# Observatory of fiscal reforms and the strengthening of tax administrations in Latin America (2024) CIAT

*English summary*

*Darío González*

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# Prologue

In my capacity as Executive Secretary of CIAT, it is my honor to present the Observatory of Fiscal Reforms and the Strengthening of Tax Administrations in 19 Latin American countries for the year 2024.

This initiative aims to provide our member countries with the latest developments in both tax legislation and the modernization of tax administrations, so that through a benchmarking strategy, they can analyze the reforms of countries in the region to identify best practices and strategies, and thus have the option, if deemed valuable, to consider their possible adaptation or implementation in their own country.

Since its creation in 1967, CIAT has been the catalyst for mutual collaboration among the tax authorities of its member countries, sharing experiences with the aim of improving the effectiveness and efficiency of our tax administrations.

Given the inherent interaction between politics and tax administration, the Directorate of Tax Studies and Research aims, with this report, to develop the trends of significant tax measures as well as the new strategies and powers being adopted by the tax authorities in the region to fulfill their important mission, through an easily understandable framework both visually and in content.

The importance of the topic and its dynamism is demonstrated by the fact that the main reforms to tax legislation in 2024 involved 199 (one hundred ninety-nine) institutes (taxes, regimes, procedural codes, etc.) classified by topic and country. These reforms required the development of 87 (eighty-seven) regulatory bodies, which were drafted or enacted (laws, decrees, resolutions, etc.) for their implementation.

Regarding tax authorities, 66 (sixty-six) new programs have been approved, with another 12 (twelve) currently under legislative review, reflecting the continuous interest of countries in improving their management and updating it in line with international best practices.

With the hope that this research will prove to be of valuable use, I remain respectfully yours.

Márcio Verdi
Executive Secretary of CIAT.

# 1. Introduction (Methodology)

This report will describe the main tax reforms of 19 Latin American countries during the 2024 fiscal year. It includes modifications to tax legislation as well as those aimed at strengthening the management of tax administration.

The tax legislative reforms are described, covering the following aspects:

**a)** Substantial reforms that modify the foundations of the tax system and its pillars,

**b)** Corrective reforms that make important technical adjustments to existing taxes, and

**c)** Reforms that grant tax benefits (e.g., amnesties, regularizations, exemptions, exclusions, accelerated depreciation, fiscal stability, etc.).

The success of the tax system depends on the efficiency and effectiveness of the tax administration that must enforce it. Therefore, legislative changes that strengthen the management of the administration and enable it to more effectively fulfill its assigned functions are also highlighted.

Therefore, the powers granted or the changes in procedures, controls, and sanctions aimed at improving its actions to enhance the management of the tax authority will be developed, as well as strategies for facilitating tax compliance.

This topic also includes improvements in procedures aimed at strengthening the rights of taxpayers and ensuring the reasonableness and objectivity of the actions of the Tax Authority.

The Observatory Dashboard will describe the modifications on a country-by-country basis, breaking down the information thematically, with the indication of the regulation that proposed or applied it, distinguishing its status (approved, under review, rejected, or proposed) by the color of the topic.

In the “Regulation/Validity” column, the legal framework that approved or proposed it will be mentioned. By pressing “Ctrl + Click” on it, users will be able to directly access the full text via a hyperlink.

Not only will the approved laws or regulations be included, but also relevant projects that were rejected, archived, or withdrawn in the Legislative Branch, as well as those that are still under review.

The reason for including those that did not complete their approval lies in the strategic importance assigned to the proposed tax institutes by the authorities. These institutes may be reintroduced in the future or their fiscal strategy may be adopted by another country.

Regarding those still under review, a distinction is made between those presented in the current fiscal year and the delayed projects that began their legislative process earlier, considering that the prolonged passage of time weakens the legislative initiative.

Next, a concise explanation of each tax measure will be provided on a country-by-country basis, including both proposed and enacted reforms. This will conclude with Annex I, “Links to Legal Norms,” where a link will be added to access the respective legal norm containing the change or proposal sought, in order to fully complete the understanding of the analyzed reform.

Regarding the temporal aspect, not only will the main reforms approved this year be included, but also those that begin their application in this fiscal year, even if they were enacted in the previous fiscal year.

Highlighted regulations that were enacted this year but begin their validity in subsequent fiscal years will also be included.

Finally, it is important to highlight that regulatory strategies vary by country, but two types can be distinguished: one that concentrates the reform substantially in a single regulation, and the other that is dispersed normatively, where each topic is proposed separately or presented at different times.

# 2. General executive summary of Latin America (2024 edition)

## Introduction

This year has been very intense in Latin America regarding tax developments, both in terms of fiscal reforms and those related to strengthening tax administration.

This is evident when observing the main reforms grouped by country and by institute (tax, regime, etc.), as they reached a total of 199 (one hundred ninety-nine) modifications. These involved the development or proposal of 87 (eighty-seven) regulatory bodies, including laws, decrees, resolutions, etc., which were embodied in 2,584 articles.

The focus was on the main reforms, and although the intensity varied across countries, there is a noticeable ongoing update of tax systems.

## Tax System

In general terms, two tax policy strategies stand out: one aimed at increasing fiscal revenue by creating new taxes, expanding their bases, or increasing their rates, and the other aimed at simplifying the system by eliminating taxes or reducing the rates of some of them.

Regarding the first strategy, two variants stand out: a) the one that increases the tax burden, or b) the one that strengthens the tax administration to exercise better control over tax evasion.

In the current fiscal year, it was observed that emphasis was placed on the first strategy (in addition to implementing measures to improve the powers of the tax authority) in Brazil (2 new taxes) and Ecuador (3 new taxes), while the second strategy stands out in Chile (28 programs) and Mexico (6 programs).

Regarding the second strategy, which involves simplifying the tax system, Argentina can be mentioned, where the Country Tax (Impuesto PAIS), the fourth-highest in revenue, expired and was not extended.

Additionally, the rates for the Personal Property Tax were reduced. Costa Rica also stands out for repealing the Stamp Tax.

Paraguay was the only country that did not implement reforms to its tax system in the current fiscal year, but it focused on improving the management of the tax authority with the creation of the National Directorate of Tax Revenues (DNIT in Spanish).

Within this entire regulatory landscape of tax reforms in the region, five (5) projects of **substantial reforms** were presented, meaning those that modify the foundations and pillars of the tax system, in Argentina, Colombia, Cuba, Honduras, and the Dominican Republic.

Of these, only Argentina's proposal was enacted, while in Colombia and the Dominican Republic, they were not approved by the legislative body, and in Honduras and Cuba, they are still under review.

This clearly demonstrates the difficulties and obstacles involved in making structural changes to the framework of a tax system.

The essential objectives proposed in the five countries, however, were diverse. In Argentina, the focus was on promoting investments and improving the business climate; in Colombia and Honduras, the goal was to enhance the equity of the system; in the Dominican Republic, it aimed to improve tax revenue to sustain essential public spending; while in Cuba, the focus was on updating the tax system to align with the new economic and social context.

Ecuador was prolific in terms of tax changes, which were reflected in the current fiscal year through two reforms: the first called "Economic Efficiency and Job Creation," and the second titled "To Address the Armed Conflict, Social and Economic Crisis".

Although these reforms made multiple changes, the economic authorities classified them as transitional, announcing that a bill for a substantial reform would be drafted and presented to Congress in 2025, with the ambition that it be long-term and last "for 20 years" according to their intentions.

Among the corrective reforms, the **Income Tax** was the most affected by changes, which were implemented mainly through the creation of regimes with tax benefits for investment, regulation of transfer pricing, the application of minimum taxation on multinational corporations, granting tax relief, exemptions, or exclusions, as well as specific technical issues unique to each country.

Within this framework, it is important to highlight the reform implemented by Argentina, which repealed the Cedular Tax on Higher Income for individuals and, in its place, reintroduced the fourth category of the Income Tax, which is of a global nature.

At the international level, the application of the Global Minimum Tax, outlined in Pillar 2 of the OECD, has emerged for large multinational corporations, with EU countries leading the way.

The strategy in response to this new tax scenario would require countries in the region to take an active approach to capture the resources of their own multinational corporations and a defensive stance. If the country does not cover this additional minimum payment for the companies located within its territory, the countries where the multinational group's headquarters are based will collect these revenues in accordance with the directive of Pillar 2.

Brazil was the first country to implement the tax known as the "Minimum Corporate Tax for Large Multinational Groups," which incorporates the OECD's Pillar II proposal, referring to the application of the global minimum tax rate of 15%.

In 2023, Colombia implemented the "Minimum Tax Rate" with a 15% rate on the adjusted financial profit (TTD). However, unlike the OECD's Pillar II, it applies to all income tax-resident companies, regardless of their revenue level, which creates differences with that model.

Regarding transfer pricing, Brazil repealed its regime known as the "Brazil Model" and fully adopted the OECD Model to improve the international integration of its tax system and thereby avoid existing asymmetries.

Chile also incorporates the arm's length principle in line with OECD criteria. With the reform, it allows the review of business restructurings when the transfer of functions, assets, or risks occurs from abroad to Chile, in accordance with the guidelines of the international organization. Additionally, it clarifies the concept of restructuring, including operations in which related companies modify functions, assets, or risks, terminate their existing agreements or contracts, or make substantial modifications to them.

This country eliminates the 5% penalty applied on the transfer pricing difference and clarifies that adjustments do not affect other taxes under the Income Tax Law, unless expressly stated otherwise.

Finally, it updates the regulations on Advance Pricing Agreements (APA), explicitly allowing for pre-filing meetings, retroactive application of APA (Roll Back APA), and regulation of APA monitoring or follow-up.

For its part, Ecuador repealed the rule exempting the application of the transfer pricing regime to make its application more extensive, while Peru incorporated into its legislation the possibility of retroactive ("rollback") application of bilateral Advance Pricing Agreements (APAs).

Regarding the rules on International Tax Transparency (CFC in Spanish), legislative developments are seen in Chile, where it has been clarified when a controlled entity through related parties is verified, and in Peru, where the requirements for considering a Controlled Foreign Corporation (CFC) were defined. All of

this is aimed at determining the allocation of passive income to the ultimate beneficiary resident in these countries.

Bolivia implemented a regime to identify and transmit the information of the ultimate beneficiary, which is managed by Plurinational Service of Commercial Registry (SEPREC in Spanish), while Costa Rica regulated the Transparency and Ultimate Beneficiaries Registry.

Honduras presented a project implementing a Final Beneficiary Regime, which is delayed in Congress, while Guatemala announced that it would present a similar project in 2025.

In Brazil, the taxation of foreign income for high-income individuals was modified under the Income Tax, specifically regarding financial investments, controlled entities, and foreign trusts. The changes apply on an annual basis, regardless of whether the invested amount has been redeemed.

Regarding the granting of benefits to promote employment in taxation, Ecuador applied it to companies that did not lay off employees in the last quarter of the year. The calculation was based on employee remuneration, with the applicable percentage determined according to the size and income (increasing or decreasing) of the companies. Additionally, Ecuador granted a special 75% deduction on salary expenses for the creation of new job positions.

Given that the region needs an influx of investments to improve its economic development, countries often use the instrument of applying **tax benefits to investments** to incentivize them.

In Argentina, as part of the objective to promote high-impact investments in the economy, the Incentive Regime for Large Investments (RIGI) was applied, offering various tax benefits when such investments exceed 200 million dollars. These benefits are limited to specific economic activities.

For tourism development, Nicaragua established a tax incentive regime for investments in tourism infrastructure, covering the Income Tax, VAT, and the Property Tax, among others, for a period of 10 years.

In the same vein, Ecuador has exempted new productive investments focused on the transition to the generation of non-conventional renewable energy and the production, industrialization, transportation, supply, and commercialization of natural gas and green hydrogen from the Income Tax. Exemptions were also granted for tourism projects in specific areas of the country, with a minimum investment amount. Additionally, a reduction in the income tax rate was implemented for the reinvestment of profits.

In Peru, a tax credit was granted for the reinvestment of profits to the textile, agricultural and irrigation, agro-export, and agro-industrial sectors. Additionally, a special deduction was introduced for the hiring of workers in certain economic activities.

Considering **other tax benefits**, it can be highlighted that in several countries, specific regulations have been enacted granting tax benefits to certain activities.

Regarding these last ones, those applied to the agricultural sector, which is so crucial for the economies of the countries in the region, stand out. In Guatemala, two simplified regimes were created, while in Mexico, the threshold for exemption from the Income Tax under the RESICO regime was raised.

Cuba has issued a series of regulations for this sector, where it reduced the applicable rate of the Personal Income Tax (ISIP in Spanish) to 2%, applied the Sales Tax, and maintained the Agricultural Land Idle Tax in effect.

In turn, Peru grants a tax credit for the reinvestment of profits and a special depreciation regime under the same tax.

In Costa Rica, the law on Tax Exemption Regimes was regulated, including the granting and control of their use and destination. Beneficiaries of laws that provide tax benefits must be up to date with their employer-employee obligations with the Social Security Administration (CCSS in Spanish) and tax obligations with the Ministry of Finance, both for the granting of the exemption and for its enjoyment. The Exonet system is applied for the control of benefits.

Regarding limiting tax expenditure and setting a cap on fiscal benefits, it is worth highlighting Brazil's enactment of the law known as the "fiscal package," which establishes a prohibition on the creation, expansion, or extension of tax benefits in the event of a primary budget deficit. This restriction is lifted in the following year, once a fiscal surplus is achieved.

**Wealth taxation** in the region saw changes in Argentina, where the Personal Property Tax was modified (with a reduction in the rate, the elimination of different taxation between domestic and foreign assets, the creation of a special advance income regime, etc.), and the Real Estate Transfer Tax (ITI) was repealed. In Cuba, the rate of the Idle Land Tax was increased, while in Panama, the Property Tax was modified (with the establishment of two new tables: one for agricultural land and another for the family taxable estate or primary residence).

The modifications to **VAT** were few and of lesser importance, as they did not alter its structure. For example, the rate was increased (Ecuador to 15%), exemptions were granted (Venezuela), the scope of certain tax benefits was limited (Bolivia), export VAT was introduced (Chile), and so on.

Mexico, regarding its application to digital platforms, expanded its scope to include foreign companies that use intermediary platforms when there is local storage.

In Cuba, the proposed Tax Reform currently under review suggests a gradual transition from the current Sales Tax to VAT.

Regarding the **creation of new taxes**, Ecuador introduced three new taxes of an unconventional nature. Two of them are temporary: a) the Temporary Security Contribution (CTS in Spanish), which imposes a surcharge on corporations based on taxable profits for the 2022 fiscal year, and b) the Temporary Contribution on Profits of Banks and Savings and Credit Cooperatives (CTB in Spanish), which applies a surcharge to these entities on taxable profits for 2023.

The third tax is permanent in nature. Although it was created in 2023, it came into effect in the current fiscal year. It is the Single Tax on Sports Betting Operators, which applies a 15% tax on revenue and also imposes a 15% withholding tax on prize winners.

Venezuela permanently implemented the Special Contribution to Social Security, applicable to legal entities, as well as any other partnerships, including irregular or de facto partnerships, whether domiciled in the Bolivarian Republic of Venezuela or not, that engage in economic activities within the national territory. This contribution is aimed at supporting the special protection of social security pensions.

As previously mentioned, Brazil implemented the “Minimum Corporate Tax for Large Multinational Groups” through an additional Social Contribution on Net Profit (CSLL) as part of the Global Anti-Base Erosion Rules (GloBE Rules), which are part of OECD’s “Pillar 2.”

In Latin America, given its economic and social context, **special regimes for taxpayers with lower contributory capacity** are widely applied. Countries in the region have stood out internationally for their innovative approach in implementing these regimes.

In this regard, modifications were made to the regimes in Argentina, Cuba, Ecuador, Guatemala, and Mexico. In Peru, a project is under review in Congress, and in Colombia and the Dominican Republic, reforms were included in proposed bills that did not progress.

In Argentina, the values of the Monotributo (Simplified Regime for Small Taxpayers) were significantly updated, allowing its expansion to include taxpayers with higher revenue.

Meanwhile, in Cuba, the Simplified Taxation Regime was repealed, and its taxpayers were moved to the general regime for self-employed workers (TCP).

In contrast, in Ecuador’s Regime for Taxation of Popular Microenterprises (RIMPE in Spanish), the formula for calculating the resulting tax was modified to a progressive rate, replacing the fixed annual fee. Artisans were excluded from this regime. Additionally, in the RIMPE Entrepreneur regime, an exemption from withholding tax was established when payments are made through electronic means.

Two simplified regimes were created in Guatemala for small taxpayers, targeting: 1) farmers and artisans, and 2) livestock producers. The tax is calculated by applying a low percentage to sales.

In Mexico, under the Trust Regime (RESICO in Spanish), a specific minimum non-taxable amount was established for the Income Tax (IT) related to agricultural, livestock, forestry, and fishing activities.

Considering the existing tax gap, a significant institute in the region's fiscal policies is the **Tax Amnesty**, aimed at regularizing tax obligations and incentivizing the formalization of the economy.

This institute can be divided into two categories: a) full amnesty and b) partial amnesty. The first category covers the principal amount, accessories (interests, surcharges), and fines. The second category includes only the accessories and/or fines.

Lastly, aside from the classification made, in each country, these regimes are given a local name according to their tax doctrine, literature, or jurisprudential construction.

**Full amnesty** can be either costly or free. In the first category, a regularization tax is generally applied, while in the second, it is exempt from such a tax, thus establishing the institute of forgiveness in its application.

The rationale for its application is that in Latin America, a significant portion of wealth remains undeclared to the tax authorities, both within the country and, primarily, abroad.

Therefore, economic authorities apply this institute to revitalize the economy by encouraging the emergence and incorporation of undeclared wealth into the formal economy. In this scheme, the immediate collection of tax revenue often takes a secondary role, especially since the regularization taxes are applied only once. However, they are of interest for expanding the taxable base in future periods for the taxes involved.

Tax amnesty regimes of this kind were enacted in four countries, namely: Argentina (Asset Disclosure), Chile (Voluntary and Extraordinary Procedure for the Declaration of Assets or Income Abroad), Ecuador (Forgiveness of Debts under the RIMPE Popular Businesses and the Financial Relief Regime), and Peru (Exceptional Income Tax Regime).

Each of these regimes has its own characteristics. For example, the "Asset Disclosure" regime enacted in Argentina allows the declaration of both domestic and foreign assets, applying a table where, depending on the date of adherence and the amount declared, a regularization tax must be paid. This tax ranges from an exemption for the first USD 100,000, with progressively increasing rates of 5%, 10%, and 15% applied to subsequent amounts. In other words, the first USD 100,000 was a free amnesty, and the following amounts were subject to a cost with an increasing tax rate.

In Chile, the "Voluntary and Extraordinary Procedure for the Declaration of Assets or Income Abroad" was applied, allowing taxpayers to regularize the situation of any type of assets, currencies, or income located abroad that, while subject to taxes in the country, had not been properly declared or taxed with the corresponding levies.

Under certain circumstances, assets and income located within the country can also be declared when they are beneficiaries of foreign benefits or assets through companies, entities, trusts, fiduciary arrangements, or representatives abroad.

This disclosure is subject to a single and substitute tax, with a rate of 12%, applied to the value of the assets or income determined by the taxpayer. In this country, the focus was on foreign assets or income, and the regime was costly.

In Ecuador, a free full amnesty was granted to small taxpayers under the RIMPE Popular Businesses regimes for the 2022 and 2023 fiscal years (Organic Law of Economic Efficiency and Job Creation and Law for Financial Relief). At the end of the year, the Financial Relief Law also approved the forgiveness of debts up to USD 460 (one minimum wage) that met certain requirements.

Peru applied a Tax Amnesty under the Exceptional Income Tax Regime, where taxpayers must declare their assets, rights, or money and their origin, in addition to depositing the undeclared amount before opting into the regime and making the full payment of the tax. The special tax rate is 10%, with the possibility of reducing it to 7% if the money is repatriated, along with benefits such as the non-application of fines and interest on arrears and protection of confidentiality.

The **partial amnesty**, which does not involve the principal debt, as the payment of the principal is the "conditio sine qua non" for benefiting from the exemption of all or part of the accessories and/or fines.

Its main objective is to encourage the taxpayer to pay their debt by fully or partially forgiving the interest, surcharges, and fines.

In the period under analysis, partial amnesty was applied in 7 (seven) countries, demonstrating the high dynamism of this institute as a widely used tool within tax policy.

The following countries applied partial amnesty: Argentina (Exceptional Regularization Regime for Tax, Customs, and Social Security Obligations), Chile (Early termination of pending judicial proceedings, with forgiveness of fines and interest), Ecuador (Early payment regime) (Remission regime for interest, fines, and surcharges), El Salvador (Facilities for voluntary compliance with tax, customs, and other fines), Mexico (Regularization Program), Panama (Tax Moratorium), and Peru (Special Tax Debt Instalment Regime).

Certain particularities stand out in each country, depending on the strategy adopted. For example, in Argentina and Peru, the forgiveness was graduated based on the adhesion period and the payment method (lump sum or installment payment plans). In Mexico, a debt cap was imposed to exclude large companies from this special regime (which were the biggest beneficiaries of such regimes in the past). In Panama, to join the program, not only the principal payment is required, but also the corresponding fine.

There is a subcategory that can be called **Partial Tax Amnesty for Tax Debts in Controversy or Executive Collection**.

Chile, to address this issue of tax conflict, implemented a temporary regime specifically aimed at debt in administrative, jurisdictional-administrative, and judicial proceedings, called “Early Termination of Judicial Procedures.” Under this regime, if the taxpayer acknowledges the debt, they are granted full forgiveness of interest and fines. Additionally, a specific regularization regime was applied within the Treasury for debts under coercive collection, which also provides full forgiveness of interest and fines.

In this country, a permanent regime was created to offer preferential treatment for SMEs under coercive collection. This allows them to enter into a Payment Agreement for 18 months without interest, with an upfront payment of 5% of the debt.

It is worth noting that in the general Partial Amnesty regimes previously mentioned, many of them also provide the possibility for debt under litigation to be included, provided that the taxpayer withdraws or agrees to the claims in order to join a tax regularization regime (such as in Argentina, Panama, etc.)

In the region, regarding amnesties applied generally, certain peculiar characteristics can be highlighted. For example, Peru applied two regimes, while El Salvador enacted a partial amnesty for the third consecutive year through the regime of facilities for complying with tax and customs obligations.

Furthermore, considering that amnesties are exceptional temporary regimes, it is noteworthy that in Ecuador, in addition to its special regime, a permanent regime was established to forgive 75% of interest and fines, provided that the taxpayer voluntarily pays within 7 days of being notified of the tax determination.

## Tax Administration

Given its essential importance for the application of the tax system, it is important to highlight the measures adopted this year aimed at **strengthening tax administrations**.

In 2024, 66 (sixty-six) programs for the modernization of tax administrations were implemented and another 12 (twelve) were proposed and are currently under legislative review. Chile, Panama, and Mexico have stood out for the measures they have adopted.

Authorities, aware of the importance of tax agencies and the challenges they face due to legal gaps in effectively enforcing tax law, promote modifications that strengthen these agencies by enhancing the powers they have to successfully carry out their duties, both in tax auditing and revenue collection.

Among its objectives is the improvement of processes and the taxpayer-tax authority relationship to facilitate voluntary compliance, as well as enhancements in procedures aimed at strengthening taxpayer rights and ensuring the reasonableness and objectivity of the actions of the tax authorities.

Also, when necessary, the restructuring of tax administrations is proposed. This occurs when the management strategy is modified, requiring a realignment of their competencies and functions to better meet new objectives.

In this regard, two new tax agencies were created during this period. In Argentina, the Tax Collection and Customs Control Agency (ARCA in Spanish) was established to improve efficiency. This autonomous body, dependent on the Ministry of Economy, replaced the Federal Administration of Public Revenues (AFIP in Spanish), which had been created in 1996.

The other innovative agency was the National Directorate of Tax Revenues (DNIT in Spanish) in Paraguay, an autonomous entity that merged tax management, previously under the jurisdiction of the Ministry of Finance and Taxation (SET in Spanish), with Customs, in order to improve fiscal management.

Regarding strengthening tax administrations in specific areas, it is worth highlighting in Argentina the implementation of a block on receiving payments through electronic transfer systems, debit cards, credit cards, payment systems, etc., for taxpayers who are listed by the tax authority in its “unreliable taxpayers” database.

Through the reform known as “tax compliance” approved in Chile, measures were established to: a) modernize the Tax Administration (AT), b) strengthen the National Taxpayer Advocate, c) combat evasion, avoidance, and informality, d) address organized crime, e) improve compliance by large businesses and taxpayers, and f) enhance the procedure for applying the General Anti-Avoidance Rule (GAAR in Spanish).

In turn, Ecuador implemented: a) a self-withholding regime for large taxpayers, b) the controlled foreign company regime, c) the elimination of the exception for applying transfer pricing, d) a registry for operators of the single sports betting tax, e) mandatory banking for tax purposes for transactions over USD 500, and f) an

increase in penalties for failure to provide sales receipts, concealment of assets abroad, non-compliance with information requests, and the application of business closures.

Regarding the sanction of closure, the cases in which it applies were standardized, and its enforcement extends not only to physical establishments but also to the blocking of websites where businesses operate. The applicable procedure for its implementation was also clarified.

Mexico approved the 2025 Federal Income Law, which determined the following: a) the procedure for administrative review or reconsideration is limited to when the SAT determines tax credits, b) the use of technological tools for tax verifications, c) a new guarantee for tax collections, d) that digital tax receipts via the internet have a deadline for their cancellation, and regarding digital stamps, a temporary restriction, e) an increase in criminal penalties for false declarations by taxpayers in tax procedures, and f) higher fines for non-compliance with tax reporting on volumetric controls of hydrocarbons or petroleum products.

Regarding Panama, a reform of the Tax Procedure Code was approved, which includes the creation of Single-Person Tax Administrative Courts. It also regulates appeals, prescription, consultations, the fiscalization period, and information requests, while applying the general anti-avoidance or abuse clause.

In Peru, compliance profiles for taxpayers began to be applied, which involves classifying them to enable better control and monitoring of their tax obligations.

Given the growth of e-commerce through the use of digital intermediary platforms, several countries have adopted measures to prevent the evasion of transactions conducted through these platforms, such as Chile (requirement for starting business activities), Costa Rica (automatic exchange of information), Mexico (extension to foreign companies when there is local storage and 100% VAT withholding), and others.

Regarding electronic invoicing, it is worth highlighting that, in the current fiscal year, Uruguay extended the application of electronic invoicing to all VAT taxpayers after a gradual implementation process.

In El Salvador, the requirements for the issuance of electronic invoices were determined. In Costa Rica, the technical aspects of electronic receipts with tax effects were regulated for implementation in 2025. In Ecuador, specific penalties were established for the failure to deliver or transmit the sales tax receipt. Meanwhile, in Argentina, it became mandatory, for transparency reasons, to differentiate VAT in transactions with final consumers.

The application of the general anti-avoidance or abuse rule (GAAR), which is essential for investigating evasion schemes by large taxpayers who conceal their actual operations through the use of legal structures detached from the substance of real business activities, has been extended worldwide and to nearly all countries in

our region. This year, Chile made changes to the procedure of the rule it has implemented, while Panama introduced it in the reform to its Tax Procedure Code.

Another subtopic to support tax auditing involves actions to encourage citizen reporting in cases of tax evasion. Chile implemented this through its Tax Compliance Law, offering a reward of 10% of what is effectively recovered by the tax authority. Colombia proposed the same procedure, but with a 20% reward; however, it could not be applied as the Financing Law, which contained this provision, was not approved.

It is also worth noting that important projects aimed at strengthening tax administration were not approved in this fiscal year in Brazil, Costa Rica, Cuba, Honduras, and the Dominican Republic. However, in many of these cases, authorities will continue to push for their approval in the next fiscal year, given their strategic importance.

# Conclusion

As a final reflection, it can be noted that there is a high level of dynamism in the modifications to tax legislation in the countries of the region, which generates the ongoing debate between the benefits of stability versus the need for reforms to tax systems.

In some countries, priority was given to modifications to tax legislation, in others, to the modernization of tax administration, and in some cases, both strategies were adopted simultaneously.

At this point, it must be emphasized that the socio-economic context of the countries in our region is dynamic, as are the institutes applied. The new forms of avoidance and evasion require a novel and as immediate as possible response, both in terms of regulation and the management of the tax authority.

It should also not be overlooked that tax policy is part of economic policy, and within this framework, the need to incentivize certain investments or economic activities requires tax benefits. At the same time, it is necessary to analyze and limit those benefits granted in previous periods that have already fulfilled their objectives, in order to avoid excessive increases in tax expenditure.

The formalization of taxpayers and their assets becomes an essential requirement for the development of the economy, allowing for a healthy tax system where the tax base and contributing taxpayers are expanded. This ensures that each taxpayer pays their fair share of taxes and thus contributes to the financing of the state's essential expenditures.

For this purpose, both the increase in control over these sectors and the application of mechanisms for the disclosure of assets are considered viable measures.

The accumulation of debts can have multiple causes, but when they arise from national or regional economic crises, specific industries, or reasonable particular situations, they require the state's attention for their normalization.

At the same time, it is necessary to limit the existence of habitual defaulters or unreliable taxpayers, meaning those whose business is tax non-compliance, as they harm not only the tax authority's revenue but also healthy market competition.

All of this leads us to the conclusion that this significant dynamism in Latin American countries, beyond theoretical debates, responds to a permanent need within their tax systems and the adaptations of their tax authorities to new socio-economic contexts. Therefore, these changes will continue, with the hope that both their own experiences and those of other countries in the region can be mutually leveraged to achieve the most successful reforms possible.

The objective of this comparative study of these reforms is to expand knowledge of them and to subsequently analyze the feasibility of leveraging them according to the tax needs of each country.

The central issue is not whether reforms are necessary or not in a general theoretical debate, but whether the ones being applied contain the appropriate institutes and characteristics according to each socio-economic and cultural context, in order to achieve the intended objective when they were formulated.

Finally, we must not forget that if a reform is technically poorly designed, it will not only fail to achieve its intended goals but, unfortunately, it may end up worsening the underlying situation that motivated it.