

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

Tax Transparency in Latin America 2023

Punta del Este Declaration Progress Report

The Punta del Este Declaration, its members and partners

The Punta Del Este Declaration was initially signed by Argentina, Panama, Paraguay and Uruguay during the 2018 plenary meeting of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum), organised in Punta del Este, Uruguay. The Declaration was subsequently endorsed by 11 other Latin American countries at ministerial level, reaching the number of 15 members. Through this Declaration, Latin American countries committed to improve tax transparency in the region by strengthening co-operation and exchange of information between the different tax administrations and maximising its use. To do so, the Latin America Initiative was established.

The Latin America Initiative seeks to advance the tax transparency agenda locally through the provision of capacity building adapted to the reality and specific needs of the region. The capacity-building programme of the Global Forum is funded by donors (See Annex 3).

In that regard, the main agreed points in the Declaration were to:

- fully and effectively implement the international tax transparency standards
- 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
- effectively use the powerful global infrastructure for exchange of information to counter illicit financial flows and support domestic resource mobilisation
- explore the full range of possibilities for co-operation provided by the Convention on Mutual Administrative Assistance in Tax Matters including through enhanced co-operation
- explore the wider use of the information provided through exchange of tax information channels for other law enforcement purposes as permitted under the Convention on Mutual Administrative Assistance in Tax Matters and domestic laws and advance more effective and real-time access to beneficial ownership information across Latin America.

Several global and regional development and technical partners participate in the Initiative as well as one Latin America country as observer. The Initiative is open to any Latin America country endorsing the Declaration.

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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

4

TECHNICAL PARTNERS OF THE PUNTA DEL ESTE DECLARATION

Inter-American Centre of Tax Administrations, Inter-American Development Bank, International Finance Corporation and World Bank



Preface

Launched in 2018 through the Punta del Este Declaration, the Latin America Initiative aims at unlocking the potential of transparency and exchange of information (EOI) in the region to fight tax evasion, corruption and other illicit financial flows (IFFs) and to strengthen domestic resource mobilisation. Signatories agreed to lead by example in tackling IFFs through increased international tax transparency and co-operation.

Latin America needs to expand financing mechanisms to support its development. As one of the main financing sources, in 2021 tax revenue represented 20.7% of the GDP on average for the 16 Latin American countries analysed in the report, which is much lower than OECD countries' average of 34.1%.¹

As other regions, the problem of tax evasion in Latin America is one of the roots causes of the tax gap, which is the gap between what tax authorities actually collect compared to what they should theoretically collect. 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.² Moreover, ECLAC estimates that several countries from the region have an income tax gap of more than 50%.

The continuous improvement in efforts to fight against tax evasion and other forms of IFFs is therefore critical to closing the tax gap and allowing 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 has progressed significantly in the last years, Latin American countries have taken important steps to mobilise domestic resources.

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 raise additional revenue. The 2023 edition highlights the progress achieved in 2022 in Latin America in key areas of the Punta del Este Declaration work plan, as well as the challenges faced. While progress is uneven in the region, the Latin America Initiative is highlighting Latin American countries' successful approaches to fight the IFF plague, which is inspiring other countries in the region to emulate these approaches and this should continue to translate into revenue gains in the future.

1. OECD et al. (2023), *Revenue Statistics in Latin America and the Caribbean 2023*, OECD Publishing, Paris, <https://doi.org/10.1787/58a2dc35-en-es>.

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



7th Meeting of the Punta del Este Declaration Initiative, 8 November 2022, Seville, Spain.

The growing interest in widening the use of the information exchanged through tax-treaty channels to address non-tax causes of IFFs shown by Latin American countries and the rapid establishment in 2022 of a leading pilot project to that end illustrate the impact of the Initiative.

Another important impact is the increasing number of EOI requests sent by some Latin American countries which translated into additional tax revenue. More Latin American countries are now implementing and using cross-border exchange of information in their tax investigations. However, not all Latin American countries are effectively using the available EOI tools. They are not all at the same level of maturity and awareness and capacity-building activities are needed to support the effective use of EOI to combat IFFs.

The continuous engagement of the Global Forum and its regional partners to build sustainable capacities constitutes a key component of the Initiative and probably one of its major successes, with programmes such as Train the Trainer which significantly increased local training capacities in EOI. 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, the observer country to the Latin America Initiative and the various development partners, which contribute to and support the Punta del Este Declaration.



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Chair
Latin America Initiative



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Global Forum



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Vice-Chair
Latin America Initiative



Acknowledgments

The *Tax Transparency in Latin America 2023* report provides an overview of the progress achieved in the region in 2022.

The authors¹ are grateful to officials from the ministries of finance and tax administrations of the 15 Latin America members of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) and one observer country, which provided data for producing the report by responding to the 2023 Tax Transparency in Latin America survey. Their efforts

in gathering the most accurate data, their patience in providing further clarifications, and the sharing of concrete experience have been critical to the quality of this report.

Finally, the Global Forum Secretariat expresses its appreciation to the development and technical partners of the Latin America Initiative for promoting the tax transparency agenda and supporting capacity-building efforts in the region.

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

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Abbreviations and acronyms

AEOI	Automatic Exchange of Financial Account Information
AML	Anti-Money Laundering and Counter Terrorist Financing
APRG	Automatic Exchange of Information Peer Review Group
CA	Competent Authority
CAA	Competent Authority Agreement
CBA	Cross-Border Assistance in the Recovery of Taxes
CIAT	Inter-American Centre of Tax Administrations
CRS	Common Reporting Standard
Declaration	Punta del Este Declaration
EOI	Exchange of Information
EOIR	Exchange of Information on Request
FATF	Financial Action Task Force
GDP	Gross Domestic Product
Global Forum	Global Forum on Transparency and Exchange of Information for Tax Purposes
IDB	Inter-American Development Bank
IFF	Illicit Financial Flow
ISM	Information Security Management
MAAC	Convention on Mutual Administrative Assistance in Tax Matters
MoU	Memorandum of Understanding
OECD	Organisation for Economic Co-operation and Development
PRG	Peer Review Group
Tax transparency standards	Standards of transparency and exchange of information for tax purposes
VDP	Voluntary Disclosure Programme

The background of the page is a solid orange color. On the right side, there is a dark orange silhouette map of Latin America, including Mexico, Central America, and South America. Overlaid on the entire page are various abstract geometric patterns in a lighter shade of orange, consisting of thin lines, circles, and dots of varying sizes, some of which resemble orbital paths or a network diagram.

Executive summary

For the third consecutive year, the Tax Transparency in Latin America progress report gives a snapshot of the progress achieved in tax transparency under the Latin America Initiative. Based on the data provided by the 15 Latin America Initiative members and one observer country, i.e. Latin American respondents, the findings of the report help raise awareness on the benefits and challenges of the implementation of the tax transparency standards, share country experiences and inform the public in general on the regional efforts to fight tax evasion and other illicit financial flows (IFFs) and raise domestic resources.

Executive summary

Since 2009, Latin American respondents have identified at least EUR 27.8 billion thanks to exchange of information on request (EOIR), automatic exchange of financial account information (AEOI), including voluntary disclosure programmes and offshore tax investigations. However, revenue collection related to exchange of information (EOI) is very uneven and is limited to a few leading countries as not all have yet reached a sufficient level of maturity to support the effective use of EOI to combat tax evasion and other IFFs.

This difference in levels of maturity is also visible in other elements contributing to domestic revenue mobilisation. First, while the number of requests for information sent has increased compared to previous years reaching 735 in 2022, this number is concentrated in a few countries. Second, one third of the Latin American Global Forum members are not participating in AEOI, and those participating in it do not yet make full use of the financial information automatically received. At the same time, successful country experiences based on the proactive implementation of strategies to effectively use the tax transparency standards and their EOI infrastructure in

their tax compliance plans are concrete examples that could inspire their peers in the region.

In 2022, one key achievement was the concrete steps achieved to widen the use of the information exchanged through tax-treaty channels for non-tax purposes, such as crimes and/or offenses related to money laundering, terrorism financing, corruption and customs to support the whole-of-government approach in fighting IFFs. A milestone was reached with the approval of a wider use framework and the subsequent signature of a multilateral pilot project for wider use by three Latin American countries. This achievement was accompanied by the design and the delivery of a confidentiality and data safeguard programme to raise awareness among tax and non-tax agencies participating in the pilot project.

Latin American countries are also progressing in the implementation of the EOIR and AEOI standards thanks to their active membership and representation in Global Forum's bodies and activities, by implementing a multi-pronged approach for the availability of and access to beneficial ownership information and by



Punta del Este, Uruguay

developing administrative compliance frameworks for AEOI. However, there is still important work to be done to improve both the legal framework and the effective implementation of the standards in practice, as well as to increase the number of countries participating in AEOI.

With their wide EOI network which reached over 1 900 relationships in force thanks to their participation in the Convention on Mutual Administrative Assistance in Tax Matters (MAAC), as well as the solid EOI infrastructure they have established, Latin American Global Forum member countries have laid the foundation for EOI to take off in the coming years.

To support their efforts in all these areas, the Global Forum Secretariat and its partners have developed and implemented capacity-building programmes to meet the specific needs of Latin American countries. The technical assistance support has been highly commended by Latin American countries. The collaboration with the regional partners has been a major asset to create effective synergies in the delivery of technical assistance and the development of ambitious knowledge products.

The launch of innovative programmes, such as Train the Trainer, Women Leaders in Tax Transparency and Information Security Management Network, has already made a significant impact in the region.

Looking forward, the work of the Punta del Este Declaration will continue to focus on the consolidation of the implementation of the tax transparency standards and, together with the regional partners, the Global Forum Secretariat will continue strengthening and building sustainable capacities in all the relevant areas of tax transparency and EOI, so Latin American countries can fully benefit from it in terms of domestic revenue mobilisation and the effective tackling of all forms of IFFs.

.....
The Global Forum Secretariat and its partners have developed and implemented capacity-building programmes to meet the specific needs of Latin American countries.
.....



Overview of tax transparency in Latin America 2022

All Latin American respondents* prioritised tax transparency to tackle tax evasion and IFFs. They are building strong EOI infrastructures through the establishment of dedicated units and the allocation of resources for staff, trainings and technical tools. Domestic revenue mobilisation is progressing, but strong disparities persist among countries. Although Latin American members of the Global Forum have significantly expanded their EOI networks, 94% of the requests sent are from four of them. Other respondents are still making very few requests for information. The standard of AEOI is implemented by 10 Latin American Global Forum members exchanging financial account information in 2022. However, the benefits obtained from an effective use of the Common Reporting Standard (CRS) data are also uneven among them. In addition, work remains to be done to ensure all countries in the region participate in this global standard. Sustainable capacity building for tax administration staff, particularly tax auditors, needs to continue.

Latin America in the Global Forum

- 15 Latin American countries are members of the Global Forum (9% of its membership): Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru and Uruguay.
- The Inter-American Centre of Tax Administrations, the Inter-American Development Bank, the International Finance Corporation and the World Bank are observers of the Global Forum.

* Latin American respondents are the 15 Latin American members of the Global Forum and one observer country (Bolivia) that provided input to the 2023 Tax Transparency in Latin America survey.



Argentina



Bolivia



Brazil



Chile



Colombia



Costa Rica



Dominican Republic



Ecuador



El Salvador



Guatemala



Honduras



Mexico



Panama



Paraguay



Peru



Uruguay



The Punta del Este Declaration

- The 15 Latin American members of the Global Forum are signatories.
- 1 observer: Bolivia.
- 4 partners: Inter-American Centre of Tax Administrations, Inter-American Development Bank, International Finance Corporation and World Bank.

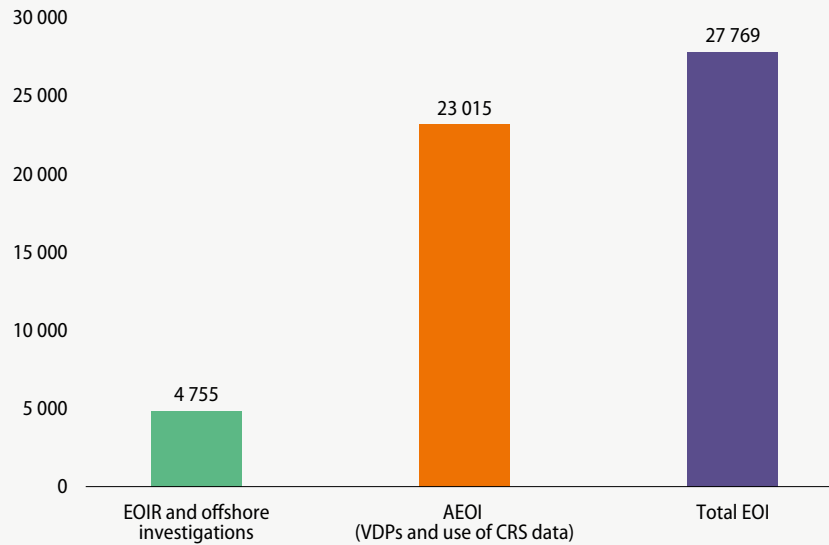
Technical assistance provided in Latin America in 2022

- 6 events were organised and attended by 580 Latin American officials, with a 57% female participation rate
- 20 officials from 10 Latin American Global Forum members participated in the Train the Trainer programme and delivered 20 local trainings. A total of 956 officials were trained in 2022 thanks to the programme, with a 60% female participation rate
- 6 female officials from 6 Latin American Global Forum members (Brazil, Colombia, Costa Rica, Ecuador, Honduras and Peru) participated in the first edition of the Women Leaders in Tax Transparency Programme
- 3 Latin American members benefitted from an intensive mentoring programme (induction programme): Ecuador, Honduras and Paraguay
- 9 other Latin American members benefitted from tailored technical support
- 46 experts from 13 Latin American members joined the Global Forum's Information Security Management Network
- Bolivia received pre-membership assistance.

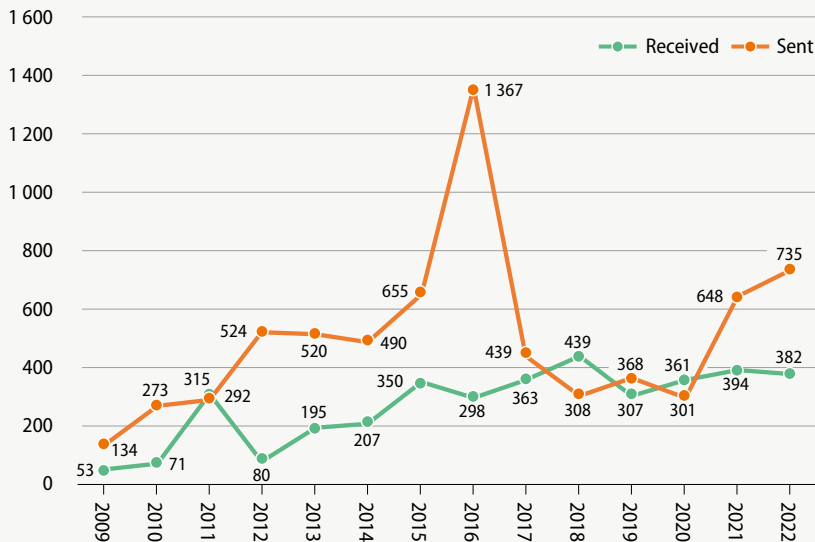
Revenue identified as a result of the exchange of information

Since 2009, Latin American respondents have identified at least EUR 27.8 billion in additional revenue through exchange of information on request (EOIR), automatic exchange of financial account information (AEOI), voluntary disclosure programmes (VDPs) and offshore tax investigations. During 2022, Latin American respondents reported identifying at least EUR 708 million of additional revenue. This progress remains limited to a few countries in the region and not all Latin American respondents monitor the impact of EOI in relation to domestic resource mobilisation.

Revenue identified by Latin American respondents as a result of EOI, in EUR million



Number of EOI requests sent and received by Latin American respondents



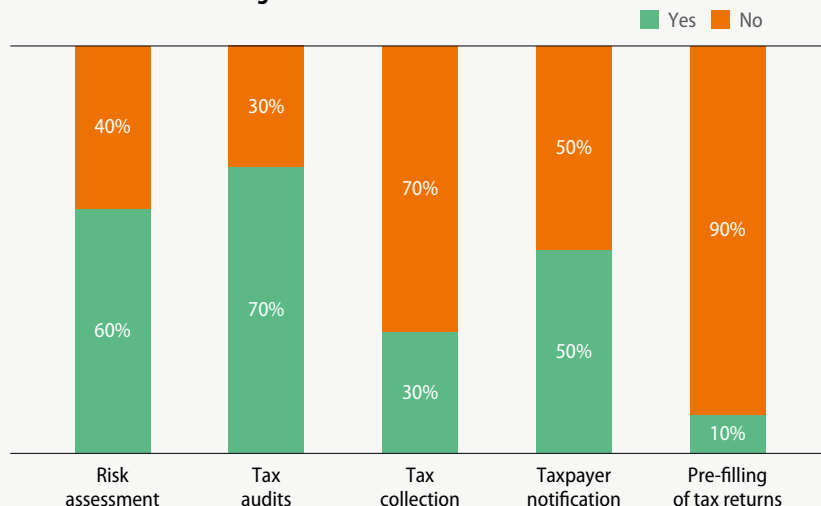
EOI requests sent and received by Latin American countries

Latin American respondents continue making progress in requests, but disparities exist between them: the top four sending countries represent 94% of the total requests sent in 2022, with one country sending 45% of them. The steep increase in the number of requests sent in 2016 is the consequence of the advancement of requests made by one Latin American country, triggered by an international leak of financial account information.

Effective use of CRS data by Latin American members

Eight Latin American Global Forum members have started using CRS data to support tax compliance and revenue collection. However, this is not yet systematically done and therefore revenue gains are still very limited (EUR 78.2 million).

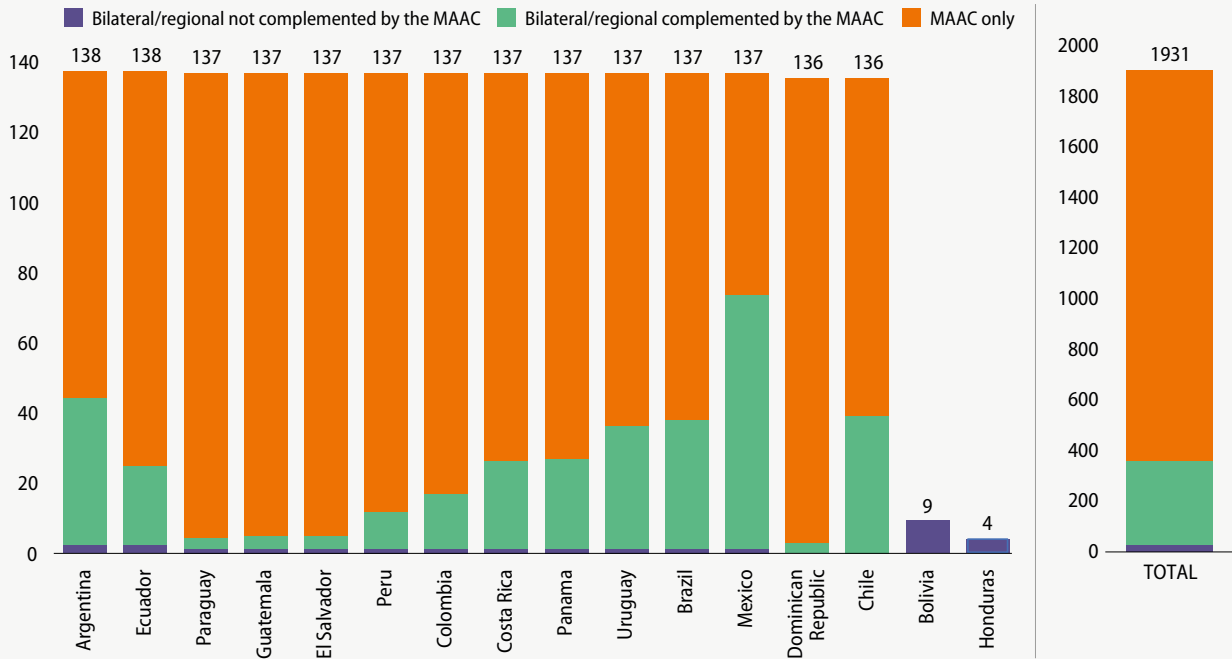
Number of countries using CRS data



Latin American countries have developed strong EOI networks

As of 2022, Latin American respondents have entered into numerous regional or bilateral EOI agreements to foster tax co-operation between them. Thanks to the Convention on Mutual Administrative Assistance in Tax Matters (MAAC), the total number of bilateral relationships increased from 375 to over 1 900 at the end of 2022.

Latin American countries' EOI relationships in force



EOI infrastructures in Latin America

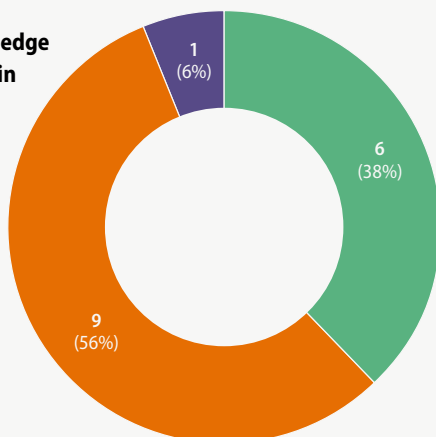
Most Latin American respondents have a solid EOI infrastructure, with a functional EOI unit in place, equipped with tools and knowledgeable staff. However, a limited number have implemented assessment tools to monitor tax revenue collected as a consequence of EOI, hence, the benefits of EOI may go unnoticed. Work is ongoing to fill the remaining gaps.

EOI knowledge in Latin America

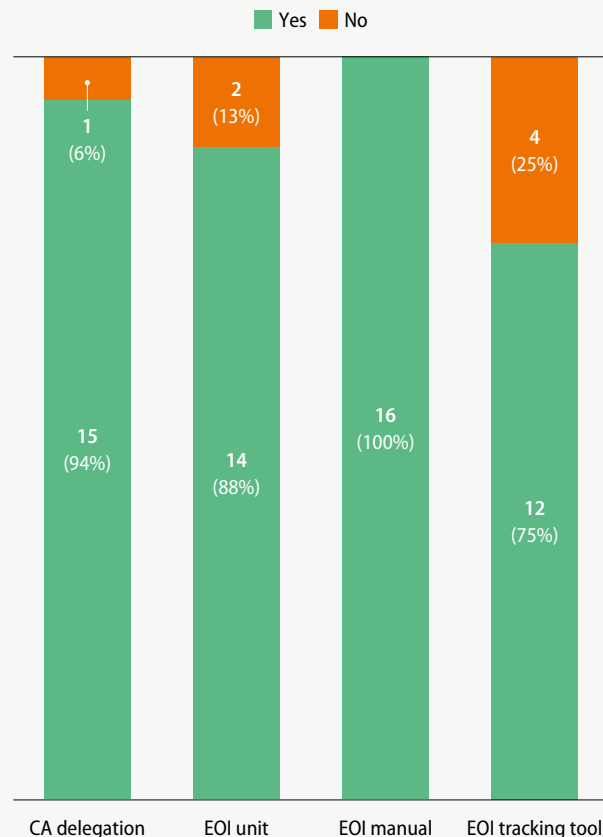
94% of Latin American respondents deem their level of knowledge on EOI as medium/high.

Staff's knowledge on EOI in Latin America

- High
- Medium
- Low



Share of Latin American respondents' EOI organisational arrangements and technical tools





1



2

1. Honduras signs the Convention on Mutual Administrative Assistance in Tax Matters, 11 July 2022, OECD Headquarters, Paris, France.

2. Argentina, Costa Rica and Paraguay sign a pilot project for the wider use of treaty-exchanged information, 9 November 2022, Seville, Spain.

3. 6th Meeting of the Punta del Este Declaration Initiative, 3-4 May 2022, San José, Costa Rica.

4. 7th Meeting of the Punta del Este Declaration Initiative, 8 November 2022, Seville, Spain.



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A dark orange silhouette map of Latin America is centered on the page. The background is a lighter orange color with a network of white lines and dots at the bottom, resembling a globe or a data network.

Tax transparency progress and challenges in Latin America

1

Exchange of information (EOI) for tax purposes is not an end in itself but a means for enabling tax administrations to access information maintained abroad to aid their tax compliance activities. Transparency and EOI for tax purposes have demonstrated to be a powerful tool in the fight against tax evasion in Latin America. Since 2009, Latin American respondents have identified at least EUR 27.8 billion in additional revenue through exchange of information on request (EOIR), automatic exchange of financial account information (AEOI), voluntary disclosure programmes (VDPs) and offshore tax investigations. This is certainly the low range, as not all Latin American respondents monitor the impact of EOI in relation to domestic resource mobilisation.

All 168 members of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum), including its 15 Latin American member countries, have committed to implement the EOIR standard. They are also committed to implement the AEOI standard. However, developing countries that do not host a financial centre are not required to implement the AEOI standard by a specific date. In recognition of the challenges they may face, these developing countries are committed to implement it in a practical timeframe. To this end, they receive technical assistance from the Global Forum Secretariat and other development partners.

During 2022, Latin American countries continued benefiting from the tax transparency standards (EOIR and AEOI), strengthening their tax base and increasing their tax revenues. Latin American respondents reported collecting and/or identifying at least EUR 708 million of additional revenue in 2022. However, this progress remains limited to a few countries: some countries are reaching maturity in implementation and are making big EOI strides, while others are not yet making full use of their EOI networks. There is still a long road ahead for Latin American countries to advance EOIR and to effectively use the massive amounts of financial account information they are receiving through AEOI. Further, there are still five Latin American Global Forum member countries that are not yet participating to AEOI.

Successful country experiences focus on the proactive implementation of strategies to effectively use the tax transparency standards and their EOI infrastructure in their tax compliance plans, and the exploitation of synergies between the EOIR and the AEOI standards.

THE IMPACT AND THE CHALLENGES OF EXCHANGE OF INFORMATION ON REQUEST

EOIR is an essential tool to support tax authorities worldwide to access taxpayers' information held abroad and determine whether they are paying the correct amount of tax. Without sending requests, countries cannot obtain crucial information that will assist their tax investigations, and therefore potential additional tax revenue collection will remain out of the reach of tax authorities.

The EOIR standard¹ requires a tax authority to provide, on request, information to another tax authority that is relevant for that authority to properly investigate taxpayers and enforce its jurisdiction's tax laws or the provisions of a related tax agreement. Three types of information are at the heart of these exchanges: (i) legal and beneficial ownership information of all relevant legal entities and arrangements; (ii) accounting records, including underlying documentation; and (iii) bank information, including financial, and legal and beneficial ownership information. The level of compliance with the EOIR standard is assessed under the Global Forum's peer review process (see Part 3 of this report).

Since 2009, Latin American respondents sent 7 158 requests of information, which contributed to a total of EUR 4.1 billion of revenue, including taxes, interests and penalties. Of this amount, at least EUR 527.8 million were identified in 2022 by one Latin American country.

The progress achieved is remarkable but revenue collection using EOIR is not yet regular in the region and is concentrated in very few leading countries. Only nine Latin American respondents have reported collecting or identifying additional revenue in the period 2009-2022 and, in 2022, only two respondents (Argentina and Mexico) reported identifying additional revenue due to EOIR.

Figure 1 shows the evolution of revenue mobilisation in Latin America since 2019. The period 2017-2018 is distinguished as it presented outlier revenue collection results, due to a few countries reporting extraordinary revenue gains.

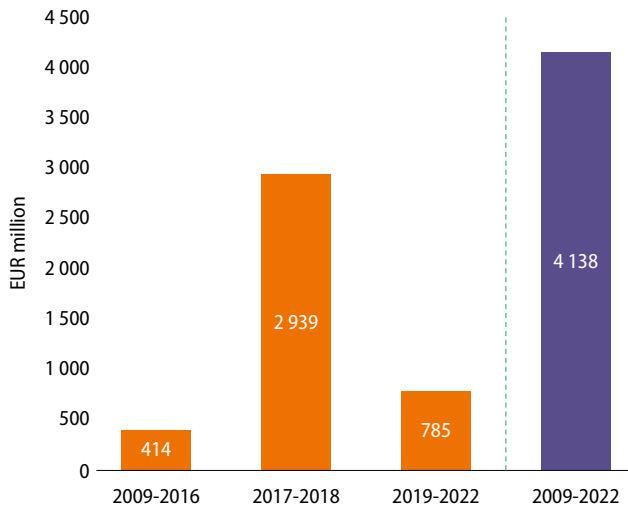
In the same period 2009-2022, Latin American respondents advanced the number of EOI requests sent, which showed a notable increase of 449% (see Figure 2).² In 2022, the number of requests for information sent by Latin American respondents increased by 13% compared to 2021. They continued to be net senders of requests, with 735 requests sent compared to 382 requests received. The steep increase in the number of requests sent in 2016 is the consequence of the advancement of requests made by one Latin America country, triggered by an international leak of financial account information.

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

2. Information from 14 Latin American member countries. Chile has provided data on the number of requests sent but preferred not to have them published.

Tax transparency progress and challenges in Latin America

FIGURE 1. Revenue identified as a result of exchange of information on request

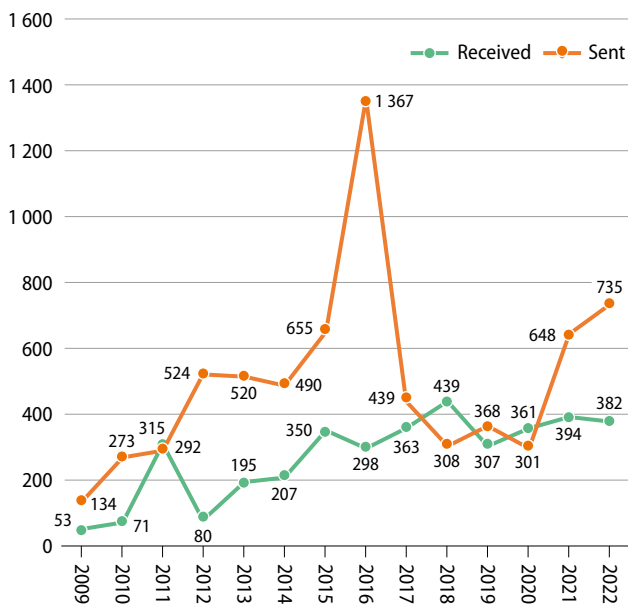


Note: Responses from 16 Latin American countries.

Source: 2023 Tax Transparency in Latin America survey.

Latin American respondents continue making progress in requests sent but, in the same way as revenue collection, this progress is driven by very few countries, reflecting a similar situation to the one reported in the 2022 Tax Transparency in Latin America report. In particular:

FIGURE 2. Number of exchange of information requests sent and received by Latin American respondents



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

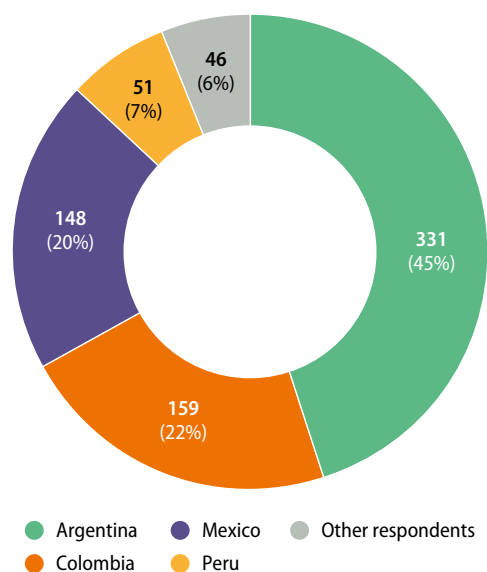
Source: 2023 Tax Transparency in Latin America survey.

- Only six Latin American respondents reported increasing requests for information during 2022, with four countries showing notable to moderate increases (Ecuador with 87.5%, Mexico with 82.7%, Colombia with 51.4% and Peru with 18.6%). Strategies of leading countries are detailed further below.
- The concentration of requests is high. The top four sending countries sent 94% of the total requests in 2022, with one country sending 45% of them (see Figure 3).
- Only four respondents sent more than 50 requests in 2022, and eleven respondents – the great majority – sent less than 25 requests (see Figure 4).

The greatest challenges and constraints reported by Latin American countries to progress on EOIR are:

- the need for greater awareness and visibility among all functions of the tax administration on the importance of EOIR in the determination and resolution of tax audits and investigations, and for more widespread dissemination of the possibility of using EOIR

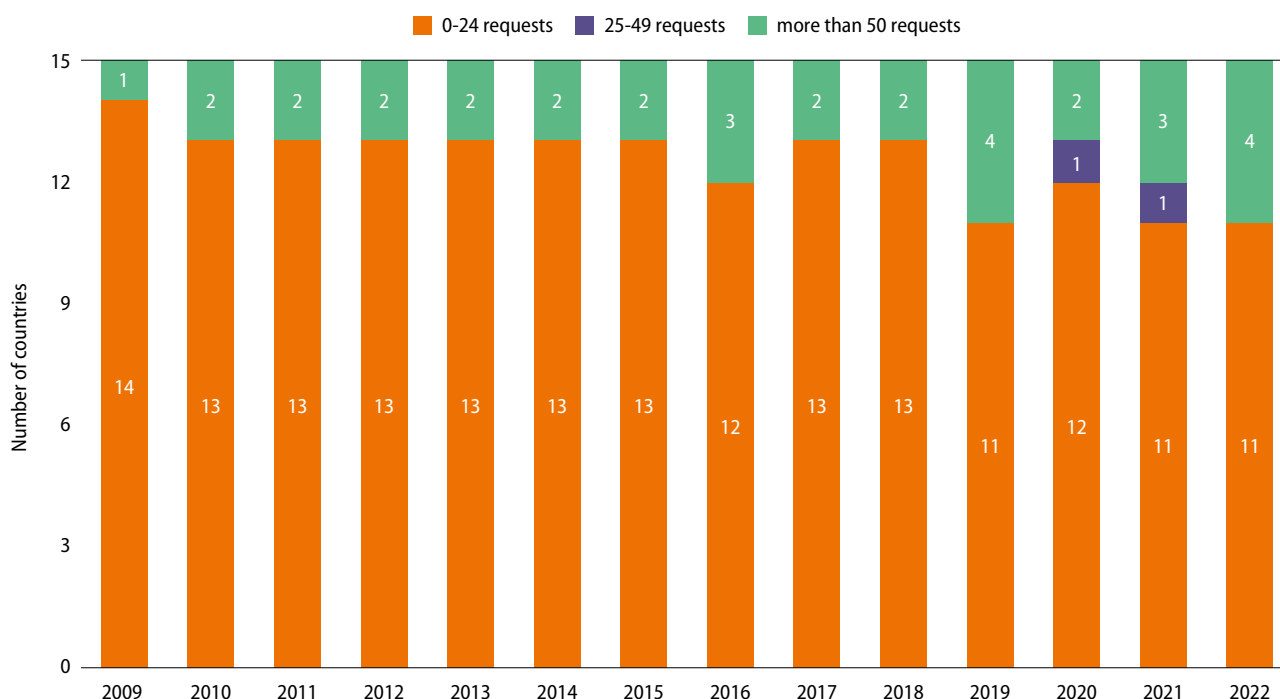
FIGURE 3. Distribution of requests for information sent by Latin American respondents, 2022



Note: Responses from 15 Latin American countries. Chile has provided data on the number of requests sent but preferred not to have them published. The labels show the number of requests sent and the corresponding percentage in brackets.

Source: 2023 Tax Transparency in Latin America survey.

FIGURE 4. Number of Latin American respondents sending requests for information



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

Source: 2023 Tax Transparency in Latin America survey.

- the lack of understanding among tax auditors on how and when to use EOIR, as well as what information to request
- the limited operative and human resource capacity to handle requests in a timely and quality manner
- the lack of systems to track and identify the amounts collected through EOIR
- the need to adapt internal legislation to meet the requirements of the EOIR standards.

The experience of countries leading in EOIR demonstrates that:

- The implementation of comprehensive audit strategies that use EOIR as a key element is crucial to increase the number of requests and better mobilise domestic revenues by tackling tax evasion and other illicit financial flows (IFFs).

- The delivery of intensive training and induction sessions on the use of EOIR tools to tax auditors is also a cornerstone of EOIR strategies.

Some strategies established by Latin American countries to increase the use of EOIR requests were presented in the 2022 Tax Transparency in Latin America Report.³ They have in common the implementation of EOIR audit strategies and trainings to raise awareness on the usefulness of EOIR. In other cases, the synergies between EOIR and AEOI are being explored, and the thorough analysis of the information received under the AEOI standard has triggered various follow-up requests for complementary information (see section further below on the impact of AEOI).

Mexico, one of the leaders in EOIR in the region, has a tax audit strategy that includes EOIR as one of its pillars (see Box 1).

3. OECD (2022), *Tax Transparency in Latin America 2022, Punta del Este Declaration Progress Report*, <https://www.oecd.org/tax/transparency/documents/tax-transparency-in-latin-america-2022.pdf>. See Box 4 for the experiences of Argentina, Colombia, Panama and Peru.

BOX 1. Mexico: Exchange of information on request as an essential tool for increasing revenue collection

The main objectives of the Tax Administration Service (*Servicio de Administración Tributaria – SAT*) of Mexico are the fight against corruption, tax evasion, double non-taxation, and the increase in tax collection. To achieve these objectives, the SAT has put a special focus on EOIR and has delivered training to audit areas of the SAT on the various modalities of EOI available, as well as on their benefits. This dissemination and awareness raising has led to the EOI Unit receiving more requests for information from the audit areas. In line with the strategy, the SAT has also increased the size of the EOI Unit.

In 2022, the number of requests sent by the SAT was 148, an increase of 82.7% with respect to the previous year. Mexico reported collecting additional revenue in 2022 due to EOIR amounting to EUR 528 million. Two successful audit investigations that used EOIR are described below.

Case 1. Omission of revenue

Thanks to the information provided to the SAT by four jurisdictions, Mexico obtained results consisting of the collection of income tax, updates and surcharges for a total amount of EUR 546 million.

Entity A carried out a merger with Entity B, both resident in Mexico, creating Entity C. This latter entity then carried out an asset sale transaction with Entity D, resident in

Jurisdiction X. As a result, Entity C, considered deductions for income tax purposes in the amount of EUR 1.7 billion.

The SAT requested information from the jurisdictions as follows:

- To Jurisdiction X, concerning the sale operation between Entity C and Entity D, and to: (i) know the beneficial owner of such assets, and (ii) verify the tax residence of such beneficial owner to correctly determine the deductions on such assets.
- The information provided by Jurisdiction X confirmed the transaction between Entity C and Entity D and enabled to know that these entities were not related parties and that the legal ownership of the assets sold belonged to Entity E, a resident of Jurisdiction I.
- To Jurisdiction I on the relationship between entities D and E, and to verify the final ownership of the assets. In response, Jurisdiction I informed the SAT that Entity E was its resident, but its beneficial owner was not. In addition, the SAT learned that the legal ownership of Entity E was held by two trusts located in Jurisdictions Z and W.
- To jurisdictions Z and W, to verify the transaction with Entity D and find out who the beneficial owners of the assets are:

THE IMPACT AND THE CHALLENGES OF AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION

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

Access to such information provides a powerful tool for tax authorities to verify whether taxpayers are properly declaring their international financial assets. It ensures transparency of financial assets held and revenues earned abroad by tax residents, thus allowing the detection of potential non-compliance. Moreover,

with taxpayers being aware of its implementation, AEOI also deters future non-compliance and incentivises the reporting of financial assets held abroad and the related revenues. The latter is usually promoted through the implementation of VDPs before the start of first AEOI exchanges.

Since 2017, 10 Latin American Global Forum members started exchanges under the AEOI standard,⁴ equipping them with massive amounts of information on their residents' wealth held abroad. In 2022, nine Latin American Global Forum members exchanged reciprocally CRS data, receiving information on more than 2 million financial accounts and account balances

4. All members of the Global Forum, including its 15 Latin American members, are committed to the implementation of the AEOI standard. However, developing countries that do not host a financial centre were not asked to commit to specific timelines.



- The information provided by Jurisdiction Z enabled the SAT to learn that the legal ownership of the two trusts was in Jurisdiction W, and that the trust in Jurisdiction Z only administered the assets on behalf of the beneficiary.
- Jurisdiction W confirmed the existence of the assets and disclosed the identity of their beneficial owners, who were residents in Mexico and owners of Entity C. In addition, it was learned that the assets were granted to Entity D free of charge.

The results of the audit determined that the deductions were not admissible based on the Income Tax Law provisions. The deductions were disregarded in consequence and enabled the SAT to collect a total amount of EUR 546 million.

Case 2. Payments to related parties

Company A resident in Mexico carried out transactions with its related party Company B resident in Country B, for the lease of vessels. As a result of these transactions, Company A considered deductions for income tax purposes in the amount of EUR 4 million.

Mexico requested information to Country B to know the effective provision of the services received by Company A from Company B, to know who the beneficial owner of the vessels was, as well as to verify the residence and taxation of

such beneficial owner to determine the correct withholding tax rate applicable to them.

From the information provided by Country B, the SAT learned that the economic activities of Company B had not been declared nor taxed, due to domestic laws, as it operated outside of Country B and thus was not required to pay tax. Country B also provided information on where the vessels were located, among other information.

With this information, the audit area determined that the deductions in the amount of EUR 4 million were not applicable, since the operations were entered into with an entity subject to a preferential tax regime in accordance with the provisions of the Income Tax Law.

As a result, Company A corrected its tax situation and eliminated from its deductions the amount corresponding to the transactions with Company B.

Source: Tax Administration Service of Mexico.

for an aggregate amount of EUR 290 trillion, while sending information on 700 000 financial accounts for an aggregate amount of EUR 124 trillion.⁵

For AEOI to deliver results in terms of revenue collection, it is not only important to send and receive data, but it is also equally important that countries take advantage of AEOI to implement VDPs where appropriate and use the received data effectively to raise additional tax revenue. Since 2015, seven Latin American members have reported taking advantage of AEOI implementation and, as a result, identifying EUR 23 billion of revenue:

- EUR 22.9 billion of revenue were identified through VDPs by seven countries.

- EUR 78.2 million of revenue were identified through the effective use of data by three countries.

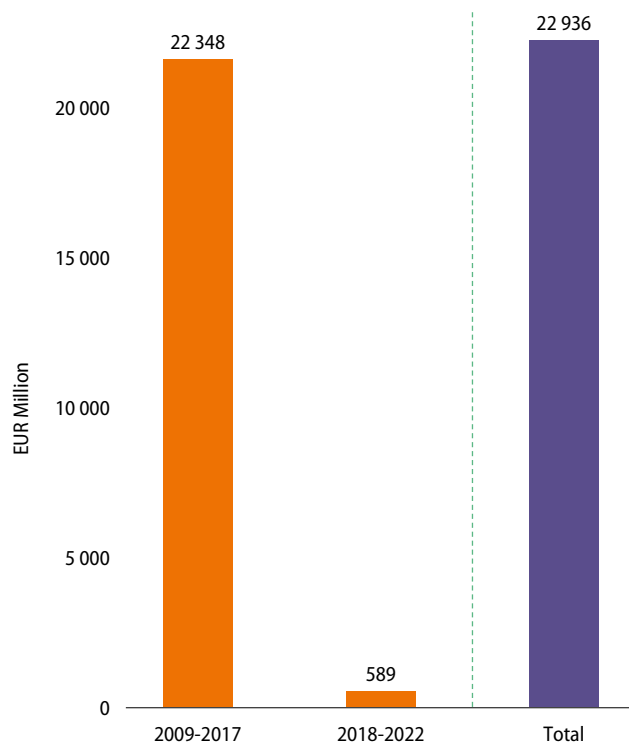
In 2022 only, three countries reported identifying EUR 112 million of revenue thanks to VDPs and two countries identified EUR 68 million of revenue using CRS data.

Figure 5 and Figure 6 show the evolution of revenue identification/collection as a result of VDPs and the use of CRS data, respectively. VDPs contributed greatly to revenue mobilisation in the period 2009-2017, before the start of first AEOI exchanges by several Latin American members. Revenue gains due to the use of CRS data have

5. Costa Rica commenced exchanges under the AEOI standard in 2018 on a non-reciprocal basis, then in 2020 started to reciprocally exchange information. As a preventive action to address the cyber-attack on the Ministry of Finance occurred in mid-April 2022, Costa Rica requested to be temporarily included on the list of non-reciprocal jurisdictions in order to send but not to receive information. See OECD (2022), Peer Review of the Automatic Exchange of Financial Account Information 2022, OECD Publishing, Paris, <https://doi.org/10.1787/36e7cded-en>.

Tax transparency progress and challenges in Latin America

FIGURE 5. Revenue identified as a result of voluntary disclosure programmes



Note: Responses from 10 Latin American countries.

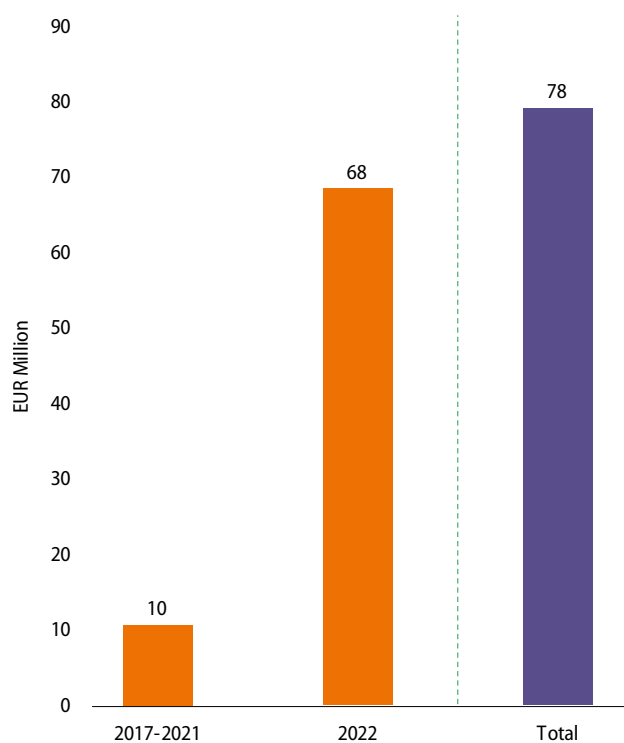
Source: 2023 Tax Transparency in Latin America survey.

moved at a slow pace, reflecting important challenges in this area, with only EUR 10 million reported in the period 2017-2021 and with 2022 showing better results due to revenue gains by one Latin American member (see Box 2).

Eight Latin American members have started using the information to support tax compliance and revenue collection. However, this is not yet done systematically and therefore collection as a result of the use of CRS data is still very limited. In fact, 60% of countries are using the data for risk assessment, 70% for tax audits, and 50% for taxpayer notification. A smaller percentage are using the information for tax collection (30%) and for pre-filling tax returns (10%) (see Figure 7).

Latin American countries recognise the importance of AEOI as a tool to detect financial accounts maintained abroad and not declared to tax authorities, and to complement, compare and corroborate the quality and veracity of the information declared by the taxpayer. However, they also recognise that to realise the full

FIGURE 6. Revenue identified as a result of the use of financial accounts data received



Note: Responses from 10 Latin American countries.

Source: 2023 Tax Transparency in Latin America survey.

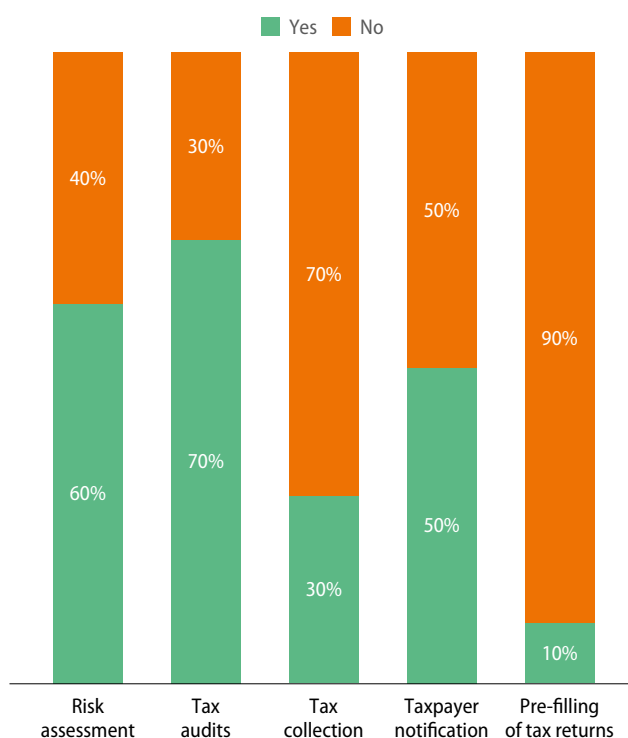
potential of AEOI in terms of revenue mobilisation, it is crucial that they have in place efficient and advanced data analysis and audit frameworks, as well as the resources to implement them. The main challenges reported by tax authorities in Latin America are:

- the limited human resources to carry out AEOI work
- the limited technological tools and resources
- the lack of knowledge and expertise in the analysis of CRS data
- the lack of awareness amongst tax auditors about the existence of CRS data.

The Global Forum Secretariat is assisting Latin American member countries on the effective use, providing bespoke support considering their particular needs (see Part 4 of this report). Some Latin American countries are making progress in this area. For instance, Ecuador, which started AEOI in 2021, has implemented a pilot programme to use CRS data in its tax enforcement strategy, with the significant impact of over



FIGURE 7. Number of countries using automatically exchanged financial accounts data in their tax activities



Note: Responses from 10 Latin American countries.

Source: 2023 Tax Transparency in Latin America survey.

EUR 90 million additional revenue identified in 2022 (Box 2). Peru is implementing an audit programme based on CRS data, which promises to deliver results in terms of revenue collection in the near future (Box 3). Another example is Argentina, which is using advanced IT tools to select cases for audit based on the CRS data received (Box 4).

Some countries, such as Argentina (Box 5) and Colombia (Box 6), took advantage of CRS data received to trigger follow-up requests for information from their foreign partners to help resolve cases.

Five Latin American countries (Dominican Republic, El Salvador, Guatemala, Honduras and Paraguay) have not yet committed to a year of first AEOI exchanges. The benefits of implementing the AEOI standard are evident. The Global Forum Secretariat and its partners will continue to raise awareness on the benefits of AEOI, encourage countries to commit to start their first exchanges by a specific year, and support them in their implementation process

BOX 2. Ecuador: Using CRS data to enforce tax compliance

The Internal Revenue Service (*Servicio de Rentas Internas* – SRI) of Ecuador has undertaken several control actions to make effective use of the financial account information received automatically. This, together with capacity-building activities, has enabled it to achieve significant results in collection. The strategy includes:

- **VDP and pilot control plan.** Ecuador launched in 2021 a VDP (Voluntary, Unique and Temporary Tax Regime for the Regularisation of Assets Abroad – *Régimen Impositivo Voluntario, Único y Temporal para la Regularización de Activos en el Exterior*). The SRI carried out controls under a pilot plan using CRS data, so taxpayers regularise their obligations related to assets maintained abroad. The controls included the sending of official letters and subpoenas. These controls also made it possible to request taxpayers to regularise the payment of the Post COVID 19 Solidarity Contribution on Assets.
- **Mass controls.** The SRI sent mass persuasive letters to taxpayers requesting the regularisation of their tax obligations.
- **Training to audit areas.** Auditors were trained on the importance of EOI in control processes and to treat information with appropriate confidentiality.

The pilot control plan and the mass controls generated directly and indirectly results in collection:

- The total amount of regularised assets due to the strategy amounted EUR 1.7 billion with a collection of more than EUR 84 million, and it is estimated that the VDP contributed, directly, with 30% of those results. One case stands out in which a taxpayer regularised assets of more than EUR 93 million and paid EUR 5.3 million in taxes.
- An indirect impact was also generated thanks to the regularisation of foreign assets, resulting in a collection of more than EUR 5.6 million in Temporary Wealth Tax.

The SRI continues to carry out controls on taxpayers to make their assets transparent, so they duly comply with their tax obligations. It is expected that the results of these controls will continue to be reflected in increased tax collection during year 2023.

Source: Internal Revenue Service of Ecuador.

BOX 3. Peru: Intensive use of CRS data received as part of the strategy to improve tax compliance

In 2022, the National Superintendence of Customs and Tax Administration (*Superintendencia Nacional de Aduanas y de Administración Tributaria* – SUNAT) of Peru consolidated the intensive use of CRS data as part of its overall strategy to improve tax compliance.

Peru obtained in 2020 reciprocal jurisdiction status and started receiving CRS data the same year. SUNAT established an action plan to use the CRS data to promote the voluntary declaration of financial assets maintained abroad by taxpayers and to make the correct determination of the tax obligation for those who have not declared those assets.

The actions taken involve different aspects for the effective use of the CRS data received, which are being progressively developed:

Enhanced audit activities and confidentiality

- implementation of an analytical system that allows a joint analysis of AEOI and domestic data
- set-up of special teams, including on risk assessment, for the analysis of data and execution of inductive actions and audits, specially trained on the use of the CRS data received and confidentiality standards
- implementation of preventive actions called “inductive letters” and “inductive notices” for cases with a lower

probability of non-compliance, seeking voluntary declaration of tax liabilities

- initiation of audit proceedings for taxpayers with a high probability of tax evasion.

Training and awareness among audit areas and sharing of experiences

- strategic dissemination among audit areas on the tools offered by AEOI to detect tax evasion and avoidance, and exchange of experiences on the effective use of data with other tax administrations.

Prefilled tax returns

- In 2024 SUNAT will start including CRS data in pre-filled income tax returns.

The SUNAT received technical assistance from the Global Forum Secretariat on the effective use of the CRS data.

Nearly 600 individuals with financial information abroad have received notifications from SUNAT, and the actions have had a positive effect on the total number of taxpayers filing income tax returns by increasing their foreign source income declared in 2022 by 53% compared to the average of the previous four years.

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

BOX 4. Argentina: Intelligence modules to detect non-compliance

The Federal Administration of Public Revenues (*Administración Federal de Ingresos Públicos* – AFIP) of Argentina detects differences between what is declared by the taxpayer and CRS data received through a systemic tool/intelligence module developed internally, which allows for such a massive comparison.

The AFIP then analyses the deviations detected and selects cases to be audited based on pre-established guidelines and parameters such as differences in balances and/or payments reported by the partner jurisdiction and those declared by the taxpayers in their tax returns. In addition, the intelligence module also identifies when an account has co-owners. An example of a successful audit investigation is presented below.

Non-declared financial assets abroad

Based on CRS data received, the AFIP discovered that a taxpayer maintained financial accounts abroad but had omitted to file personal Property Tax and Income Tax returns for the 2018 tax period. In view of this and given that the account had a co-ownership indicator, the sworn statements of the other account holders reported by the

jurisdiction and of other individuals related to the taxpayer (from other databases of the AFIP) were jointly verified to analyse whether the financial accounts had been declared by any of the co-owners.

As no co-owner had declared the financial assets, a residency analysis was made using AFIP's databases and through consultations with the National Directorate of Migration to identify whether the individual met the parameters to be considered an Argentine resident for tax purposes. After the analysis, it was determined that the individual was an Argentine tax resident and that, therefore, he was obliged to pay taxes in Argentina.

The case was subsequently sent to the operational areas, which proceeded to start the investigation and control tasks. The agents contacted the taxpayer, who cooperated with the procedure. The audit concluded that the ownership of the financial accounts belonged in 100% to the taxpayer, and the corresponding tax returns for Personal Property and Income Tax were filed by the taxpayer.

Source: Federal Administration of Public Revenues of Argentina.



BOX 5. Argentina: Audit synergies between AEOI and EOIR

Based on CRS data received from abroad, it became known for the AFIP that for the 2017 tax period, an Argentine taxpayer held a financial account in a bank located in Jurisdiction X; and two financial accounts associated with a trust in another jurisdiction.

The AFIP audited the local taxpayer because the accounts were not declared in its tax returns. Despite the requests made by the AFIP, the local taxpayer did not recognise the ownership of the reported accounts.

As a result, in 2021, two requests for information were sent to the reporting jurisdictions to request supporting documentation and further information. The response from both jurisdictions confirmed the ownership of the financial accounts and the local taxpayer's participation in a trust. Income Tax and Personal Property Tax assessments were adjusted for the 2017 tax period.

Source: Federal Administration of Public Revenues of Argentina.



BOX 6. Colombia: Strategic coordination between audit, analytic and international taxations areas for the advancement of exchange of information

Out of 159 EOIR requests sent by the Directorate of National Taxes and Customs (*Dirección de Impuestos y Aduanas Nacionales – DIAN*) of Colombia during 2022, 33 requests originated as a consequence of AEOI. This is the result of strategic coordination between the DIAN's audit, analytic and international taxations areas:

- The Directorate of Strategic Management and Analytics periodically requests the International Taxation Office (OTI) for AEOI information received. The information is submitted in accordance with confidentiality standards.
- The Information and Analytics Sub-Directorate then carries out a matching process to fully identify the natural and legal persons reported through AEOI, based on cross-checking information with various databases, including the Single Tax Register.
- Subsequently, the Risk Analysis and Programmes Sub-Directorate carries out cross-checks and validations with different tax databases (e.g. income tax returns and declarations of assets abroad), to identify natural and legal persons who, having assets abroad, have not declared them or have declared them incorrectly in Colombia. Subsequently, the same Sub-Directorate carries out campaigns and programmes for the control of assets abroad, by selecting specific cases which are then sent to the competent units.
- The Sub-Directorate of Collections and Extensive Control carries out control activities by sending formal letters to taxpayers inviting them to file and/or correct their tax returns.
- Based on the campaigns mentioned above, the Tax Audit and Extensive Tax Liquidation Divisions communicates

with the previously identified taxpayers to review inconsistencies identified. It is important to note that both the Sub-Directorate of Collections and Extensive Control and the Tax Audit and Extensive Tax Liquidation Divisions have sanctioning powers.

- Finally, to the extent that taxpayers do not voluntarily file or correct their tax returns, the relevant areas request additional information to be obtained by the OTI through EOIR.

Source: Directorate of National Taxes and Customs of Colombia.



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. A dotted teal line extends from the number '2' in the left margin across the page.

2

Pioneering wider use of treaty-exchanged information in Latin America

The signatories of the Punta del Este Declaration (Declaration) committed to tackle tax evasion and other IFFs with a whole-of-government approach and through the wider use of the information exchanged through tax-treaty channels for non-tax purposes, such as crimes and/or offenses related to money laundering, terrorism financing, corruption and customs. This process is also known as the “wider use” of treaty-exchanged information.

The instances of wider use in the Latin American region have been very limited so far with only a few countries in the region resorting to this powerful mechanism to tackle non-tax crimes (see Box 7). One of the objectives of the Punta del Este Declaration is therefore to address hindrances for wider use, and to facilitate and streamline the process of authorisation and information sharing.

Work under the Declaration to implement wider use has started to produce concrete results in 2022: a milestone framework for wider use was approved and three countries (Argentina, Costa Rica, and Paraguay) signed a multilateral pilot project to implement it in practice. Wider use is gradually gaining ground in the region, and more countries are encouraged to join the pilot project. With the start of implementation of the pilot project in 2023 and with more countries joining it, it is expected that the instances of wider use will continue to increase in the region.

A MILESTONE FRAMEWORK FOR A WHOLE-OF-GOVERNMENT APPROACH IN FIGHTING ILLICIT FINANCIAL FLOWS

The work to implement the Declaration members' mandate to widen the use of the information exchanged through tax-treaty channels started in 2021, with the development by the Global Forum Secretariat of a baseline study that concluded that most countries in the region have the international and domestic legal basis to do wider use of treaty-exchanged information. However, despite having the legal framework mostly in place, the reported instances of such a wider use in Latin America are very low.¹

The work reached momentum with the adoption by members of a milestone framework to implement the wider use of treaty-exchanged information in Latin America during the 6th meeting of the Declaration held in San José, Costa Rica in May 2022.²

The framework proposes the administrative arrangements, procedures and the technical assistance to assist interested countries in widening and facilitating wider use of treaty-exchanged information and to streamline the processes involved in obtaining consent for the use of such information by non-tax authorities, as permitted by the MAAC,³ while ensuring the confidentiality of such information (see Box 8).

THE LAUNCH OF A COMPREHENSIVE PILOT PROJECT TO FACILITATE WIDER USE

After the approval of the framework, work was initiated to start its implementation, mainly through the call of interest to join and sign the pilot project, the design and delivery of the confidentiality and data safeguards training programme and the delivery of tailored technical assistance to countries interested in joining the pilot project.

BOX 7. Practical examples of wider use in 2022



Mexico requested authorisation of one partner jurisdiction for the use of the information exchanged through a tax treaty for anti-corruption purposes, in the context of an investigation of the commercial operations of two taxpayers with more than 15 entities abroad and that also involved public officials. With the authorisation of the partner jurisdiction, it was possible to file a lawsuit and use the tax information as evidence in a criminal corruption case.



Argentina sent 11 requests to 10 countries to seek their authorisation to use the information exchanged through tax treaties for anti-money laundering purposes. Four of the requests were authorised and the relevant information was shared with the Financial Intelligence Unit,

where the investigations are ongoing. Argentina has reported that some of the authorisations were not granted because the domestic legislation of the requested jurisdictions does not allow the information to be disclosed to other agencies or to be used for purposes other than taxation. In other cases, authorisations were denied on the grounds of not being permitted by the international instrument.

Source: Tax Administration Service of Mexico and Federal Administration of Public Revenues of Argentina.

1. For the main conclusions of the 2021 study, see OECD (2022), *Tax Transparency in Latin America 2022, Punta del Este Declaration Progress Report*, Chapter 6, <https://www.oecd.org/tax/transparency/documents/tax-transparency-in-latin-america-2022.pdf>.

2. See the Statement of Outcomes of the 6th Punta del Este Declaration meeting, <https://www.oecd.org/tax/transparency/documents/6th-meeting-of-the-punta-del-este-declaration-outcomes.pdf>.

3. The MAAC allows for wider use provided that two conditions are met: (i) a similar use for non-tax purposes is allowed under the laws of the receiving and sending jurisdictions, and (ii) a prior authorisation from the sending jurisdiction is obtained.

Pioneering wider use of treaty-exchanged information in Latin America

BOX 8. Adopted framework for the wider use of treaty-exchanged information in Latin America

The approved framework contains the following components:

- **An administrative framework of tailored agreements and templates:**

- Model Competent Authority Agreement (CAA) that provides the overarching framework for wider use. It explores possible authorisation models and templates to streamline the authorisation process and for other useful communications between Competent Authorities (CAs).
- Model Memorandum of Understanding (MoU) between the tax administration and domestic non-tax law enforcement agencies. The MoU defines the manner in

which co-operation between the tax administration and the non-tax law enforcement agencies will take place as well as the provisions for ensuring that the treaty-exchanged information is handled with proper confidentiality. It also includes templates to streamline the process for on-sharing treaty-exchanged information.

- **A pilot project** to implement the wider use framework between interested countries.
- **A confidentiality and data safeguards training programme**, to raise awareness and strengthen knowledge among non-tax law enforcement agencies.

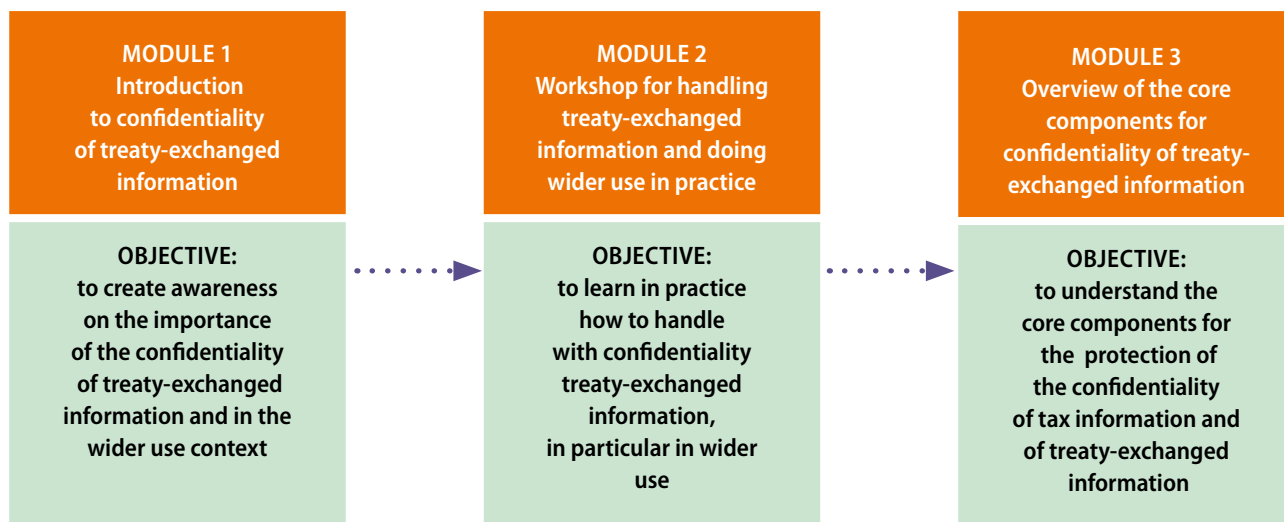
Signature of a multilateral pilot project for wider use

In May 2022, a call of interest to join the pilot project for the wider use of treaty-exchanged information was launched. Three Latin American Global Forum member countries formally expressed their intention to participate in the pilot project: Argentina, Costa Rica and Paraguay. The pilot project was signed by these three countries at the Global Forum Plenary Meeting, in Sevilla on 9 November 2022 (see Box 9). The pilot project is multilateral allowing the participation of any interested signatories of the Punta del Este Declaration and other Global Forum member jurisdictions. It includes initial non-tax purposes that are crimes and/or offences related to money laundering, terrorism financing, corruption and customs matters, and other authorised purposes can be added in the future.

Design and delivery of a confidentiality and data safeguards training programme and tailored technical assistance

The approved framework includes as one of its elements the delivery of a confidentiality and data safeguards training programme. Treaty-exchanged information is very sensitive information and is subject to strong confidentiality rules. This information should only be used for the purposes allowed under the relevant international treaty and managed with proper confidentiality and data safeguards requirements. Confidentiality is therefore critical for wider use. During 2022, the Global Forum Secretariat designed a confidentiality and data safeguards training programme for law enforcement authorities, with emphasis on non-tax ones.

FIGURE 8. Confidentiality and data safeguards training programme



BOX 9. Commitment of Argentina, Costa Rica and Paraguay to a whole-of-government approach for fighting illicit financial flows

Argentina

“The pilot project for the wider use of treaty-exchanged information in Latin America aims to facilitate the use of tax information received for purposes other than tax, as provided by the MAAC, while also providing for the delivery of training in relation to the proper use and confidentiality of the information.

Therefore, the AFIP invites those jurisdictions whose domestic regulations allow so to join this initiative, to advance international cooperation in the fight against IFFs and the commitments made when signing the Punta del Este Declaration.”

Mr Carlos Castagneto, Federal Administrator of Public Revenues of Argentina.

Costa Rica

“Costa Rica decided to participate in the pilot project for the wider use of treaty-exchanged information because it is an opportunity for us to expand and strengthen regional collaboration, not only at the level of tax administrations but also with other law enforcement authorities. The pilot project will create a regional front against tax evasion, IFFs and other various forms of financial crime, facilitating the acquisition of unique experiences in the handling of treaty-exchanged information.

We urge other Global Forum members to become part of this ambitious project that will provide opportunities for long-term joint work with favourable economic results, as well as the learning of best international practices for the fight against the aforementioned crimes.”

Mr Mario Ramos Martínez, Director General of the Directorate General of Taxation of Costa Rica.

Paraguay

“The project for the wider use of treaty-exchanged information is very important for Paraguay as it will strengthen the inter-institutional network of local cooperation, to continue the fight against tax evasion, IFFs and other cross-border crimes, even more so considering that since 2020 tax evasion constitutes a predicate offence for money laundering in Paraguay. Therefore, access to tax information is a fundamental element for the fight against non-tax offences.

We invite other member countries to join this pilot project as we are confident that through our efforts for greater international tax cooperation, we will be able to translate them into effective mobilisation of domestic revenues.”

Mr Oscar Orué Ortiz, Vice Minister of Taxation of Paraguay.



During 2022, the Global Forum Secretariat designed a confidentiality and data safeguards training programme for law enforcement authorities, with emphasis on non-tax ones.

The designed training programme follows a modular approach, starting with a training on the general concepts and principles of confidentiality of information exchanged under tax treaties, followed by detailed trainings on the practical application of confidentiality in the context of wider use. The programme comprises three modules, with the first module open to all interested countries and the other modules open only to jurisdictions participating in the pilot project (see Figure 8).

The first module on the introduction to the confidentiality of treaty exchanged information was attended by 183 participants from the 15 Latin American Global Forum members, including officials from tax and non-tax agencies (e.g. financial intelligence units, prosecutors' offices and customs agencies).

The Global Forum Secretariat also delivered tailored technical assistance on wider use on demand, to countries that have expressed potential interest in joining the pilot project. The technical assistance included the review of the domestic legal frameworks vis-à-vis the sharing of treaty-exchanged information for certain non-tax purposes.

NEXT STEPS ON WIDER USE

During 2023, the efforts will focus on:

- concluding the multilateral CAA and MoU to start implementation in practice of the wider use of treaty-exchanged information between participating jurisdictions
- delivering the two other modules on confidentiality and data safeguards
- encouraging more countries to join the multilateral pilot project
- continuing providing tailored technical assistance on wider use to interested jurisdictions.

A dark orange silhouette map of Latin America is positioned in the upper left quadrant of the page. The rest of the page has a lighter orange background with a faint, abstract pattern of white lines and dots, resembling a globe or a network diagram.

An active commitment to tax transparency in Latin America

3

Latin America has historically been engaged in tax transparency, which is a high priority for most of the Latin American countries. Fifteen of them are already members of the Global Forum and the Punta del Este Declaration. They are committed to implement the EOIR and AEOI standards but also to take concrete steps to fight tax evasion and other IFFs. They participate actively to the Global Forum work and activities. These countries are also progressing in their implementation of the EOIR standard while most of them have already implemented AEOI. While their level of compliance and maturity with the standards varies, they work with the Global Forum Secretariat and other partners to address deficiencies or gaps identified in their peer reviews to meet their commitment but also to benefit from tax transparency for domestic resource mobilisation purposes.

AN ACTIVE MEMBERSHIP OF LATIN AMERICAN MEMBERS IN THE GLOBAL FORUM

A large proportion of Latin American Global Forum members (9 out of 15) participated actively during 2022 in Global Forum work and activities. They contributed to monitoring the effective implementation of the tax transparency standards globally by participating in Global Forum’s bodies, by providing assessors for the peer review process and by supporting the Global Forum Secretariat capacity-building efforts (see Table 1).

One key element assessed in the EOIR peer review is the ability of the jurisdiction to ensure the availability and access to beneficial ownership information, which is critical for combatting tax evasion and other IFFs.

Through their participation, Latin American members influence the developments of the tax transparency standards implementation, enrich their knowledge on the tax transparency standards and improve their own implementation by taking advantage of peer’s experience. Box 10 illustrates the experience of Argentina, which shows how this engagement in

Global Forum work helps develop expertise and make steady progress in the domestic implementation of the standards.

AN IMPROVING LEVEL OF COMPLIANCE WITH THE STANDARD OF EXCHANGE OF INFORMATION ON REQUEST

Most Latin-American members are or have already gone under the second round of reviews for the EOIR standard, with unequal yet promising results. Out of the eight countries that have been fully reviewed, six of them obtained a satisfactory rating. Eight other countries in the region will be assessed in the coming years, including three in 2023. One key element assessed in the EOIR peer review is the ability of the jurisdiction to ensure the availability and access to beneficial ownership information, which is critical for combatting tax evasion and other IFFs. Latin American countries are making great progress in this area, in particular by implementing a multi-pronged approach.

Status of the peer reviews of Latin American countries

One of the core functions of the Global Forum is to monitor and review the effective implementation of the EOIR standard by all its members. To that end, the Global Forum carries out a peer review process in relation to each of its members, but also non-members that are relevant to its work to ensure a level playing field.

TABLE 1. Latin American participation in Global Forum’s bodies and activities in 2022

Global Forum Steering Group	The Steering Group is made up of 20 members. It prepares and guides the work of the Global Forum	Brazil, Chile
Peer Review Group (PRG)	The Peer Review Group (PRG) is made up of 30 members and oversees the Global Forum’s peer reviews in relation to the EOIR standard.	Argentina, Colombia, Uruguay
Automatic Exchange of Information Peer Review Group (APRG / APRG+)	The APRG was made up of 34 members and oversaw the work on peer reviews against the AEOI standard. The APRG+ is an extended formation of the APRG which oversees the peer reviews on confidentiality and data safeguards with 3 additional members.	Colombia, Panama
Assessors for EOIR peer reviews	The EOIR assessors are responsible for conducting the peer reviews of jurisdictions against the EOIR standard. All members are invited to provide assessors. An assessment team is usually composed of officials from two Global Forum members assisted by the Secretariat.	Argentina, Brazil, Colombia, Costa Rica
Assessors on confidentiality	The 30 assessors on confidentiality are responsible for conducting the assessments on confidentiality and data safeguards.	Argentina, Brazil, Chile, Dominican Republic, Ecuador, Panama, Uruguay
Experts in capacity-building activities	The experts from Global Forum members participate to capacity-building activities carried out, providing expertise and sharing experience.	Argentina, Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru



BOX 10. Argentina's participation in Global Forum working groups to advance EOIR implementation

Argentina provided three assessors in 2022 for the EOIR peer reviews of Belize, Ecuador and Slovenia, and one assessor in confidentiality. Argentina also participated as member of the PRG. From 2023, Argentina will also be a member of the APRG and plans to nominate assessors for the AEOL peer reviews.

Membership to the PRG has allowed the AFIP to position itself as a leader in EOIR in the region and to build on our experience in peer reviews. It has enabled us to understand in depth the EOIR standard and the key aspects that are assessed, and the different ways in which it is possible to comply with the standard according to the characteristics of the countries.

In addition, PRG membership allowed us to be involved in the development of the "Horizontal Issues" document,

which serves as methodology and guidance when assessing a jurisdiction against the EOIR standard. This document addresses substantive issues in the assessment process, setting out the parameters on which determinations and ratings will be based.

The peer review and monitoring and supervision work has produced very significant results that have transformed the international tax scene. For Argentina, it has been an instrumental element to significantly increase EOIR and to make intensive use of CRS information. In conclusion, for the AFIP, actively participating in peer reviews allows us to be aware of the highest standards of regulation and effective implementation, and to apply them in our local context.

Mr Juan Pablo Pérez Millán Barrenechea, Director of International Taxation and Competent Authority, Federal Administration of Public Revenues of Argentina.

In the framework of the second round of peer reviews launched in 2016, the Global Forum assesses the implementation of the EOIR standard against the 2016 Terms of Reference (2016 ToR),¹ which includes new requirements on availability of beneficial ownership information on legal entities and arrangements and on bank accounts. As of 31 December 2022, 10 out of the 15 Latin American Global Forum members have been already assessed under the second round of reviews (see Table 2):

- Seven Latin American members were subject to a combined review where the legal and regulatory framework (Phase 1) and the implementation in practice of this framework (Phase 2) were assessed together. These countries received a rating reflecting their level of compliance with the EOIR standard.
- Three reviews were limited to Phase 1 aspects, as the COVID-19 Pandemic has prevented the organisation of on-site visit aimed at assessing the Phase 2 aspects. These countries received determinations on their legal frameworks for each of the elements of the EOIR standard and are scheduled for a Phase 2 review.

In addition, Nicaragua, which is not a member of the Global Forum but was identified in 2020 as a jurisdiction

relevant to its work, was invited to join the Global Forum in 2021. Nicaragua has not joined the Global Forum, and was reviewed as a non-Global Forum member against the EOIR standard in 2022.

Transparency of beneficial ownership in Latin America

The availability of beneficial ownership information on legal persons and arrangements (entities) is a key requirement of transparency and a key instrument in the fight against tax evasion and other financial crimes, such as corruption, money laundering and terrorism financing. "Beneficial ownership" as defined by the Financial Action Task Force (FATF)² refers to the natural person behind an entity, who exercise(s) control over it. Transparency and availability of beneficial ownership information is required under the EOIR standard. The availability of information on the identity of the legal and beneficial owners or legal persons and legal arrangements is assessed under Element A.1 of the 2016 ToR.

The EOIR standard requires the availability of beneficial ownership information, but it is not prescriptive on the approach that countries can take to achieve that goal. Countries have mainly four options for ensuring the

1. OECD (2016), *Handbook for Peer Reviews 2016-2020*, <https://www.oecd.org/tax/transparency/global-forum-handbook-2016.pdf>.

2. 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 FATF standard, thus responding to a G20's call for greater synergy on beneficial ownership transparency.

TABLE 2. Latin American countries' compliance ratings following peer reviews against the EOIR standard as on 31 December 2022*

Country	Round 1 rating	Round 2 status / rating
Argentina	Largely Compliant (2012)	Phase 1 only (Phase 2 launched in Q2 2022)
Brazil	Largely Compliant (2013)	Largely Compliant (2018)
Chile	Largely Compliant (2014)	Largely Compliant (2020)
Colombia	Compliant (2015)	Launch scheduled in Q3 2023
Costa Rica	Provisionally Largely Compliant (2017)	Largely Compliant (2019)
Dominican Republic	Provisionally Largely Compliant (2017)	Largely Compliant (2019)
Ecuador	Not reviewed	Phase 1 only (Phase 2 scheduled in Q2 2023)
El Salvador	Largely Compliant (2016)	Phase 1 only (Phase 2 scheduled in Q1 2025)
Guatemala	Provisionally Largely Compliant (2017)	Non-Compliant (2019)
Honduras	Not reviewed	Launch scheduled in Q4 2023
Mexico	Compliant (2014)	Review launched in Q4 2021
Nicaragua	Not reviewed	Launched in Q1 2022
Panama	Provisionally Largely Compliant (2017)	Partially Compliant (2019)
Paraguay	Not reviewed	Review launched in Q2 2022
Peru	Phase 1 report only (2016)	Largely Compliant (2020)
Uruguay	Largely Compliant (2015)	Largely Compliant (2020)

*The four possible ratings allocated after a full peer review are as follows, ranked in increasing quality: Non-Compliant, Partially Compliant, Largely Compliant, Compliant.

Note 1: In March 2023, Mexico received a rating of Largely Compliant while Nicaragua was rated Non-Compliant.

Note 2: Following calls in April 2016 by the G20 Finance leaders to establish objective criteria and a list of jurisdictions which have not made satisfactory progress in implementing the international tax transparency standards, a special fast-track review procedure was approved. This procedure was implemented between April and June 2017 as part of the first round of assessments. Several jurisdictions were able to demonstrate progress in the implementation of the EOIR standard and were granted a provisional upgrade to their ratings. <https://www.oecd.org/tax/transparency/documents/fast-track-review-procedure-frequently-asked-questions.pdf>.

Source: Global Forum Secretariat (see the schedule of reviews (<https://www.oecd.org/tax/transparency/documents/schedule-of-reviews.pdf>) and the table of ratings (<https://www.oecd.org/tax/transparency/documents/exchange-of-information-on-request-ratings.htm>).

availability of beneficial ownership information: (i) the framework for anti-money laundering and countering the financing of terrorism (AML), (ii) beneficial ownership information kept by the entities themselves (entity approach), (iii) a central register of beneficial owners, and (iv) beneficial ownership information held by the tax authorities.

Considering the options above, countries can take a single or multi-pronged approach for ensuring the availability of beneficial ownership information:

- Single approach: relying on a unique source of information and the related legal framework. This approach is usually based on the AML framework.

- Multi-pronged approach: comprising two or more of the different options mentioned above (e.g. the AML framework supported by the entity and/or central register approach).

Jurisdictions can take the approach that best suits their own domestic contexts, but the experience of Global Forum peers review shows that a multi-pronged approach for the availability of beneficial ownership information usually delivers better results.

In Latin America, there is a trend for countries to adopt such a multi-pronged approach. The results of the 2022 Tax Transparency in Latin America report³ showed that up until 2021, among the 15 Latin American

3. OECD (2022), *Tax Transparency in Latin America 2022, Punta del Este Declaration Progress Report*, op. cit., Part 3.

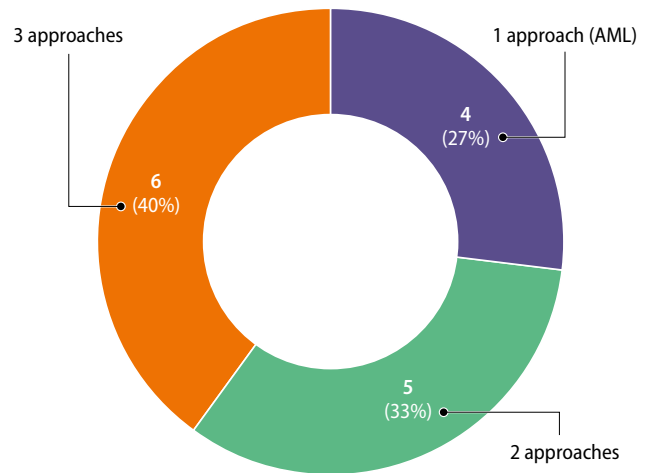
An active commitment to tax transparency in Latin America

members of the Global Forum, four countries used three approaches for the availability of beneficial ownership information, six countries used four approaches, and five countries relied only on one approach (AML approach). In 2022, two Latin American countries decided to move to a multipronged approach: Panama established a central register, and Ecuador implemented a system of beneficial ownership information held by both the entities themselves and the tax administration (see Box 11). In both countries, the new approaches complemented the existent AML system. With this, in 2022, eleven Latin American Global Forum member countries used two or three approaches for beneficial ownership availability and four continued relying on the AML framework only (see Figure 9).

The implementation of a beneficial ownership system that draws on a variety of sources and approaches has proven useful in complementing each other, addressing as far as possible gaps in the legal frameworks, and ensuring an adequate coverage of beneficial ownership obligations for all relevant legal persons and arrangements. However, the experience of the peer reviews also demonstrates that legal frameworks need to be complemented by strong monitoring and enforcement systems. The results for the eight Latin American countries fully reviewed (Phase 2 review) until 2022 illustrate this: having only one approach in no case led to a positive rating but having two or three approaches led in some cases to largely compliant ratings but in other cases to less than satisfactory ratings (see Figure 10). The most common recommendation for countries refers to the need to have adequate and up-to-date beneficial ownership information, adequate coverage of legal persons and arrangements, and to strengthen supervision programmes to apply effective, proportional, and dissuasive sanctions in case of non-compliance with beneficial ownership obligations.

Most beneficial ownership frameworks in Latin American member countries are of recent implementation, and improvements are pending to achieve an optimal level of effectiveness. Challenges in the implementation of beneficial ownership requirements under the EOIR standard are also common in other regions. This same situation is also present in FATF Mutual Evaluations, which show an insufficient level of compliance on Recommendation 24 for most

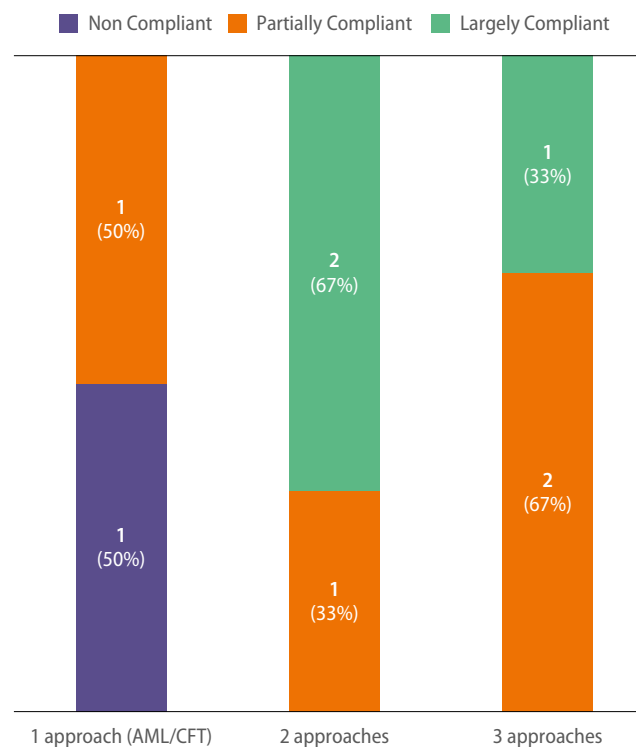
FIGURE 9. Number of Latin American members using one or more approaches for the availability of beneficial ownership information



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

Source: 2023 Tax Transparency in Latin America survey and Global Forum Secretariat.

FIGURE 10. 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..



BOX 11. Ecuador: implementation of a multi-pronged beneficial ownership framework

Ecuador's SRI and Financial and Economic Analysis Unit (the AML authority), have joined forces to align the domestic legal framework with the international standards.

The SRI issued on November 2021 the Organic Law for Economic Development and Fiscal Sustainability after the COVID-19 Pandemic, which created a Central Register of Beneficial Owners to be maintained and administered by the SRI. This Central Register:

- establishes reporting obligations for all legal persons and legal arrangements, including those in the process of dissolution, liquidation or bankruptcy proceedings
- will contain information not only on beneficial owners but also on persons in the chain of ownership
- incorporates the definition of beneficial owner, which includes control by other means
- establishes the identification of beneficial owners as a requirement for participation in public procurement processes.

Subsequently, the SRI issued on September 2022 Resolution No. NAC-DGERCGC22-00000046 that regulates the Central Register of Beneficial Owners. This Resolution:

- establishes methodologies for the identification of beneficial owners of legal persons and legal arrangements
- establishes the obligation for legal persons and legal arrangements to maintain the beneficial ownership information with themselves, including the supporting documentation
- details conditions for considering the information reported as complete, adequate, and accurate
- establishes a five-year retention period for entities to maintain the information on their beneficial owners
- establishes a sanctioning procedure
- stipulates a maximum period of 24 months for the implementation of the Central Register of Beneficial Owners.

Source: Internal Revenue Service of Ecuador.

BOX 12. Financial Action Task Force: Updates to transparency and beneficial ownership requirements

The results of the Mutual Evaluation Reports of FATF and FATF-style regional bodies show an insufficient compliance level on Recommendation 24, with less than half of countries rated compliant or largely compliant. In many countries, information on the beneficial owner of a company is not available as it is not collected and/or sufficiently verified at the time the corporate vehicle is created, nor at any stage throughout its existence.

Due to the challenges that the international community has faced in achieving beneficial ownership transparency of legal persons, the FATF resolved to strengthen its standard in March 2022. The main updates include:

- Explicit requirement for countries to use a multi-pronged approach to ensure that adequate, accurate and up-to-date information on the beneficial ownership of legal persons is available and can be accessed by the competent authorities in a timely manner. The results of FATF Mutual Evaluations suggest that a multi-pronged approach is more effective than a single approach in implementing beneficial ownership transparency measures. The multi-pronged approach requires as a minimum:

- an entity approach (i.e. information held and/or supplied by legal persons themselves)
- a central register approach (i.e. information held by public authorities in a register) or an alternative mechanism if it ensures rapid and efficient access to beneficial ownership information for competent authorities
- any other supplementary sources of information, as necessary, commensurate to the risks faced by the jurisdiction.
- Specification that information should be adequate for identifying the beneficial owner, accurate and based on verification, and up to date.

The revisions to Recommendation 24 also include stronger controls to prevent the misuse of bearer shares and nominee arrangements.

Note: Additional information can be found at FATF (2023), Guidance on Beneficial Ownership of Legal Persons, FATF, Paris, <https://www.fatf-gafi.org/content/fatf-gafi/en/publications/Fatfrecommendations/Guidance-Beneficial-Ownership-Legal-Persons.html>.

Source: Esteban Fullin, Executive Secretary of the Latin American Financial Action Task Force.



countries,⁴ and information on the beneficial owners of a company is not available nor sufficiently verified.⁵

In view of this situation, in March 2022 the FATF agreed on strengthened global beneficial ownership standards in its Recommendation 24. One of the main changes is the explicit requirement for countries to use a multi-pronged approach, i.e. a combination of different mechanisms for the collection of beneficial ownership information. The main updates to Recommendation 24 are described in Box 12.

A DEVELOPING LEVEL OF COMPLIANCE ON AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION

In 2022, 10 Latin America Global Forum members were exchanging CRS data automatically, with 9 doing it on a reciprocal basis. Other five members⁶ are yet to commit to start AEOI by a specific date.

Latin American member countries which started AEOI exchanges in 2017 and 2018 have been subject to the first AEOI peer review process and have been fully reviewed against the AEOI Terms of Reference.⁷ This covers eight Latin American countries. With regards to Peru, only its legal framework was reviewed because of its recent implementation of the AEOI standard and the review of Ecuador's legal framework is scheduled for

2023. As Peru began implementing the AEOI standard in 2020 and Ecuador in 2021, according to the Methodology for the AEOI reviews, they will be subject to an initial assessment of the implementation in practice three years after the initial exchanges. These reviews of Peru and Ecuador are scheduled to start in 2023 and 2024, respectively.

The AEOI peer reviews cover an in-depth assessment of both the international and the domestic legal frameworks, as well as the implementation in practice of the AEOI standard. The reviews of implementation in practice include ensuring that financial institutions are properly implementing the due diligence and reporting rules, that the reporting obligations are being enforced, as well as ensuring the correct functioning of the exchanges in practice.

The results of the initial round of AEOI peer reviews demonstrate that most Latin American countries are still in the early stages of implementing CRS requirements. The legal determinations show that the legal frameworks in five countries need improvement. With respect to implementation, five Latin American member countries received non-satisfactory ratings, while the remaining three countries received ratings concluding that they are on track with respect to exchanging the information in an effective and

4. FATF's Recommendation 24 establishes that jurisdictions should take measures to ensure the availability of adequate, accurate and up-to-date information on the beneficial ownership and control of legal persons formed in that jurisdiction, and authorities should have the power to obtain this information in a timely manner.

5. See also FATF (2023), *Guidance on Beneficial Ownership for Legal Persons*, FATF, Paris, <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Guidance-Beneficial-Ownership-Legal-Persons.html>.

6. El Salvador, Guatemala, Honduras, Paraguay and the Dominican Republic.

7. OECD (2022), *The framework for the full AEOI reviews: the Terms of Reference*, <https://www.oecd.org/tax/transparency/aeoi-terms-of-reference.pdf>.



6th Meeting of the Punta del Este Declaration Initiative, 3-4 May 2022, San José, Costa Rica.

TABLE 3. Results of the peer reviews on automatic exchange of information for Latin-American members

Jurisdiction	Determination	Rating
Argentina	In Place But Needs Improvement	Partially Compliant
Brazil	In Place	On-Track
Chile	In Place But Needs Improvement	Non-Compliant
Colombia	In Place	On-Track
Costa Rica	Not in Place	Non-Compliant
Ecuador	Scheduled for 2023	Scheduled for 2025
Mexico	In Place	Partially Compliant
Panama	In Place But Needs Improvement	Non-Compliant
Peru	In Place But Needs Improvement	Scheduled for 2024
Uruguay	In Place But Needs Improvement	On-Track

Note: The structure of the determinations on the legal framework is as follows, ranked in decreasing quality: In Place, In Place But Needs Improvement and Not In Place. The structure of the ratings for effective implementation is as follows, in decreasing quality: On Track, Partially Compliant and Non-Compliant.

Source: AEOL peer reviews (see for the determinations and ratings: <https://www.oecd.org/tax/transparency/documents/automatic-exchange-of-information-ratings.htm>).

timely manner (see Table 3).⁸ The main issues identified on partially or non-compliant countries relate to the absence of a risk-based overarching strategy and enforcement mechanisms to ensure that financial institutions comply with reporting and due diligence procedures, information that is not exchanged in a timely manner, as well as deficiencies in the quality of information submitted, all of which hinders the smooth exchange of financial account information.

These results show that there is still important work to be done in the region to improve both the legal framework and the effective implementation of the Standard in practice. The Global Forum Secretariat continues to work with Latin American countries to assist them in addressing the issues where recommendations have been made.⁹

8. OECD (2022), *Peer Review of the Automatic Exchange of Financial Account Information*, OECD Publishing, Paris, <https://doi.org/10.1787/36e7cdded-en>.

9. Costa Rica is currently under an Action Plan to address the recommendations received (see Box 15).



4

Building solid exchange of information infrastructures and capacities

Implementing the tax transparency standards requires commitment and resources from jurisdictions, especially from their tax administrations. It involves putting in place the legal framework, as well as the organisational and practical infrastructure needed to fully implement and benefit from tax transparency. It also requires a 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 government. The Global Forum Secretariat and its partners accompany Latin American countries in their implementation journey. These efforts have translated into steady progress of Latin American countries with a solid EOI infrastructure established in most of them.

AN EXTENSIVE NETWORK FOR EXCHANGE OF INFORMATION

To fully benefit from EOI, a jurisdiction should have a wide network of EOI agreements to be able to request relevant information, which could assist its tax auditors in their tax investigations, from any jurisdiction where the information is available.

As of 2022, Latin American countries have entered into numerous bilateral and regional EOI agreements,¹ to foster tax co-operation. The total number of bilateral relationships in force amounted to over 375 at the end of 2022 (see Figure 11).

While countries can negotiate and conclude bilateral or regional agreements for EOIR such as Double Taxation Conventions (DTCs) or Tax Information Exchange Agreements (TIEAs), it can be a resource-intensive and time-consuming exercise. In Latin America, many countries have old EOI agreements that do not meet the international standard set in the Article 26 of the OECD’s Model Convention. Indeed, 41% of Latin American

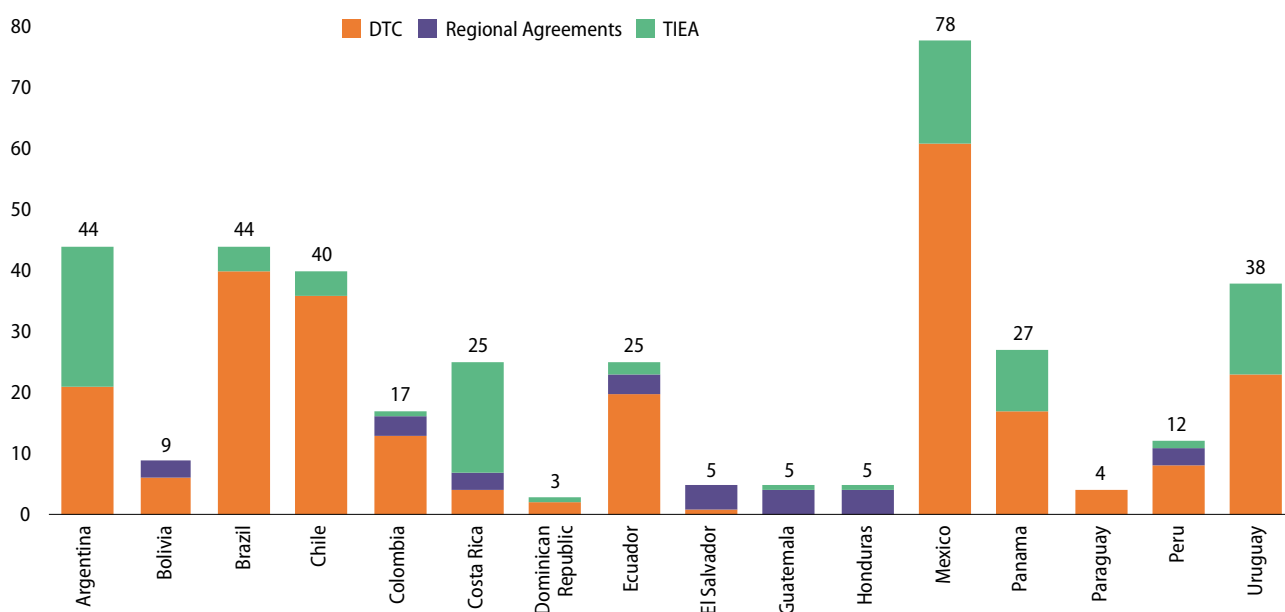
bilateral or regional EOI agreements do not allow for EOI to the full extent provided by the standard (see Figure 12).

However, through the MAAC, most Latin American Global Forum members have a vast EOI network which does not limit their ability to obtain relevant information. Indeed, the MAAC is a multilateral agreement fully in line with international standards and provides for EOI and other forms of administrative co-operation. The MAAC is the widest-reaching EOI agreement, with 146 participating jurisdictions,² including 138 having it in force by the end of 2022. It thus offers a vast number of EOI partners to any new signatory.

Since 2009, the Secretariat has provided technical support to its Latin American members to expand their administrative co-operation framework significantly and rapidly by joining the MAAC, including by providing support in the signing and ratification process. In July 2022, this led to Honduras signing the MAAC. The ratification by Honduras is expected for 2023. With that, all 15 Punta Del Este Declaration members will

1. In Latin America, the regional agreements include the Andean Community Decision 578 (between Bolivia, Colombia, Ecuador and Peru) and the Agreement on Mutual Assistance Cooperation between Tax and Customs Administrations of Central America (between Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua).
 2. Viet Nam signed the MAAC in 2023 and became the 147th participating jurisdiction.

FIGURE 11. Latin American countries’ bilateral and regional EOI relationships, by type

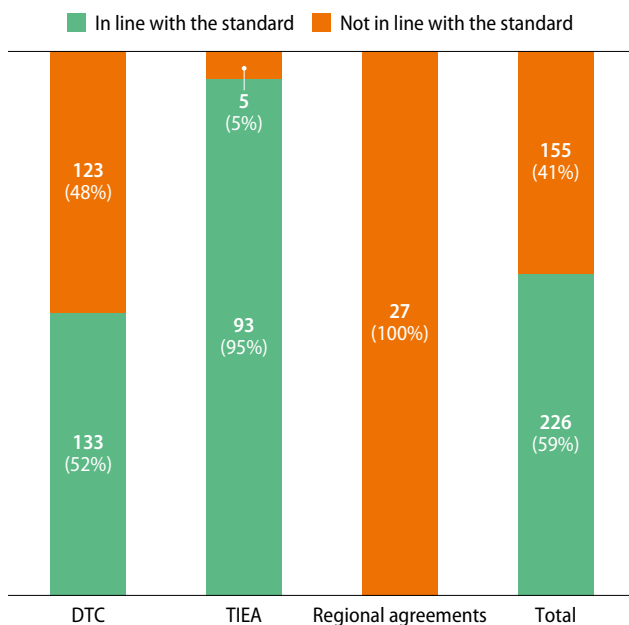


Note: The regional agreements comprise the Andean Community Decision 578 and the Agreement on Mutual Assistance Cooperation between Tax and Customs Administrations of Central America.

Source: Global Forum Secretariat.

Building solid exchange of information infrastructures and capacities

FIGURE 12. Element A.1 – Number of approaches used and rating of the practical implementation



Note 1: The regional agreements comprise the Andean Community Decision 578 and the Agreement on Mutual Assistance Cooperation between Tax and Customs Administrations of Central America.

Note 2: The labels show the number of EOI agreements and the correspondent percentage of alignment with the standard or not is shown in brackets.

Source: Global Forum Secretariat.

“Honduras’ Bicentennial Government Plan establishes two transcendental proposals in the area of tax policy: (i) to combat tax evasion head-on; and, (ii) to improve the tax administration as a whole.



In line with both proposals, the Convention on Mutual Administrative Assistance in Tax Matters will be a tool to combat the practice of evading taxes by hiding profits offshore. It will allow Honduras to undertake an effective EOI with a greater number of countries. At the same time, this Convention strengthens our tax system and sends a clear signal to the international community that Honduras has the firm intention to be part of the network of countries that collaborate in the fight against international tax evasion. It is undoubtedly important to have international instruments to allow Honduras to apply tax justice effectively and thus guarantee the rule of law.”

Marlon Ochoa, Minister Director of the Revenue Administration Service, Honduras

benefit from a wide treaty network that fully meets the standard (see Table 4), leaving out 27 EOI relationships not complemented by the MAAC.

With the MAAC, bilateral EOI relationships amount to over to 1 900 EOI relationships in force in 2022 (see Figure 13).

TABLE 4. Latin American members’ participation to the MAAC, as on 31 December 2022

Jurisdiction	Status
Argentina	In force since 01/01/2013
Brazil	In force since 01/10/2016
Chile	In force since 01/11/2016
Colombia	In force since 01/07/2014
Costa Rica	In force since 01/08/2013
Dominican Republic	In force since 01/12/2019
Ecuador	In force since 01/12/2019
El Salvador	In force since 01/06/2019
Guatemala	In force since 01/10/2017
Honduras	Signed on 11/07/2022
Mexico	In force since 01/09/2012
Panama	In force since 01/07/2017
Paraguay	In force since 01/11/2021
Peru	In force since 01/09/2018
Uruguay	In force since 01/12/2016

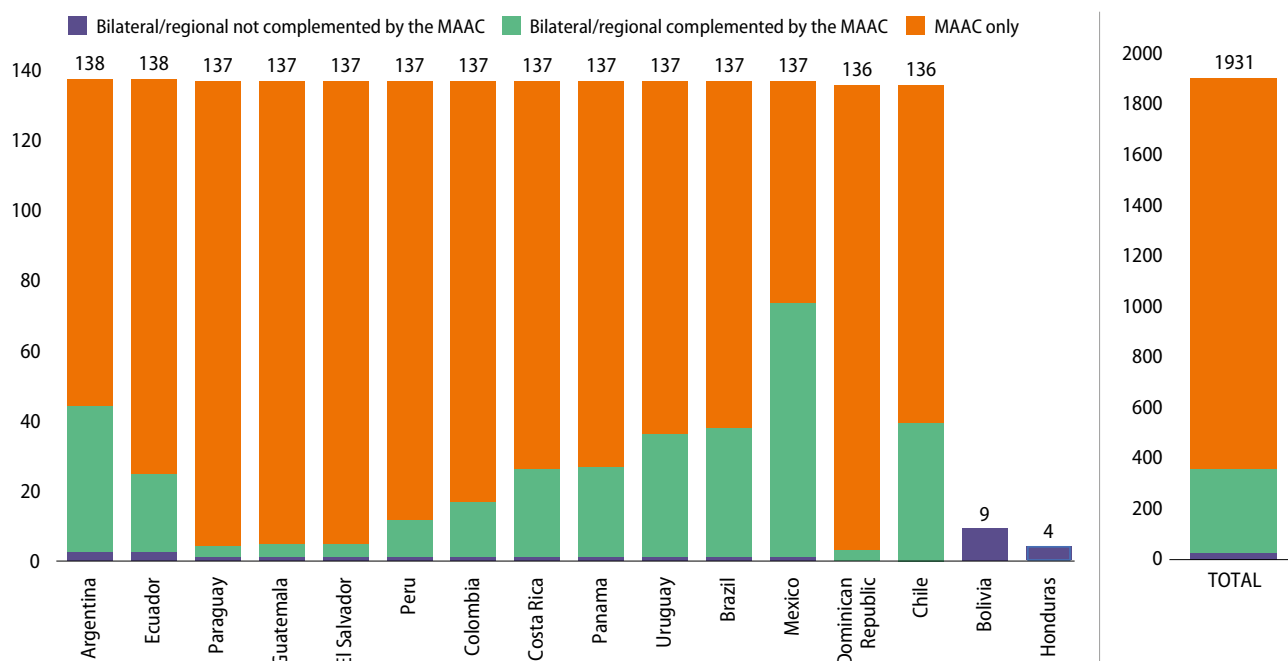
Note: Honduras has signed the MAAC but it is still not in force.

Source: https://www.oecd.org/ctp/exchange-of-tax-information/status_of_convention.pdf.

A SOLID INFRASTRUCTURE FOR EXCHANGE OF INFORMATION

The operationalisation of EOI needs a functional infrastructure in place within tax administrations to ensure the timeliness, quality and efficiency of the EOI process. This also includes a well-resourced EOI unit. Such an EOI unit should have trained personnel, an office guaranteeing confidentiality, as well as well-established procedures described in a dedicated manual. It is also best practice to have a system in place to track the handling of incoming and outgoing EOI requests.

FIGURE 13. Latin American countries' exchange of information relationships in force



Note: Only the DTC and the TIEAs that entered in force are included. Honduras has signed the MAAC but ratification is pending.

Source: Global Forum Secretariat.

Another important element is to ensure that the power of competent authority (CA) for EOI for tax purposes³ is delegated from the Minister in charge of Finance – as generally mentioned in EOI agreements – to the tax administration. Indeed, only the CA is authorised to carry out EOI under international agreements. Delegating this power to more operational officers is therefore essential to ensure the efficiency of the EOI process.

Building strong and efficient EOI infrastructure is a key component of the Global Forum’s capacity-building programme. It empowers countries not only to comply with the tax transparency standards by providing information to their EOI partners, but more importantly to use this infrastructure to obtain critical information for their tax operations.

Most Latin American respondents have a mature EOI infrastructure, with a functional EOI unit in place, equipped with tools and knowledgeable staff. Recent members are implementing or strengthening their infrastructure with the support of the Secretariat.

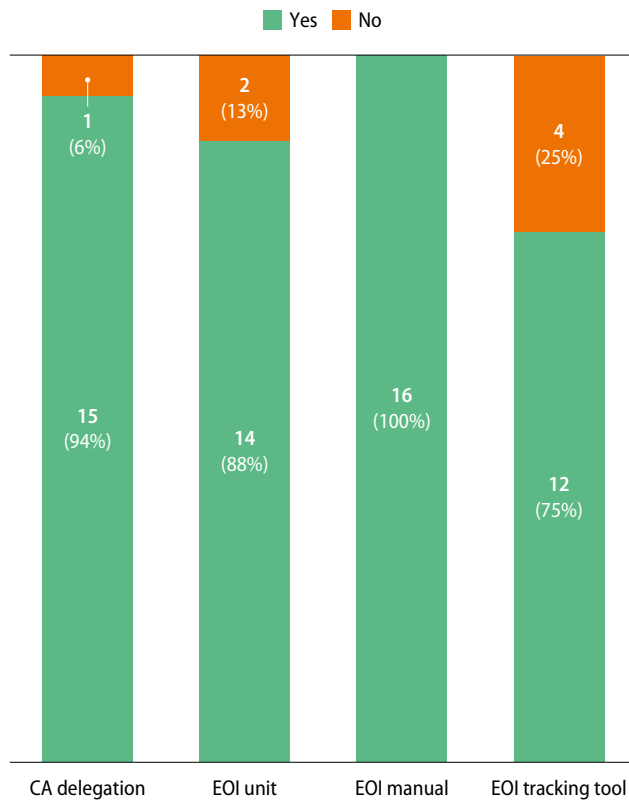
Figure 14 shows that virtually all the 16 respondents have in place the main components of a functional EOI infrastructure: they have put in place an EOI unit within their tax administration, documented the EOI process in a manual and delegated the CA function to the EOI unit. However, four of the respondents do not have an EOI tracking tool and therefore may not be able to monitor their EOIR activity and performance effectively. This may lead to delays in responding to requests or in following up on requests sent to exchange partners.

Monitoring the benefits of EOI is an effective way of convincing policymakers to further invest in EOI infrastructure. However, only 6 out of 16 respondents have implemented assessment tools to monitor tax revenue identified as a consequence of EOI, hence, the benefits of EOI may go unnoticed. Latin American countries should continue developing their EOI infrastructures by swiftly implementing tools to measure the benefits of EOI.

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

Where does Latin America stand on tax transparency?

FIGURE 14. Share of Latin American respondents' EOI organisational arrangements and technical tools



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

Source: 2023 Tax Transparency in Latin America Survey.

Most Latin American respondents have a mature EOI infrastructure, with a functional EOI unit in place, equipped with tools and knowledgeable staff. Recent members are implementing or strengthening their infrastructure with the support of the Secretariat.

Adequate allocation of trained and competent staff to the EOI unit is also an important factor in the effectiveness of the EOI process. For 2022, the 16 respondents reported that 131 officials are assigned to EOI work, out of which 94 officials (71%) are fully dedicated to this task. The other 37 staff partially contribute to EOI work, mainly in the areas of compliance activities, treaty negotiation

or interpretation, and other international tax work. Although a member highlighted that the level of knowledge had moved from “medium” to “low” due to new recruits in the EOI unit and the need to train them, the self-assessment of EOI knowledge by the staff is quite positive with 56% of the respondents indicating that their staff’s knowledge on EOI is “medium”, whereas 38% evaluate it as “high” (see Figure 15). These figures are supported by capacity building on EOI organised at domestic level. Indeed, domestic trainings on EOI were delivered to more than 2 000 tax auditors and EOI staff in 2022 (32% increase compared to 2021) (see Table 5). This increase results from a combination of elements, such as the implementation of strategies to raise the awareness of auditors on EOI decided at the highest level of the tax administrations, but also by the impact of the first Train the Trainer programme launched in the region, as almost 43% of the trainings were delivered under such programme (see Part 5).

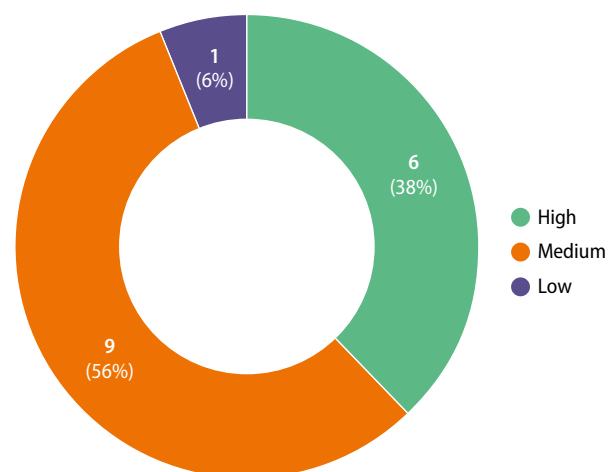
TABLE 5. Domestic EOI capacity building in Latin America

Number of events/staffs trained	2021	2022
Number of training events held for tax auditors/EOI staff	65	70
Number of tax auditors/EOI staff trained	1 668	2 211

Note: Responses from 16 Latin America members.

Source: 2023 Tax Transparency in Latin America survey.

FIGURE 15. Staff's knowledge on EOI in Latin America



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

Source: 2023 Tax Transparency in Latin America Survey.

A dark orange silhouette map of Latin America is centered in the upper half of the page. The background is a lighter orange with a faint, abstract network of white lines and dots at the bottom.

An impactful capacity-building programme in Latin America

5

Capacity building is one of the core duties of the Global Forum. It aims at supporting and enabling a rapid and effective implementation of the transparency and exchange of information standards by all members, in particular developing ones. The objective is also to ensure that all members effectively benefit from the standards, by fighting more efficiently tax evasion and other IFFs and mobilising more domestic resources to finance their development.

Since 2011, the Secretariat has worked with Latin American Global Forum members and developed capacity-building programmes and activities to address their needs and help them adapt to the fast-evolving EOI landscape. With the Latin America Initiative's impetus, a more tailored approach to capacity-building activities is followed, adapting more adequately to the reality of the region.

An impactful capacity-building programme in Latin America

BUILDING CAPACITIES FOR TAX TRANSPARENCY IN LATIN AMERICA

During 2022 the Global Forum Secretariat continued providing support to Latin American members in strengthening their legal frameworks for EOIR and AEOI, with emphasis in implementation in practice, information security management, administrative compliance, and use of data. Technical assistance on the wider use of treaty-exchanged information was also provided. Capacity building was delivered in a variety of forms, including: (i) technical assistance, (ii) workshops and seminars, and (iii) development knowledge tools such as toolkits and e-learning courses.

All Punta del Este Declaration members benefited from some form of technical assistance from the Global Forum Secretariat and its partners during 2022. This helped develop useful toolkits and e-learning as well as delivering trainings to ensure that assistance reaches the highest number of countries and officials. Efforts have also been made to reach to broader audiences in Latin America as an increasing number of materials and trainings are being developed and delivered in Spanish.

A comprehensive technical assistance programme

The implementation of the tax transparency standards is a multifaceted exercise. It includes legal and regulatory aspects, as well as organisational, practical and infrastructural components. To support the implementation efforts of Latin American members, a wide-range technical assistance is offered. In 2022, three Latin American countries benefitted from the Global Forum's induction programme (an intensive mentoring programme for new members)¹, while nine other countries in the region received tailored technical assistance. Bolivia benefited from pre-membership support.

Strengthening legal and regulatory frameworks for EOIR implementation

During 2022, Latin American members received technical assistance to help them prepare for their peer reviews and to address the recommendations received when they have already been peer-reviewed. The demand for assistance was high on beneficial ownership and the creation or

improvement of centralised registers that hold such information, which is an important objective of the Punta del Este Declaration. Countries benefiting from an induction programme received comprehensive support to identify potential deficiencies in their legal frameworks and to ensure the availability of ownership, accounting and banking information, access powers and cross-border exchange on request.

In 2022, six Latin American countries received assistance on EOIR, including:

- Five countries were assisted on the legal framework and/or implementation of beneficial ownership requirements.
- Three countries have received technical assistance in preparation for their EOIR peer reviews.
- Three countries were assisted to address recommendations received in their EOIR peer reviews.

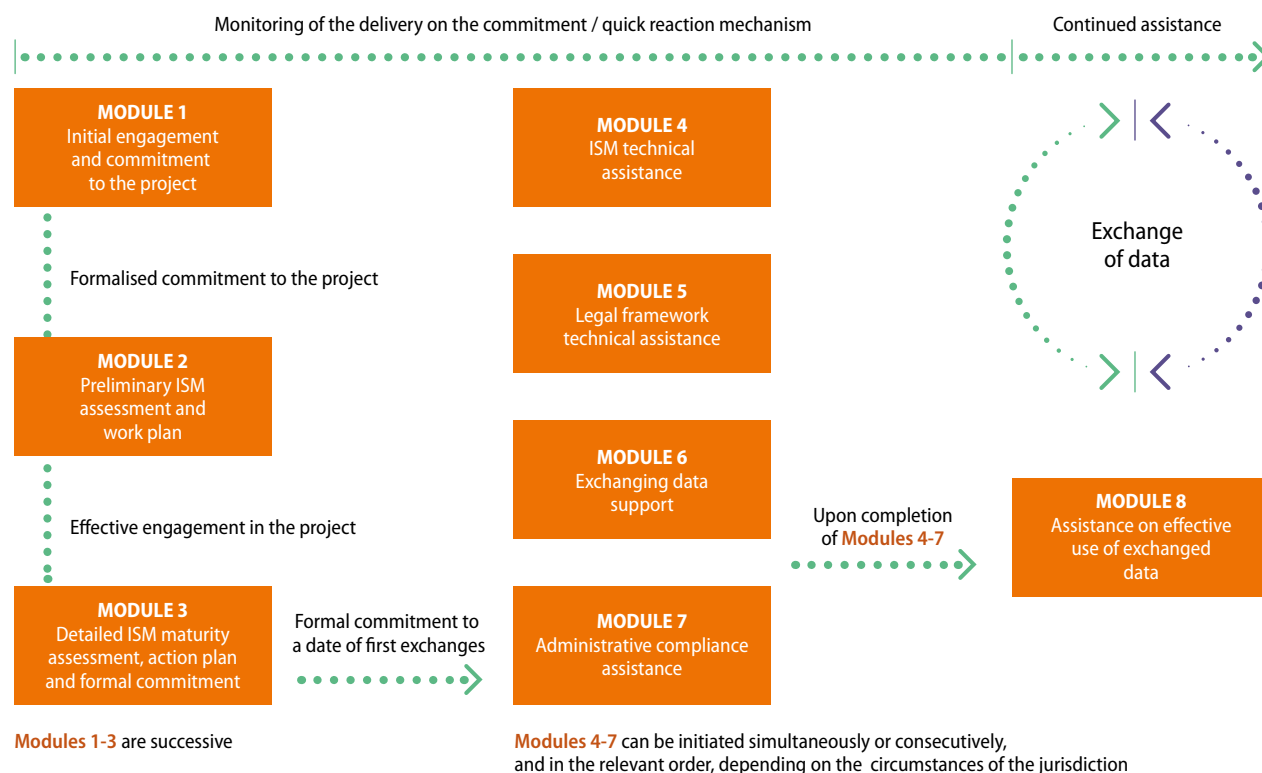
The capacity building work delivered in 2022 and in past years has translated into positive results and several countries have amended or are in the process of amending their legal frameworks to ensure consistency with the EOIR standard. In 2022, for instance, Costa Rica tabled beneficial ownership regulation to implement recommendations received in its peer review with approval expected by 2023, Colombia started the implementation of its centralised beneficial ownership register maintained and administered by the tax authority, and Ecuador created a beneficial register also held by the tax administration.

A staged assistance for the implementation of the AEOI standard

The Global Forum Secretariat continued providing technical assistance on AEOI to Latin American countries based on a modular and phased approach covering all the areas necessary for the implementation of the standard, with practical timelines tailored to the context and needs of the country. The modular technical assistance starts with initial engagement and commitment to the project, followed by support on confidentiality and data safeguards and on the establishment of the international and domestic

1. Ecuador, Honduras and Paraguay receive technical assistance under an induction programme.

FIGURE 16. Modular approach for AEOI implementation



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

legal frameworks for AEOI, through to the actual implementation of AEOI exchanges, the establishment of administrative compliance frameworks and the effective use of the data received (see Figure 16).

As of 2022, 10 Latin American members are exchanging information under the AEOI standard and there remain five countries in the region that have not yet committed to a year of first exchanges.² During 2022, technical assistance was delivered to both Latin American members preparing for their first exchanges and already exchanging. The focus of the technical assistance was on confidentiality and information security management, the development of administrative compliance frameworks for AEOI and the effective use of the CRS data.

Technical assistance on confidentiality and information security management

Ensuring the confidentiality and safeguarding of data is a pre-requisite for receiving AEOI information. In 2022, the Global Forum Secretariat supported the Dominican Republic and Honduras on confidentiality and data safeguards to assess their readiness for AEOI and to take an informed decision on a first date of AEOI exchanges.

The confidentiality and Information Security Management (ISM) maturity assessment is the first technical assistance step towards understanding a country's current capacities and determining a possible timeframe for AEOI implementation. For Honduras, a preliminary maturity assessment was carried out, and a technical assistance action plan with timelines was proposed. For the Dominican Republic, work on confidentiality and ISM started in previous years

2. Developing countries that do not host a financial centre were not asked to commit to particular timelines.

An impactful capacity-building programme in Latin America



BOX 13. Dominican Republic: Working towards commitment to a year of first AEOI exchanges

The Dominican Republic recognises the great role played by the Global Forum in the fight against international tax evasion through the promotion, monitoring and implementation of the standards on transparency and EOI for tax purposes.

As a member of the Global Forum since 2013 and in line with the commitment to assume better conditions on transparency and EOI, the Dominican Republic started in 2018 a process of technical assistance with the Global Forum Secretariat regarding the implementation of the requirements on ISM and confidentiality by the Internal Revenue Agency (*Dirección General de Impuestos Internos* – DGII). An important step forward was reached in 2022, with a complete review of the implementation of the DGII's requirements on confidentiality and data safeguards through a detailed maturity assessment. The technical assistance report concluded that ISM in the DGII is on track, with some remaining areas of improvement identified, which are already in process to be implemented by the DGII.

The Dominican Republic reaffirms once again its commitment to maintain the coordinated work to start AEOI exchanges and implement the AEOI standard as soon as possible and effectively, with the utmost confidentiality. The Dominican Republic appreciates the management, the accompaniment, and the recommendations provided during this assistance journey. We recognise the DGII has the overall maturity in information security and data protection to take on new challenges.

Source: Internal Revenue Agency of the Dominican Republic.

and intensified in 2022, and an advanced maturity assessment was undertaken to evaluate the country's readiness to undergo a confidentiality and data safeguards assessment to participate in reciprocal AEOI. The experience of the Dominican Republic is described in Box 13.

Promoting effective administrative compliance strategies

The AEOI standard requires that reporting financial institutions conduct due diligence procedures to collect complete and accurate financial account information, that must then be reported to the jurisdiction's CA and exchanged with partner jurisdictions abroad. For this process to be properly carried out, countries need to have an effective compliance framework that consists of a set of administrative rules and procedures, informed by a risk assessment, to facilitate, oversee and enforce compliance with due diligence and reporting obligations.

The results of the reviews of the effectiveness in practice of AEOI showed that several jurisdictions, including some Latin American countries, lacked an administrative compliance framework to enforce due diligence and reporting obligations (see Part 3). For that reason, during 2022, the Global Forum Secretariat developed a CRS Model Administrative Compliance Strategy³, to assist countries in Module 7 of the modular approach for AEOI implementation (see Box 14). The experience of Costa Rica in developing an administrative compliance strategy is presented in Box 15.

Ensuring the effective use of CRS data

One of the main challenges faced by countries that are already exchanging CRS data is how to use the data in the most effective way to mobilise domestic revenues. The Global Forum Secretariat provides assistance in this area, which represents the last stage of the modular approach to technical assistance in AEOI described in Figure 16. This technical assistance approach is illustrated in Box 16.

3. OECD (2022), *Model Administrative Compliance Strategy*, available to tax authorities upon request.



BOX 14. The Common Reporting Standard Model Administrative Compliance Strategy

The Global Forum Secretariat developed in 2022 a Model Administrative Compliance Strategy (Model) to assist jurisdictions in developing, improving, and implementing their own administrative compliance strategy to ensure the effectiveness of the AEOI standard.



The Model is directly linked to the requirements of the AEOI standard and ToR and illustrates the series of steps and procedures that CAs should follow to achieve compliance from financial institutions in implementing their CRS due diligence and reporting rules. It outlines the key components that a strategy for AEOI compliance should have and specific procedures to guide the implementation of each component, such as procedures for identifying the universe of reporting financial institutions, risk assessment criteria to inform compliance activities, and procedures to apply sanctions when non-compliance is identified.

The Model intends to be: (i) explanatory, by providing comments to explain the context of each proposed section, (ii) flexible, by providing examples that jurisdictions may follow, and (iii) practical, by proposing text that jurisdictions could reproduce and/or adapt in their compliance frameworks.

The Model is available in English, French and Spanish to Global Forum member countries on demand. It was provided to the 10 Latin American members implementing AEOI.

Source: Global Forum Secretariat.



BOX 15. Costa Rica: Experience in ensuring effective implementation of the AEOI standard

Costa Rica first exchanged information under the AEOI standard in 2018. Costa Rica’s legal framework was assessed in 2020 and its practical implementation was assessed in 2022. As some important gaps were identified in the peer review process, Costa Rica was found “Not in place” for its legal framework and was rated “Non-Compliant” in relation to its effectiveness in practice. With the goal of ensuring the quality of the information provided by financial institutions under the CRS, Costa Rica requested technical assistance from the Global Forum Secretariat to remedy the gaps identified in its legal and administrative compliance frameworks.

The technical assistance was initiated through the agreement of a broad action plan with authorities of the Ministry of Finance, which covered the gaps previously identified across different areas. In addition to the assistance in addressing the legal gaps, the action plan focused on the following pillars related to the administrative compliance framework aimed at ensuring an effective implementation of the standard: (i) internal procedures on compliance and prevention of reporting circumvention and undertaking risk assessment and training staff; (ii) improvements of the technological platform; and (iii) improvement of relationships with reporting financial institutions.

As part of the technical assistance provided, Costa Rica has examined the Model Administrative Compliance Strategy elaborated by the Global Forum to develop its own compliance strategy. In addition, Costa Rica has established a pilot programme with selected reporting financial institutions for increased transparency in nine areas of CRS compliance, including due diligence and reporting procedures. The information gathered has provided an overview of the current situation in Costa Rica and is the basis for the drafting of a guidance proposal for CRS compliance, with input from the Global Forum Secretariat. Costa Rica’s continuous work with the Global Forum Secretariat will allow the correct implementation of previous recommendations and strengthen tax transparency and the co-operation with treaty partner jurisdictions.

Source: General Directorate of Taxes of Costa Rica.

An impactful capacity-building programme in Latin America

BOX 16. Technical assistance approach on the effective use of CRS data

Capacity-building support on the effective use of CRS data aims to help countries develop their own strategies taking into account their specificities. It is based on different stages:

- **Stage 1.** The jurisdiction receives a questionnaire covering key parameters such as: taxpayer registration; taxpayer filing requirements; tax administration audit activities, receipt of CRS data; treatment of CRS data; and use of CRS data. This questionnaire helps the Global Forum Secretariat better understand the circumstances of a specific jurisdiction (e.g. if the jurisdiction reaches a good matching rate) and determine the needs for technical assistance.
- **Stage 2.** After completion of the questionnaire by the jurisdiction, some virtual meetings might be needed to clarify some replies and discuss about the expectations of the jurisdiction in terms of the administrative framework and processes to use CRS data. After the analysis of the replies and discussions, the Global Forum Secretariat and the jurisdiction agree on different items to cover under technical assistance and those items are reflected within a technical assistance report drafted by the Global Forum Secretariat.
- **Stage 3.** Depending on the needs identified, different deliverables could be considered through capacity-building activities provided by the Global Forum Secretariat, eventually with the support of a more experienced AEOI jurisdiction:
 - technical advice to help the jurisdiction develop its own strategy taking into account its specificities (compliance, audit, and recovery)
 - trainings to increase skills and knowledge on the nature of CRS data (e.g. dividends, interests, gross proceeds), to raise their attention on different items and how to follow up with a foreseeable relevant request for information
 - technical support for the use of management and/or monitoring tools
 - possible wider use of individual CRS data when it may become relevant to tackle other serious crimes such as money laundering, terrorism financing and corruption.

Source: Global Forum Secretariat.

In 2022, three Latin American members (Costa Rica, Ecuador and Peru) received technical assistance to effectively use CRS data in the relevant tax administration functions. The actions taken during this technical assistance have already showed results as countries are developing strategies to use CRS information and one of them (Ecuador) has already raised additional tax revenue due to effective use of CRS data (see Box 2). The Global Forum Secretariat will continue assisting Latin American countries to fully benefit from CRS data.

“The technical assistance for the effective use of CRS information provided by the Global Forum team has been very valuable for Ecuador, as it has allowed us to have a broader vision of the steps to be taken to exploit and take advantage of the information received with a view to strengthening our controls and decisively fighting tax evasion. Thanks to the ongoing and timely support of the Global Forum’s technical capacity building team, important progress is being made towards tax transparency. We look forward to continuing to count on their valuable contribution to the actions undertaken by the Ecuadorian Tax Administration in the future.”



Francisco Briones Rugel, Director General of the Internal Revenue Service, Ecuador

“The close engagement and coordination with the Global Forum have been very valuable for Peru as it has allowed us to strengthen our overall strategy for the effective use of information received under the CRS. The information received is treated and analysed with a risk-based approach which would enable Peru to fully benefit from exchange of information and tackle international tax evasion. We thank the Global Forum’s technical capacity building team for its assistance, and we very much look forward to continue fighting tax evasion through international cooperation.”



Palmer Luis De La Cruz Pineda, National Strategy and Risk Intendant, National Superintendence of Customs and Tax Administration, Peru

BOX 17. CIAT's Manual for the Control of International Tax Planning – Chapter on International Cooperation

The Manual for the Control of International Tax Planning is a CIAT-led publication made up of 42 chapters covering a vast amount of subjects related to control of international tax planning.

The Global Forum Secretariat contributed to the Manual with Chapter 5.3 on International Cooperation. This Chapter gives a comprehensive overview of the instruments available to jurisdictions for administrative co-operation in tax matters. The chapter is divided into four parts: (i) Part 1 on the horizontal principles and rules that apply across the different forms of EOI and administrative assistance, (ii) Part 2 on each of the forms of EOI available to jurisdictions, (iii) Part 3 on other forms of tax cooperation and administrative assistance besides EOI, such as tax examinations abroad and spontaneous exchange of information, and (iv) Part 4 on other enhanced forms of administrative assistance: the service of documents and the assistance in recovery.

The Chapter was published in October 2022 and is available in English and Spanish.

Source: CIAT (2022), CIAT Manual for the Control of International Tax Planning, Chapter 5.3 on International Cooperation, <https://www.ciat.org/5-3-cooperacion-internacional/?lang=en>.



Comprehensive knowledge products available to Latin American tax administrations

Developing knowledge and skills is critical not only for the implementation of the tax transparency standards, but also for their effective use by tax officials to tackle tax evasion and other IFFs and thus to mobilise revenues. The multi-channel approach developed by the Global Forum Secretariat and delivered jointly with regional partners continues to be implemented, using traditional training and seminar format, while taking advantage of the new technologies, and knowledge tools, such as toolkits and guidance tools, as well as self-paced e-learning tools. In order to maximise the benefit of those knowledge-sharing channels for the widest audience, trainings and tools are being developed and delivered in Spanish.

To level knowledge gaps and ensure greater engagement in capacity-building activities, different tools have been developed over the years, covering all key elements of the implementation of the standards and helping

“I would like to highlight the unprecedented impact that the Global Forum on Transparency and Exchange of Information for Tax Purposes has generated in its more than 12 years of work. During these years we have coordinated numerous cooperation actions for countries in Latin America and the Caribbean, the latest action being the Global Forum’s contribution of knowledge to the CIAT, GIZ and EUROsociAL+ Manual for the Control of International Tax Planning, through section 5.3, on “International Cooperation”. This section, which capitalises on years of knowledge, is available on the CIAT website in Spanish and English. I would also like to highlight the key role of the Punta del Este Declaration in the current context and the willingness of the CIAT Executive Secretariat to disseminate and support, at a practical level, the intentions of the countries that have signed it. Finally, I would like to thank the Global Forum for the openness that for more than a decade has allowed us to coordinate agendas and cooperate with excellent results.”



Marcio Verdi, Executive Secretary, Inter-American Centre of Tax Administrations

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tax officials better use the EOI tools in their daily activities. In 2022, the following tools were released in collaboration with the regional partners:

- Chapter on International Cooperation, which is part of the Manual for the Control of International Tax Planning of the Inter-American Centre of Tax Administrations (CIAT) (see Box 17).⁴
- The Spanish version of the Building Effective Beneficial Ownership Frameworks Toolkit, jointly with the Inter-American Development Bank (IDB).⁵
- The Spanish and Portuguese version of the Exchange of Information Manual, published in partnership with the World Bank and the African Development Bank.⁶

Global Forum's toolkits, 2020-2022



Workshops and seminars offered to officials of Latin American tax administrations

Capacity-building events on EOI-related topics continued to be delivered during 2022 on a virtual format, observing the new approach introduced during the global pandemic. These events resulted in the training of 580 Latin American officials, deepening their knowledge and practical skills for the effective implementation of the tax transparency standards. These events focused on:

- raising awareness of tax auditors on the potential of EOI as tools to advance domestic tax investigations/ audits and compliance (183 officials trained)
- different approaches for implementing effective beneficial ownership frameworks, delivered jointly with IDB (179 officials trained)
- AEOI effective implementation and model administrative compliance strategy (35 officials trained)
- introduction to the confidentiality of treaty-exchanged information and wider use (183 officials trained)

Gender balance was achieved in these events, with an important share of female participants (57% on average for all activities).

Knowledge and practical tools available to Latin American countries

In 2022, the Global Forum Secretariat continued developing e-learning courses offering tax officials the necessary training to grasp key concepts and principles of the implementation of the standards and to help them better use the EOI tools in their daily activities. In 2022, an e-learning course was published in Spanish providing a comprehensive overview of the different elements of the AEOI standard.⁷

4. CIAT (2022), *CIAT Manual for the Control of International Tax Planning*, <https://www.ciat.org/manual-for-the-control-of-international-tax-planning/?lang=en>.
 5. OECD and IDB (2022), *Building Effective Beneficial Ownership Frameworks*, Spanish version available at https://www.oecd.org/tax/transparency/documents/effective-beneficial-ownership-frameworks-toolkit_es.pdf.
 6. OECD (2022), *Model Manual on Exchange of Information for Tax Purposes*, <https://www.oecd.org/tax/transparency/documents/model-manual-on-exchange-of-information-for-tax-purposes.htm>.
 7. Global Forum e-learning courses are accessible at <https://www.oecd.org/tax/transparency/resources/global-forum-e-learning.htm>.

In addition, the following tools that are available to all interested jurisdictions on demand have been translated to Spanish: (i) tracking tool for EOI, and (ii) CRS notifications tracking tool.

BUILDING SUSTAINABLE AND INCLUSIVE CAPACITIES ON EXCHANGE OF INFORMATION

Over the past years, the Global Forum Secretariat has invested on new programmes that seek to build sustainable and inclusive capacities in assisted jurisdictions, which include the following programmes: Train the Trainer, the Women Leaders in Tax Transparency programme, and the ISM Network. The objective of these innovative programmes, which greatly benefitted Latin American countries, is to ensure that Global Forum members develop sustainable knowledge and skills towards further co-operation and participation in the global tax transparency work.

Train the Trainer programme for Latin America

In 2022, with the launch of the first Latin American Train the Trainer programme,⁸ a significant step towards the development of a sustainable EOI capacity within Latin American tax administrations was achieved.

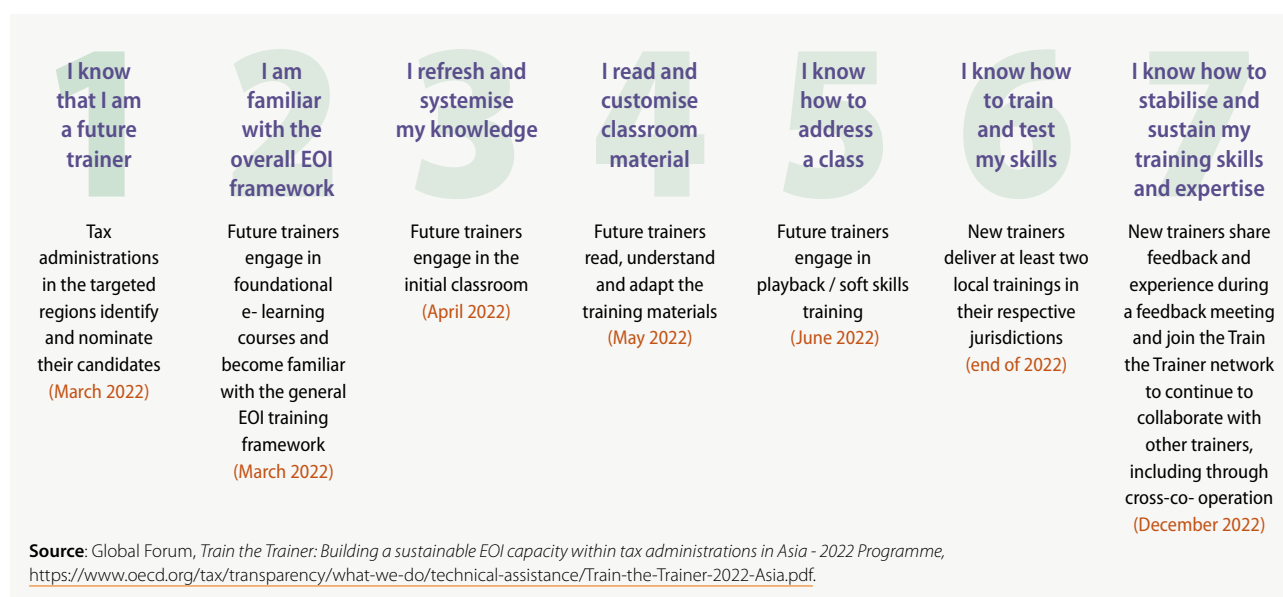
For 9 months, 20 officials (70% being women) from 10 Latin American Global Forum members participated in a demanding and comprehensive series of sessions fully delivered in Spanish. The objective is to create and support a highly-skilled network of trainers who will, in turn, effectively transmit and multiply the acquired knowledge and skills domestically.

The driven ideas of this programme are to:

- offer sustainable local training resource in EOI, allowing local trainers to adapt and multiply the acquired knowledge and skills at the domestic level
- provide the trainers with training materials to be customised to meet their country-specific needs and circumstances
- help tax administrations take greater advantage of tax transparency and EOI to tackle tax evasion and mobilise domestic revenues.

In order to achieve these goals, the programme included several steps to provide continued support to the participants (see Figure 17):

FIGURE 17. The Train the Trainer programme steps



8. Building upon its extensive experience in terms of capacity building, the Global Forum Secretariat launched a Train the Trainer pilot project in 2021 under the umbrella of the Africa Initiative to build a strong EOI capacity within African tax administration. More information on the Train the Trainer programme is available at <https://www.oecd.org/tax/transparency/what-we-do/technical-assistance/formando-al-capacitador-2022-america-latina.pdf>.

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- initial induction session, e-learning classes and virtual training provided by the Global Forum Secretariat (steps 1, 2 and 3)
- support in tailoring training materials (step 4)
- playback session by the future trainers to the Global Forum Secretariat to enhance their technical and soft skills (step 5)
- support in the preparation and during the first local trainings (step 6)
- dedicated on-line community to maintain the network, share experience and provide support (step 7).

The ultimate goal is for participants to deliver regular domestic high-quality trainings on EOI to tax auditors and investigators in their national language and using domestic case studies. The programme is conceived as an accelerator boosting tax officials' ownership and efficient use of EOI instruments in their day-to-day work, helping them tackle tax evasion and other IFFs and mobilise domestic revenues.

The Latin America programme has been impactful with 20 local trainings delivered to over 950 tax officials (60% of which were women) by the local trainers in 2022 (see Table 6). It was commended by the participants, who reported improving their EOI knowledge and soft skills, as well as a greater confidence in their ability to develop and deliver trainings (see Box 18).

TABLE 6. Train the Trainer statistics in Latin-America for the 2022 session

Number of countries	10
Number of participants (trainers)	20
Female participation (trainers)	70%
Number of trainings delivered	20
Number of local officials trained	956
Female participation (local trainings)	60%

Source: Global Forum Secretariat.

Having successfully delivered their first trainings, the trainers received a certificate and joined the "Train the Trainer network". The network aims to enable the laureates from regional programmes to share their experience and best practices, discuss objectives, achievements and challenges in delivering training, provide support to other laureates during future training sessions, and collaborate on joint projects.

.....
The Train the Trainer programme was commended by the participants, who reported improving their EOI knowledge and soft skills, as well as a greater confidence in their ability to develop and deliver trainings.

Championing gender balance in tax transparency

The new programme Women Leaders in Tax Transparency⁹ was launched in 2022. This flagship initiative aims to make a decisive contribution towards a sustainable increase of women leadership in tax transparency, a strategic capacity-building axis of the Secretariat.¹⁰ The programme promotes an increased participation of female officials in leading positions of national tax administrations and international meetings. In addition, it seeks to create a network of alumni to ensure lasting co-operation and experience sharing between women leaders across national tax administrations.

The 9-month programme was offered to 22 participants from developing economies, including 6 officials from Latin American members (Brazil, Colombia, Costa Rica, Ecuador, Honduras and Peru), to contribute to the fight for gender equality and to empower women to take leading roles on tax transparency in tax administrations and/or ministries of finance.

The programme required participants to prepare in advance of all sessions through the reading of technical material, attending e-learning modules and preparing

9 More information on the Women Leaders in Tax Transparency is available at: <https://www.oecd.org/tax/transparency/what-we-do/technical-assistance/women-leaders-in-tax-transparency.htm>.

10 OECD (2020), Capacity Building – A New Strategy for the Widest Impact, <https://www.oecd.org/tax/transparency/what-we-do/technical-assistance/capacity-building-strategy.pdf>.

BOX 18. Interview with participants of the 2022 Train the Trainer programme for Latin America

EL SALVADOR – 151 trained officials in 2022
Ms Xenia Carolina Guillen de Garcia, Head,
 Department for Conventions and Information
 Exchange, Ministry of Finance



GUATEMALA – 47 trained officials in 2022
Mr Gustavo Sánchez, Assessor, Directorate for
 Fiscal Policy and Analysis, Ministry of Finance



What impact has the Training the Trainer training had on your technical capacity and confidence to deliver training?

The Train the Trainer programme contributed to reinforce technical knowledge applicable to daily work, by receiving feedback from experts and learning first-hand about the experiences of leading professionals in different jurisdictions who work in similar and related matters. This has allowed us to take up good practices when dealing with EOI.

This same feedback helped to face the training sessions with greater confidence, to be able to transmit ideas with greater clarity, focusing on the key points in the topics developed; in this sense, the feedback on soft skills were also of great value, to ensure that the topics are shared in a practical and interesting way to the participants.

The interactions with the tax inspectors in the context of the Train the Trainer programme have been excellent, they showed interest and discussed real cases they have dealt with in practice in their daily work, where due to lack of experience on EOI, they did not rely on this powerful tool and concrete results were not achieved in some of these cases.

We were able to change the idea that requests are a lengthy process, considering that the delay for processing requests has improved according to the statistics. In addition, greater knowledge in the area decreases the time to process requests and improves confidence and familiarity of the tax inspectors in relation to EOI.

What are the future plans for additional local training and is there a timetable to follow?training?

With respect to the Directorate General of Internal Taxes, two officials are now participating in the 2023 Train the Trainer programme. If the application is successful, the training activities will continue in 2023, taking the necessary steps and resources for the development of the programme.

Trainings on EOI will be made throughout 2023 due to the importance of the topic. Guatemala wants to improve the effectiveness of the audit of transactions with related parties abroad by increasing EOI requests.

PANAMA – 44 trained officials in 2022
Ms Aichell Alvaro, EOIR official, General
 Directorate of Revenue, Ministry of Finance



PARAGUAY – 80 trained officials in 2022
Ms Agueda Maria Rocio Cardozo Lovera,
 Legal adviser, Undersecretariat of State of Taxation



What is the importance of receiving support from the top management of the tax administration and coordination with the human resources/training department to deliver local training?

The support across government has been extremely high, since the EOI department requires inter-institutional support from other bodies. Collaboration is key to advance EOI and see concrete results in the area.

The support received from the Technical Advisory Office of the Vice-Minister's Cabinet is noteworthy, as well as the accompaniment of the Department of Human Talent Development. They were in charge of providing the internal online training space, through which the internal trainings were delivered.

What were the difficulties encountered in providing local training?

We would highlight time management with such a deep and multi-faceted topic, finding the appropriate balance between the questions asked by the audience and the debate generated by the questions and the necessary time to be allocated, as well as finding adequate spaces available for the presentations.

The most challenging point was to deal with a topic on which I had not yet had an established experience, so the foundation provided during the course was decisive to give a preliminary notion to the colleagues in the most practical way possible, especially as most of them did not have any basic knowledge of information exchange either.

Source: Global Forum Secretariat.

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documents to support discussion and experience sharing. Six sessions were organised that focused on the tax transparency standards and the broader international tax agenda. Leadership trainings and mentoring sessions were delivered by experienced women active in the tax transparency field (see Box 19). The Women Leaders in Tax Transparency network was created and will continue to expand in coming years.

The network, which will meet regularly, constitutes a forum to discuss the upcoming tax transparency agenda, as well as any challenge in the implementation of the EOI standards with the aim of empowering women leading in tax.

A network to enhance co-operation on information security management

At the 2021 Global Forum plenary meeting, the Secretariat launched an ISM network as a platform for Global Forum members to share best practices and experiences, creating a community with the ultimate goal of improving confidentiality and data safeguards frameworks. As a platform for interaction and sharing of experiences between jurisdictions, including developed and developing members, the network plays an important role in the development of confidentiality and data safeguards across all Global Forum members.

“The approach of the Women Leaders in Tax Transparency programme, focusing on women in high positions within tax administrations or ministries was really interesting because often when a program is trying to promote gender equality it starts from the idea that women are not equal to men and that we need to learn how to be different in order to achieve our professional goals. In my opinion, this programme, on the contrary, is based on the fact that women have already achieved important positions and brings together women that are leaders within their own tax administrations and ministries and aims at providing additional knowledge and tools for empowering us and reinforcing gender equality.”



Claudia Vargas Cifuentes, Head of the International Taxation Office, Directorate of National Taxes and Customs, Colombia

“It is essential to promote gender diversity in tax decision-making because it has been shown that the inclusion of women in leadership positions can significantly improve the effectiveness of tax policies and practices. Women bring a unique perspective and specific understanding to fiscal matters, and by integrating this insight into decision-making, it is possible to design more inclusive and effective policies.”



Karina Sánchez, Expert from the National Legal Directorate, Revenue Administration Service, Honduras

The ISM network currently has more than 200 nominated representatives from 75 jurisdictions – including 46 representatives from 13 Latin American members. In addition, the “ISM Network Live Hour” was launched to discuss key ISM topics proposed by the experts of the ISM network on a quarterly basis. Since its launch, four editions were conducted and attended by 28 participants from Latin American members to discuss topics such as vulnerability management, insider threat, incident management, investigation and breach reporting, and secure use of personal mobile devices.

“One of the most interesting aspects I saw was how women have experienced similar difficulties and concerns irrespective of their country of origin. The experience shared by the mentors was really inspiring and I would highlight the advice to remain authentic and open to build a unique career. I really believe that we have to remain authentic and work on our self-confidence, because there is no recipe for being in a leadership position. We have to respect our values, our beliefs, and find our unique way of being rather than trying to imitate another’s path.”



Maria Claudia Silveira, Tax Auditor – Deputy Head of the International Exchange of Information Division, Federal Revenue Service, Brazil

BOX 19. Women Leaders in Tax Transparency 2022 programme

- **February 2022:** initial meeting focused on legal aspects of the EOIR standard, with mentoring sessions opened by Ms Grace Perez-Navarro, Deputy Head of the OECD Centre for Tax Policy and Administration, Patron of the 2022 programme, and by Ms Zayda Manatta, Head of the Global Forum Secretariat.
- **March 2022:** second meeting centered on the AEOI standard and the beneficial ownership standard with the expertise of Ms Wendy Roelandt, Advisor-General and Head of International Relations at the Federal Public Service Finance of Belgium, with the participation of Ms Maria José Garde, General Director of Taxes in the Spanish Ministry of Finances and then Chair of the Global Forum (2017-2022), and of Ms Ana Cebreiro, Senior Economist and Global Tax Program Manager at the World Bank.
- **May 2022:** third meeting focused on the practical aspects of EOIR, in particular the concept of foreseeable relevance with the expertise of Ms Miek Haller, Deputy Head of the Service for Exchange of Information, Switzerland, with the participation of Ms Rowena Bethel, International Tax Information Exchange Specialist, and Ms Elizabeth Guerrero, former Vice Minister of Revenue of Costa Rica and former Chair of the Latin America Initiative.
- **July 2022:** fourth meeting focused on the international tax agenda, with the participation of Ms Marlene Nembhard-Parker, Deputy Commission General of the Jamaican Tax Administration and Co-Chair of the Base Erosion and Profit Shifting (BEPS) Inclusive Framework, and Ms Huey Min Chia-Tern, Deputy Commissioner of the Inland Revenue Authority of Singapore and then Chair of the Global Forum Peer Review Group (2016-2022).
- **September 2022:** fifth meeting centred on a leadership training for women, with the participation of a certified trainer.
- **October 2022:** final meeting of the 2022 pilot edition with a feedback session and the launch of the Women Leaders in Tax Transparency network.
- **November 2022:** lunch with the participants of the Women Leaders in Tax Transparency programme, held in the margins of the Global Forum's Plenary Meeting in Seville, Spain.

Source: Global Forum Secretariat.



Women leaders in tax transparency lunch meeting, 10 November 2022, Seville, Spain.



6

Looking ahead

Latin American countries are making progress in the implementation of the tax transparency standards and are reaping the benefits of their use in the fight against tax evasion and other IFFs. However, this positive trend is uneven among them. Not all have attained the same level of maturity, having joined the Global Forum at different periods and facing different circumstances. Nevertheless, the implementation of the high-level objectives of the Punta del Este Declaration through the Latin America Initiative ensures a virtuous cycle where more advanced countries share their experience and provide support to other members. This tremendous dynamic has already shown its positive impact in the last few years. On the eve of the fifth anniversary of the Punta del Este Declaration and with the leadership of the Chair and the Vice-Chair further progress would be achieved in the region through concrete actions and with the support of the Global Forum Secretariat and the partners of the Latin America Initiative.

CONSOLIDATING THE IMPLEMENTATION OF THE TAX TRANSPARENCY STANDARDS

During 2023, attention will be paid to support Latin American countries' efforts to implement the tax transparency standards. To that end, capacity building will be provided to leverage EOI infrastructures and to ensure full implementation of EOIR, including its requirements on transparency on beneficial ownership. More Latin American countries should consider participating in AEOI and benefiting from it. The Initiative will continue to carry out activities to raise awareness, build knowledge and provide technical support to help interested jurisdictions implement all the building blocks necessary to start AEOI in an appropriate timeframe.

Latin American members already engaged in AEOI will be offered assistance to develop and implement effectively a sound compliance strategy to ensure that financial institutions comply with their CRS obligations. In addition, the effective use of CRS data will remain a priority and further assistance and activities will be offered to help members in the region fully reap the benefits of AEOI.

Finally, Latin American countries will also be encouraged to better monitor the impact of EOI on domestic revenue mobilisation.

WIDER USE OF TREATY-EXCHANGED INFORMATION

Another key focus of the Initiative will be to broaden the number of countries participating in the pilot project on wider use while developing the Multilateral Competent Authority Agreement for Wider Use of Treaty-Exchanged Information. The ultimate goal will be for interested countries to sign this agreement and start its implementation in practice, including by concluding Memoranda of Understanding (memorandum of understanding) between tax administrations and non-tax agencies and by the Global Forum delivering training on confidentiality and data safeguards.

DEVELOPING KNOWLEDGE AND SUSTAINABLE AND INCLUSIVE CAPACITIES

Capacity Building work is clearly one of the building blocks of the Punta del Este Declaration Initiative and will continue to be in the future. In 2023, the Global Forum has launched a new edition of the "Train the Trainer" programme in Latin-America, which has the purposes of creating and supporting a network of trainers within the tax administrations of the countries in the region.

The region will also continue to benefit from trainings addressed to tax administrations with the purpose of strengthening the capacities of tax auditors and improving the communications with the EOI units to build a culture of EOI in the region.

The Women Leaders in Tax Transparency programme will continue to be a priority in 2023, with the participation of Latin-American representatives.

7

Annexes

ANNEX 1

Country-by-country progress

Country	Membership	Punta del Este member	Technical assistance programme available	Implementation of EOIR standard ¹	
				1 st round	2 nd round
Argentina	2009	2018	Tailored	LC in 2012	Phase 1 only (Phase 2 launched in Q2 2022) ²
Bolivia	Non member	Non member	Pre-membership assistance	–	–
Brazil	2009	2019	Tailored	LC in 2013	LC in 2018
Chile	2009	2018	Tailored	LC in 2014	LC in 2020
Colombia	2011	2018	Tailored	C in 2015	Launch scheduled in Q3 2023
Costa Rica	2009	2019	Tailored	PLC in 2017	LC in 2019
Dominican Republic	2013	2019	Tailored	PLC in 2017	LC in 2019
Ecuador	2017	2018	Induction programme	–	Phase 1 only (Phase 2 in Q2 2023)
El Salvador	2011	2021	Tailored	LC in 2016	Phase 1 only (Phase 2 in Q1 2025)
Guatemala	2009	2020	Tailored	PLC in 2017	NC in 2019
Honduras	2019	2020	Induction programme	–	Launch scheduled in Q4 2023
Mexico	2009	2021	Tailored	C in 2014	Review launched in Q4 2021 ⁴
Panama	2009	2018	Tailored	PLC in 2017	PC in 2019
Paraguay	2016	2018	Induction programme	–	Review launched in Q2 2022
Peru	2014	2019	Tailored	Phase 1 report only (2016)	LC in 2020
Uruguay	2009	2018	No	LC in 2015	LC in 2020

1. The four possible ratings allocated after a full peer review are as follows, ranked in increasing quality: Non-Compliant (NC), Partially Compliant (PC), Largely Compliant (LC), Compliant (C). Provisionally Largely Compliant (PLC) ratings were given to some jurisdictions during Round 1 of reviews.

2. Results expected for Q2 2023.

	EOI network and MAAC status Very narrow < 10 Narrow < 50 Wide < 100 Very wide > 100	Wider use	Confidentiality and data safeguards framework	AEOI commitment	Implementation of the legal framework	Effectiveness in practice
	Very wide MAAC in force since 2013	Yes	Reciprocal exchange	First exchange in 2017	In place but needs improvement	Partially Compliant
	Very narrow MAAC process not initiated	–	–	–	–	–
	Very wide MAAC in force since 2016	No	Reciprocal exchange	First exchange in 2018	In place	On-Track
	Very wide MAAC in force since 2016	Not available ³	Reciprocal exchange	First exchange in 2018	In place but needs improvement	Non-Compliant
	Very wide MAAC in force since 2014	No	Reciprocal exchange	First exchange in 2017	In place	On-Track
	Very wide MAAC in force since 2013	No	Temporary non-reciprocal	First exchange in 2018	Not in place	Non-Compliant
	Very wide MAAC in force since 2019	No	Technical assistance	No	–	–
	Very wide MAAC in force since 2019	No	Reciprocal exchange	First exchange in 2021	–	Scheduled for 2025
	Very wide MAAC in force since 2019	No	No action	No	–	–
	Very wide MAAC in force since 2017	No	No action	No	–	–
	Very narrow MAAC signed but not in force	No	Technical assistance	No	–	–
	Very wide MAAC in force since 2012	Yes	Reciprocal exchange	First exchange in 2017	In place	Partially Compliant
	Very wide MAAC in force since 2017	No	Reciprocal exchange	First exchange in 2018	In place but needs improvement	Non-Compliant
	Very wide MAAC in force since 2021	No	No action	No	–	–
	Very wide MAAC in force since 2018	No	Reciprocal exchange	First exchange in 2020	In place but needs improvement	Scheduled for 2024
	Very wide MAAC in force since 2016	No	Reciprocal exchange	First exchange in 2018	In place but needs improvement	On-Track

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

4. Results in Q1 2023.

ANNEX 2

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 3

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

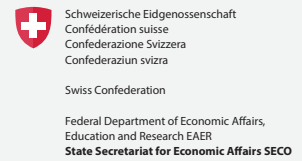
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