ensure that they monitor and record the revenue generated as a result of EOIR.
2. The Global Forum Secretariat can provide the EOI assessment form to countries upon request.

### BOX 10. MEXICO: How EOIR can help enforce Controlled Foreign Company rules



As a result of the sale of a Mexican company, the Tax Administration Service (Servicio de Administración Tributaria – SAT) of Mexico determined the following:

- Taxes were being paid only on 50% of the income generated by the sale and the other 50% were transferred to Country X and Country Z, through trusts and entities X and Z, respectively.
- Individuals A and B, tax residents in Mexico, were the presumed beneficial owners of trusts and entities X and Z.

Following exchange of information on request with several jurisdictions, the SAT obtained useful information on the directors, shareholders and beneficial owners of the trusts and the entities X and Z. This allowed the SAT to confirm that individuals A and B were indeed the beneficial owners of the trusts and the entities X and Z.

With this information, the SAT issued a tax assessment for the undeclared foreign income taxed under the Mexican Controlled Foreign Company rules, in order to make individuals A and B recognise the income derived from the sale of the Mexican company. As a result of this investigation and the



EOIR, Mexico recovered in 2021 and 2022 the highest historical revenue collection from individual taxpayers, equivalent to EUR 516 million.

Source: Tax Administration Service of Mexico

### BOX 11. URUGUAY: How EOIR can help ensure the correct application of DTCs and avoid treaty shopping



Uruguay has in place a DTC with Country A, which establishes that Uruguay waives its taxing rights and applies no withholding on dividends distributed from Uruguayan companies to beneficiaries resident of Country A, whenever those beneficiaries hold more than 75% of the capital of an Uruguayan company.

An indirect shareholder/beneficiary of a Uruguayan company (Company U), resident in Country B, with which Uruguay has no DTC in place, established a company in Country A to hold the shares of Company U. Because of the DTC with Country A, the shareholder benefited from the non-taxation of the dividends received in a given tax year.

In the context of a tax audit, the Directorate General of Taxation (Dirección General Impositiva – DGI) of Uruguay sent a request for information to Country A. The information received allowed the DGI to demonstrate that the company in Country A had been created for the principal purpose of artificially benefiting from the DTC (i.e. for treaty shopping).

Therefore, Uruguay was able to deny treaty benefits to the shareholder and thus regained its taxing rights on the dividend distribution.

Source: Directorate General of Taxation of Uruguay



BOX 12. **COSTA RICA: How EOIR can support the determination of tax obligations**

A Costa Rican Company F, engaged in the business of producing and selling fruits, sells its product to an intermediary company also located in Costa Rica, called Company A. Company A then exports the fruits to various clients abroad.

The DGT undertook a regular audit procedure of Company F, and facts emerged that drew the auditors' strong attention:

- When reviewing in detail the accounting records of Company F and other documents, the auditors determined that Company F was the one doing directly the export operations, and not Company A.
- The auditors noted that transactions between Company F and Company A, which are related entities, generated negative economic results for Company F for all the tax periods investigated and that the contracts between the companies did not define the transfer prices of the products, nor the functions and risks that each entity assumed.
- While the auditors were able to demonstrate that Company F was doing the export operations, they were not able to prove that it received international payments resulting from the exports.

Considering the issues identified above, for the auditors it was essential to verify the real destination of the export payments, considering that Company F reported economic losses. Therefore, the DGT decided to seek international co-operation through EOIR with several countries involved in the export operations. The information requested included copies of the contracts between the parties, details of the quantities of fruits purchased, invoice prices, the names of the financial institutions and the bank accounts into which the payments were deposited.

The information enabled the auditors to identify the following:

- Company F and Company A are associated enterprises artificially selling their products to Company B (another associated enterprise, located in a low-tax jurisdiction). These transactions generated losses on Company F and Company A, as the price was lower than their production costs.
- Company B has no substance (assets and personnel) to carry out significant activities.



- The clients to which fruits were exported engaged in negotiations with Company F. However, the invoices that they provided as support for the payments were drawn up by Company B. Further, the payments were made to the bank accounts of Company B, in Country B.
- Artificial transactions between Company B and clients abroad generated profits that were allocated to Country B.

The information above reinforced the auditors' initial hypothesis that there was no valid economic reason for Company F to report economic losses every year and that in reality the profits were being artificially transferred to Company B by means of re-invoicing.

Pending appeal procedure, the preliminary outcome of the case is as follows:

- The audit procedure concluded that profits were being artificially shifted to Company B, which did not carry out any economic activity.
- Therefore, the audit procedure made adjustments to the income of Company F and Company A, taking into consideration the price invoiced by Company B.
- This adjustment generated differences in the tax liability in favour of the DGT, totalling EUR 3.5 million.

Source: Directorate General of Taxation of Costa Rica



### BOX 13. BRAZIL: Discovering undeclared income through EOIR



#### Case 1

A taxpayer was sued for deviations in the pension fund of a large company. During the tax audit of the taxpayer, there was a strong suspicion that he had received illicit and undeclared assets and income, including an apartment abroad and funds in the name of shell companies or individuals abroad. There was suspicion that part of the illicit funds had been directed to bank accounts in Country A, the taxpayer's residence jurisdiction.

The Federal Revenue Service (*Receita Federal do Brasil* – RFB) of Brazil asked the taxpayer to provide all his bank transactions, including those from Country A. The taxpayer presented information that contained negligible transactions incompatible with revenue earned in Brazil.

Therefore, the RFB initiated an EOIR with Country A to obtain the following information:

- list of bank accounts held by the taxpayer and his trusts in financial institutions in Country A
- extracts from the bank accounts in the period under investigation.

Although the response was received after the end of the tax inspection, the information was still relevant. A new tax procedure was open, which permitted the collection of additional revenue of EUR 1.9 million.

#### Case 2

While carrying out a tax audit, the RFB noted that a Brazilian taxpayer had two bank accounts in Country B, one of them had been declared and the other one had not been declared. There was suspicion that undeclared income had been directed to these bank accounts abroad.

Therefore, the RFB requested information from Country B on the bank accounts of the taxpayer. The response from Country B confirmed that one of the bank accounts was opened by the investigated taxpayer but the other one was opened by an offshore company based in Country C.

The RFB then requested information from Country C. The response, which included documents of incorporation, subscription minutes of bearer shares and the documents of appointment of directors, confirmed that the investigated taxpayer was the beneficial owner of the offshore company based in Country C.

The information received from Country B and Country C allowed the RFB to put together a complex puzzle, and to demonstrate that the investigated taxpayer had omitted to report income originated abroad, hiding it by means of an unreported bank account, opened in the name of an offshore company, also unreported. The identified tax due from income originated abroad amounted to EUR 54 170.

**Source:** Federal Revenue Service of Brazil

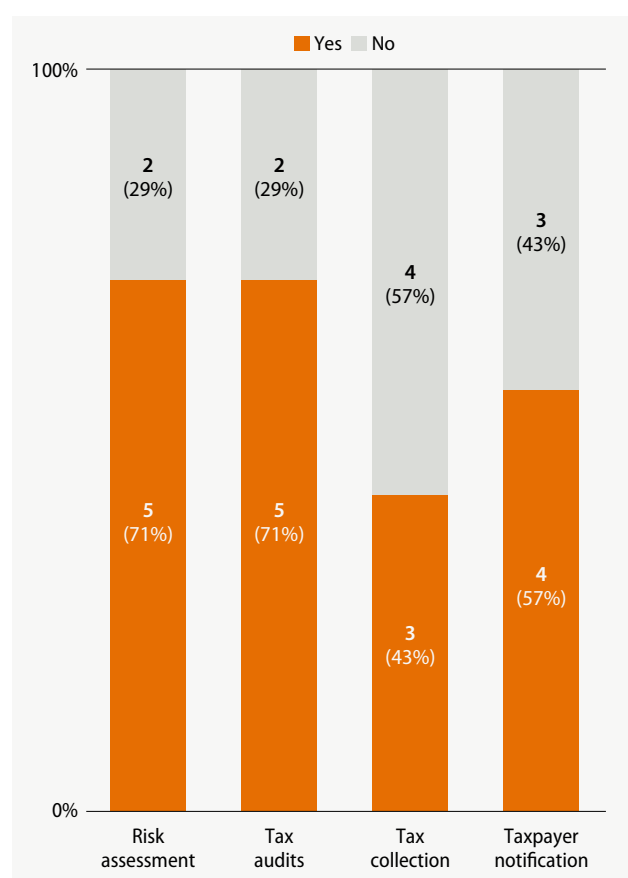


## EFFECTIVE USE OF CRS-AEOI FOR DOMESTIC REVENUE MOBILISATION IS INCIPIENT

The CRS-AEOI standard equips tax authorities with massive amounts of information on their residents' wealth held abroad. In practice, this is a powerful tool to detect unreported financial accounts and enforce tax rules. However, one of the main challenges for countries implementing CRS-AEOI is the effective use of the bulk data received.

Seven out of the ten Latin American countries performing CRS-AEOI use CRS information in their tax audits and investigations: five countries (71.4%) for risk assessments and tax audits, three countries (42.9%) for tax collection and four countries (57.1%) for taxpayer notification (see Figure 17).

**FIGURE 17. Number of countries using CRS-AEOI data in their tax activities**



**Note:** Information from seven countries implementing CRS-AEOI and using the data received. The labels show the number of countries and the corresponding percentage in brackets.

**Source:** Tax Transparency in Latin America survey



The use of CRS data is still at its early stage in the region and not all countries monitor the financial impact of the use of CRS data. However, in 2021, two countries have identified additional revenue by using CRS data:

- Argentina identified EUR 8.2 million using the 2019-2021 CRS data received.
- Peru identified EUR 1.8 million using the CRS data received in 2020, its first year of CRS-AEOI.

In addition, countries have launched voluntary disclosure programmes (VDP) in connection to CRS-AEOI, which have helped identify at least EUR 21.5 billion in additional revenue until 2021. These are encouraging outcomes which illustrate the potential of CRS-AEOI.

Box 14 describes the strategies of Ecuador and Mexico to make the most of the CRS data received.

### BOX 14. Country strategies to take advantage of CRS-AEOI implementation

#### ECUADOR

With the start of CRS-AEOI reciprocal exchanges in September 2021, the SRI of Ecuador has established two types of strategies for raising additional revenue.

First, Ecuador has implemented a pilot project to send “nudge” induction letters to taxpayers from whom CRS information is received, to promote their compliance with respect to income generated abroad.

Second, Ecuador has launched a VDP (Voluntary, Single and Temporary Tax Regime for the Regularisation of Assets Abroad – *Régimen Impositivo Voluntario, Único y Temporal para la Regularización de Activos en el Exterior*) with respect to assets held abroad until 31 December 2021. This programme is presented to taxpayers as an opportunity to regularise non-disclosed assets and income under preferential terms and conditions before the SRI receives financial account information from them under CRS-AEOI.

The programme was launched in February 2022 and taxpayers adhering to this programme would:

- benefit from a reduced tax rate
- not be subject to proceedings for the taxes that are declared through the programme nor to administrative penalties, fines or interests derived from non-compliance with the formal duties related to such taxes
- not be subject to criminal investigation for tax or customs fraud, although this does not exempt in any way the investigation, prosecution and criminal liability for any other crimes.

Taxpayers have until 31 December 2022 to adhere to this programme.



#### MEXICO

The Tax Administration Service (*Servicio de Administración Tributaria – SAT*) of Mexico considers EOI as a fundamental instrument to tackle tax evasion and advance DRM. In consequence, the Master Plan of the General Administration of Large Taxpayers for 2021-2022 includes the exploitation of EOI data as a fundamental axis of the tax audit strategy.

The strategy relies on a comprehensive processing of CRS-AEOI and Foreign Account Tax Compliance Act (FATCA) data that:

- automatically “cleans” the information received to make it as homogeneous as possible and to facilitate the identification of the taxpayer associated to the financial account
- cleans the information manually where necessary, to identify possible duplicate or erroneous information, taking into account the most important elements for the identification of natural and legal persons, such as name, address, tax identification number and birthdate, in addition to other parameters provided such as the account number, the balance and the types of payments
- cross-matches the data against other databases maintained by the SAT.

The strategy is already paying off and CRS-AEOI and FATCA data have already been used to launch 89 tax audits, currently in process.

The identified tax due from income originated abroad amounted to EUR 54 170.



**Source:** Internal Revenue Service of Ecuador and Tax Administration Service of Mexico.





# 6

## Wider use of treaty-exchanged information in Latin America

It is widely recognised that a “whole of government” approach to tackle tax evasion and other IFFs, where tax administrations and other relevant law enforcement agencies work in a coordinated manner, can significantly enhance the impact of such efforts. Tax authorities may have information that may be relevant for the work of other law enforcement agencies (e.g. financial intelligence units, criminal prosecution and anti-corruption agencies), including treaty-exchanged information. The sharing of such information with other relevant law enforcement agencies for non-tax purposes, also known as the “wider use of treaty-exchanged information”, is instrumental in the fight against IFFs. Wider use of treaty-exchanged information is in line with the work the OECD has conducted on greater co-operation and information sharing between government agencies.\*

\* In particular, the OECD Oslo Dialogue, launched by the OECD at the first Forum on Tax and Crime in 2011, promotes a whole of government approach to fighting tax crimes and illicit flows, and encourages information sharing between government agencies and between countries to prevent, detect and prosecute criminals and recover the proceeds of their illicit activities.



## Wider use of treaty-exchanged information in Latin

While, as a principle, information exchanged under an EOI agreement should only be used for tax purposes, the wider use of treaty-exchanged information is recognised in EOI agreements. For instance, the MAAC and Article 26 of the OECD Model Tax Convention allow the receiving jurisdiction to use treaty-exchanged 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.

Despite its potential, the wider use of treaty-exchanged information in Latin America is still very limited. This part of the report provides an overview of the state of play in the region in terms of the legal framework for wider use and its practical implementation, as well as the next steps to facilitate the sharing and use of treaty-exchanged information in the fight against financial crimes.

### LEGAL AND PRACTICAL IMPLEMENTATION OF THE WIDER USE OF TREATY-EXCHANGED INFORMATION IN LATIN AMERICA

Recognising the relevance of a whole of government approach in tackling IFFs, signatories of the Punta del Este Declaration agreed to work through increased tax co-operation and committed to “consider the possibility of 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”.<sup>1</sup>

In this context, the Global Forum Secretariat carried out in 2021 a baseline study to determine if the 15 members of the Declaration have in place the international and domestic legal framework that sets the ground for the use of treaty-exchanged information for non-tax purposes, as well as the necessary confidentiality requirements to ensure the safeguarding of the treaty-exchanged information. This wider use study was presented to the Declaration members in November 2021. The study concluded that the majority of the Punta del Este Declaration members have the international and domestic grounds for wider use of treaty-exchanged information:

.....

*Despite the possibilities that the international and domestic legal frameworks provide, the reported instances of wider use of treaty-exchanged information in Latin America remain very low.*

.....

- **The international legal basis is in place in the majority of countries** as 14 out of 15 countries analysed are MAAC signatories.
- **Countries have safeguards in place to protect the confidentiality of treaty-exchanged information received from foreign tax administrations** as well as provisions to establish sanctions in case of a confidentiality breach.
- **The majority of countries have the legal framework to enable the sharing of domestic tax information with key law enforcement authorities** tackling money laundering (13 countries), crime (15 countries) and corruption (10 countries).
- **Countries have legal safeguards in place to protect the confidentiality of the information handled by other law enforcement authorities** in the fields of money laundering, crime and corruption. This is a critical aspect given the very sensitive nature of tax information and is key to give confidence that the information will only be used for the intended purpose for which it was shared. In the wider use of information context, sending jurisdictions need to be assured that the receiving jurisdictions will treat with proper confidence the information exchanged in the course of their co-operation.

Despite the possibilities that the international and domestic legal frameworks provide, the reported instances of wider use of treaty-exchanged information in Latin America remain very low. For instance, only Argentina has a strategy for the use of treaty-exchanged information for non-tax purposes, which has been used in practice. The experience of Argentina is described in Box 15.

1. Punta del Este Declaration, available at <https://www.oecd.org/tax/transparency/documents/Latin-American-Ministerial-Declaration.pdf>.



# BOX 15. ARGENTINA: strategy and implementation of wider use of treaty-exchanged information

The AFIP of Argentina has developed a strategy for the wider use of treaty-exchanged information in recognition that such information may be necessary for purposes other than tax and for the fight against IFFs. When wider use of treaty-exchanged information is contemplated, the AFIP always seeks the express authorisation of the partner jurisdiction that provided the information, as provided for in bilateral agreements and Article 22(4) of the MAAC.

Argentina has sought authorisation for wider use for AML/CFT, judicial and customs purposes. In particular, the AML/CFT Law No 25.246 determines that the tax secrecy of the AFIP is not enforceable against the Financial Information Unit (*Unidad de Información Financiera* – UIF) and the AFIP is obliged to provide domestic tax information to the UIF when the characteristics of the case so require.

Argentina has requested specific authorisations for wider use of treaty-exchanged information under EOIR in the last years, as follows:

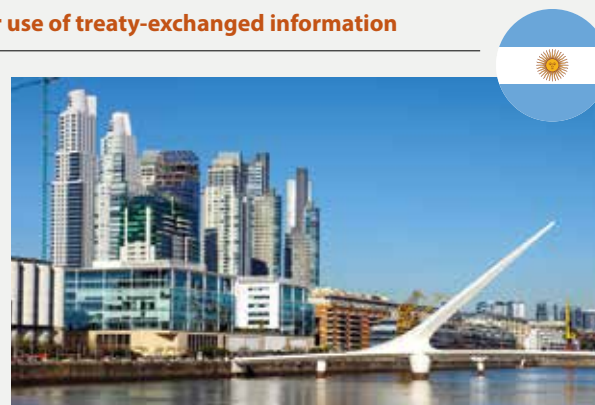
Authorisations	2018	2020	2021
<b>Total requested</b>	3	10	10
For customs purposes	2	6	–
For criminal purposes	1	–	–
For AML/CFT purposes	–	4	10
<b>Total refused</b>	2	3	2
<b>Total authorised</b>	1	7	8

**Note:** no authorisations were requested in 2019.

Beyond the case-by-case requests of the table above, Argentina has requested authorisations for the wider use of CRS data on a large scale: requests were sent to 84 jurisdictions and to date:

- 10 have authorised the use
- 10 have authorised the use on a case-by-case basis
- 2 have authorised the use under certain conditions
- 8 have refused (or reported certain conditions for doing so)
- 54 have not responded to the request.

Two actual cases of wider use of treaty-exchanged information for AML/CFT purposes are provided below.



## Case 1 – Origin: spontaneous exchange

In 2017, the AFIP received a spontaneous exchange of information (SEOI) from a partner jurisdiction informing that, as a result of an investigation, they detected that a company in that country had made financial movements for an amount of more than EUR 1 million, for the payment of representation rights in favour of an Argentinian company A.

Based on the information received, the AFIP carried out an audit of company A to verify the entry of the funds. It was found that the funds never entered Argentina and thus were never received by company A, but were diverted to bank accounts in foreign financial institutions in the name of foreign companies.

In 2020, the AFIP requested authorisation from the partner jurisdiction to use the information shared spontaneously for AML/CFT purposes. Once the authorisation was received, the AFIP audit area issued a money laundering suspicious transaction report (STR) against company A.

## Case 2 – Origin: CRS-AEOI exchange

Under the CRS-MCAA, the AFIP received information regarding the ownership of different financial accounts in the name of a local resident – taxpayer B – in a partner jurisdiction, which he had not reported in his tax returns.

During the audit carried out by the AFIP, taxpayer B acknowledged the holding and ownership of the foreign financial accounts, and proceeded to rectify his tax returns. However, taxpayer B could not prove the origin of the funds of the foreign accounts.

Therefore, in 2021, the AFIP requested authorisation from the partner jurisdiction that automatically provided the CRS information for its use for AML/CFT purposes.

**Source:** Federal Administration of Public Revenues of Argentina

## ADVANCING WIDER USE IN THE REGION

During the fifth meeting of the Declaration, member countries welcomed the recommendations of the study on wider use and the proposed future work in the area, in particular, the development of agreements between CAs with clear parameters on the type of information to be shared, the non-tax purposes, and other conditions determined by the international and domestic legal frameworks.<sup>2</sup> In this context, the Global Forum will develop during 2022 a framework for the wider use of treaty-exchanged information in Latin America, which will have the following main components (see Figure 18):

- development of tailored agreements, following models and templates prepared for that purpose:

- **agreements between CAs for exchange of information for tax purposes**, providing an overarching framework for the wider use of treaty-exchanged Information for non-tax purposes
- **memorandum of understanding between tax authorities and designated domestic law enforcement agencies**, providing a domestic framework for the wider use of treaty-exchanged information, ensuring confidentiality and proper use
- definition of a pilot project for the wider use of treaty-exchanged information, between interested countries
- delivery of a confidentiality and data safeguards training to raise awareness and strengthen knowledge among domestic law enforcement agencies (a general training for all countries and a tailored training for pilot project countries).

FIGURE 18. **Components of the framework on wider use of treaty-exchanged information**



Source: Global Forum Secretariat

2. Statement of Outcomes of the Fifth Punta del Este Declaration Meeting, available at <https://www.oecd.org/tax/transparency/documents/5th-meeting-Punta-del-Este-Declaration-outcomes.pdf>.



# 7

## Looking ahead

After two years of a precarious situation due to the COVID-19 pandemic, physical meetings and on-site missions should start to resume in 2022 to strengthen capacity-building projects and activities in the context of the Punta del Este Declaration.

The Punta del Este Declaration Initiative will keep up the extensive work during 2022, and intensifying the use of the EOIR and CRS-AEOI standards will continue to be a major focus, including the wider use of treaty-exchanged information. Female leadership roles and gender balance in tax will be championed, and advocating for tax transparency will continue to guide the work in the region, always in close co-operation with the regional partners.

### BUILDING SUSTAINABLE CAPACITIES IN EXCHANGE OF INFORMATION

---

Building on the findings of the report, the Global Forum Secretariat and its partners will continue to:

- create awareness within tax authorities of the region on the importance of EOI for revenue mobilisation and fighting tax avoidance
- enhance the tax authorities' capacities to effectively use EOI.

The Global Forum Secretariat will deliver a dedicated "Train the Trainer"<sup>1</sup> programme for Latin America during 2022. This programme seeks to prepare and support a skilled network of EOI trainers who can effectively adapt and pass on the acquired knowledge and skills within their own tax administrations. This programme will allow countries to create and sustain their domestic capacity-building programmes concerning the use of EOI instruments and its consequent positive impact in revenue collection.

Latin American countries will also continue to receive assistance in building and strengthening their EOI infrastructure, including their EOI units and procedures.

### IMPLEMENTING THE REQUIREMENTS FOR EXCHANGE OF INFORMATION ON REQUEST, INCLUDING BENEFICIAL OWNERSHIP FRAMEWORKS

---

Through different types of capacity-building activities, the Global Forum Secretariat and its regional partners will put particular effort to ensure that countries in the region have a solid and effective framework for EOIR, including by ensuring transparency of beneficial ownership information, to support their fight against tax evasion and other forms of IFFs.

Support will be provided to help countries:

- implement the EOIR requirements and prepare for their upcoming peer review
- overcome deficiencies and address the recommendations received in their previous peer review, including by supporting the preparation of a request for re-assessment.

Technical assistance will be provided to implement or strengthen beneficial ownership frameworks by using the recently developed material on the matter, such as the *Building Effective Beneficial Ownership Frameworks – a joint Global Forum and IDB Toolkit*.

### ENCOURAGING COMMITMENTS TO AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION AND EFFECTIVE USE OF RELATED DATA

---

Efforts will be deployed to raise awareness of non-committed Latin American countries on the potential of the CRS-AEOI standard and on the technical support available for the implementation of the standard, including:

- the design of an implementation strategy
- the setup of a voluntary disclosure programme
- the implementation of the necessary domestic and international legal frameworks
- the implementation of an appropriate confidentiality and data safeguard framework
- the setup of the IT requirements
- the design and implementation of an administrative compliance framework

In addition, bilateral assistance will be provided to countries that have started their first CRS-AEOI exchanges to use effectively CRS data in the relevant tax administration functions.

### ADVANCING THE WIDER USE OF TREATY-EXCHANGED INFORMATION

---

Latin American countries will be encouraged and assisted in starting the implementation of the wider use of treaty-exchanged information to further take advantage of it for non-tax purposes, such as for investigating corruption, money laundering, and other serious financial crimes. For that purpose, in 2022, a comprehensive framework on the wider use of treaty-exchanged information will be presented, and interested countries would be able to engage in a pilot project.

---

<sup>1</sup> More information is available at <https://www.oecd.org/tax/transparency/what-we-do/technical-assistance/train-the-trainer.htm>.

## CHAMPIONING GENDER BALANCE IN TAX TRANSPARENCY

In 2021, the “Women Leaders in Tax Transparency”<sup>2</sup> pilot programme was presented to encourage female participation in leadership roles within tax administrations and institutions involved with the implementation of tax transparency standards. The Global Forum envisioned this project as a network that would contribute, within the tax transparency sphere, to reduce the gender equality gap by bringing together women from developing countries and train them in both technical matters related to tax transparency and in soft skills to boost female leadership roles. The programme will be delivered during 2022.

## ADVOCATING FOR TAX TRANSPARENCY AND CO-OPERATING WITH REGIONAL PARTNERS

The Punta del Este Declaration Initiative will continue to seek the promotion and engagement at the highest political level of countries in the region. Considering one of the main objectives of the Initiative, which is to provide tools to countries to strengthen their fight against tax evasion and other IFFs, the leadership of the Initiative will encourage other Latin American countries to join the Global Forum and adhere to the Declaration, and thus ensure a strong political signal in favour of tax transparency.

The Global Forum and members of the Punta del Este Declaration will work with CIAT, IDB and WBG and other relevant donors and jurisdictions to ensure that assistance reaches the highest amount of countries and staff possible.



2. More information on the programme available at <https://www.oecd.org/tax/transparency/what-we-do/technical-assistance/women-leaders-in-tax-transparency.htm>.





# 8

## Country-by-country progress

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



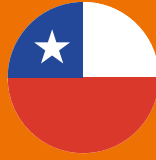
Argentina



Bolivia



Brazil



Chile



Colombia



Costa Rica



Dominican  
Republic



Ecuador



El Salvador



Guatemala



Honduras



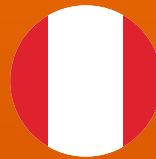
Mexico



Panama



Paraguay



Peru



Uruguay

## Country-by-country progress

Country	Membership	Punta del Este member	Technical assistance programme available	Implementation of EOIR standard*		EOI infrastructure		
				1st round	2nd round	CA delegation	EOI Unit	EOI resources and tools
Argentina	2009	2018	Tailored	LC in 2012	Review launched in Q4 2019 and ongoing	Yes	Yes	Yes
Bolivia	Non member	Non member	Pre-membership assistance	–	–	Yes	Yes	No
Brazil	2009	2019	Tailored	LC in 2013	LC in 2018	Yes	Yes	No
Chile	2009	2018	Tailored	LC in 2014	LC in 2020	Yes	Yes	Yes
Colombia	2011	2018	Tailored	C in 2015	Preparation in progress Review in Q3 2022	Yes	Yes	Yes
Costa Rica	2009	2019	Tailored	PC in 2015	LC in 2019	Yes	Yes	Yes
Dominican Republic	2013	2019	Tailored	PC in 2016	LC in 2019	Yes	Yes	Yes
Ecuador	2017	2018	Induction programme	–	Review launched in Q1 2021 and ongoing	Yes	No	Yes
El Salvador	2011	2021	Tailored	LC in 2016	Review launched in Q1 2021 and ongoing	Yes	Yes	Yes
Guatemala	2009	2020	Tailored	–	NC in 2019	Yes	Yes	No
Honduras	2019	2020	Induction programme	–	Preparation in progress Review in Q4 2023	No	Yes	Yes
Mexico	2009	2021	Tailored	C in 2014	Preparation in progress Review in Q4 2021	Yes	Yes	Yes
Panama	2009	2018	Tailored	NC in 2016	PC in 2019	Yes	Yes	Yes
Paraguay	2016	2018	Induction programme	–	Preparation in progress Review in Q3 2022	Yes	Yes	No
Peru	2014	2019	Tailored	Legal framework in place in 2016	LC in 2020	Yes	Yes	Yes
Uruguay	2009	2018	Tailored	LC in 2015	LC in 2020	Yes	Yes	Yes

\* C: Compliant, LC: Largely Compliant, PC: Partially Compliant, NC: Non-Compliant

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	Reported revenue gains identified via EOIR	Wider use of treaty- exchanged information	AEOI standard		
					Confidentiality and data safeguards framework	AEOI commitment	Implementation of the legal framework
Very wide MAAC in force since 2013	Regular	Yes	Yes	Yes	Successfully assessed	First exchange in 2017	In place but needs improvement
Very narrow MAAC process not initiated	Limited	–	Yes	No	No action	–	–
Very wide MAAC in force since 2016	Moderate	Yes	No	No	Successfully assessed	First exchange in 2018	In place
Very wide MAAC in force since 2016	Not available <sup>a</sup>	Not available <sup>b</sup>	Not available <sup>c</sup>	Not available <sup>d</sup>	Successfully assessed	First exchange in 2018	In place but needs improvement
Very wide MAAC in force since 2014	Moderate	Yes	No	No	Successfully assessed	First exchange in 2017	In place
Very wide MAAC in force since 2013	Limited	In progress	No	No	Successfully assessed	First exchange in 2018	Not in place
Very wide MAAC in force since 2019	Limited	–	No	No	Technical assistance – preliminary assessment in 2020	No	–
Very wide MAAC in force since 2019	Limited	In progress	Yes	No	Successfully assessed	First exchange intended in 2021	–
Very wide MAAC in force since 2019	Limited	–	Yes	No	No action	No	–
Very wide MAAC in force since 2017	Limited	–	No	No	No action	No	–
Very narrow MAAC process initiated	Limited	–	Yes	No	Technical assistance	No	–
Very wide MAAC in force since 2012	Regular	Yes	Yes	No	Successfully assessed – Post exchange assessment in progress	First exchange in 2017	In place but needs improvement
Very wide MAAC in force since 2017	Limited	In progress	No	No	Successfully assessed	First exchange in 2018	In place but needs improvement
Very wide MAAC in force since 2021	Limited	–	Yes	No	No action	No	–
Very wide MAAC in force since 2018	Limited	Yes	Yes	No	Successfully assessed	First exchange in 2020	–
Very wide MAAC in force since 2016	Limited	Yes	No	No	Successfully assessed	First exchange in 2018	In place but needs improvement

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

b. Chile has provided information on the effective use of AEOI but preferred not to have it published.

c. Chile has provided information on the revenue gains identified under EOIR but preferred not to have them published.

d. Chile has provided information on wider use of treaty-exchanged information but preferred not to have it published.



# 9

## Annexes

- Punta del Este Declaration
- Development donors of the Global Forum



## Annex A

## 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 B

## 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.



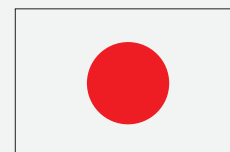
European Union



France



Germany



Japan



Ministry of Foreign Affairs

Netherlands



Norway



Senegal

Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,  
Education and Research EAER  
State Secretariat for Economic Affairs SECO

Switzerland



United Kingdom



BETTER POLICIES FOR BETTER LIVES

For more information:



[www.oecd.org/tax/transparency](https://www.oecd.org/tax/transparency)



[gftaxcooperation@oecd.org](mailto:gftaxcooperation@oecd.org)



[@OECDtax](https://twitter.com/OECDtax)



[OECD Tax](#)

© OECD 2022

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries or of members of the Global Forum on Transparency and Exchange of Information for Tax Purposes.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <https://www.oecd.org/termsandconditions>.

Photo credits: images courtesy of Shutterstock.com