



## **52<sup>nd</sup> CIAT General Assembly**

### **WORLD CLASS TAX ADMINISTRATION**

### **FOSTERING SUCCESSFUL RELATIONSHIPS WITH KEY STAKEHOLDERS BOTH DOMESTICALLY AND INTERNATIONALLY**

#### **Topic 2**

**“The Tax administration as a Pillar of the State: its partnerships with other public and administrative bodies and state services”**

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**FEDERAL ADMINISTRATION OF PUBLIC REVENUE**

**Argentine Republic**

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## I. PREFACE

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This work is intended to present the experience of the Argentine tax administration, on the path to intergovernmental collaboration and integration.

Firstly, this work describes the reasons why the tax administration is considered a Pillar of the State, analyzed from two points of view: as a genuine financing source and as a leader to fuel cooperation among the various bodies that integrate the state.

It then describes the structural advantages that place the administration in a privileged position to be the engine for this change, also considering the limitations to be faced to meet this challenge.

Lastly, it looks at some experiences that have already been implemented and other that are being developed, which are expected to be of interest for those countries that are currently following similar paths.

## II. INTRODUCTION

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In this work we will address the issue of the tax administration as a pillar of the state, which could be analyzed from several aspects. Nevertheless, there are two outstanding aspects, namely, one that refers to the essential function of ensuring tax solvency, and the other from a collaborative approach with the other institutions which make up the state based on modern visions of integration, complementation and simplification.

Now then, both visions are subsidiary, since it would not be possible to consider a collaborative approach if the actual resources to undertake the challenge were not present.

A tax administration that contributes to the balance of public finances is in turn the source of data and vital resources for the design of economic, social and security policies. Furthermore, the collaboration it may provide to the rest of the state is embedded with them.

For many years, one of the main strengths of tax bodies was a strong shielding, which built the reliability of citizens by maintaining and ensuring that all data from taxpayers and companies were used in a responsible manner for audit or facilitation purposes in tax matters.

But this limitation to the access of tax information does not apply to external bodies only where the only means to overcome tax secrecy is a court order, but also internally, due to security policies which accurately outline the relevant abilities and skills, user profiles and the conditions under which the information is available.

This shielding of data which for years represented an appreciated strength, whenever new needs and demands from the modern state arise, must be reconsidered within the framework of a model of state that accepts complexity and does not transfer it, is able to cut down information requests to the citizens, resolve issues faster, with less intervention, by using the available data, and without violating the tax secrecy.

So here is a real challenge in terms of the need to harmonize the expectations of the citizens of a more efficient state, and the reliability on the tax administration which has a considerable impact on the level of voluntary compliance.

Tax solvency and a collaborative approach, in modern times, must be harmonized for the good of all citizens.

From this angle, we seek to recognize restricting factors, favourable conditions and challenges that our tax administrations must face and share some of the activities that are being implemented in Argentina regarding this issue and the intended future.

We are convinced that this is not a generous approach of the tax administration, but its participation as an active factor that has an impact on the development of a country, without losing its identity and independence.

This impact may not remain anchored exclusively in the traditional view of reducing compliance costs, favouring competitiveness and objectifying control, through administration tools. To make progress, tax administrations must be encouraged to exploit their possibilities to improve performance of other sectors of the state, based on complementation and integration, rather than collaterally.

Maybe this will imply the development of new visions, learning new approaches and, from time to time, the assumption of new risks. Undoubtedly, leadership by tax administrations implies the responsibility of accepting and tackling this type of changes.

Finally, we would like to highlight the fundamental role of technology in order to face this challenge, which makes it possible to integrate the visions, and to explore functionalities which otherwise would not be even ideally conceived. At this point, technology outpaces its natural condition as a means in this task, proposing complex, improved, facilitating and more cost-effective scenarios, establishing more accurate relations and also providing more effectiveness to the communication, while maximizing the scopes and accelerating answers.

### **III. THE TAX ADMINISTRATION AS A PILLAR: CONCEPTUAL FRAMEWORK**

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For many years the value of tax administrations within the framework of the state has been recognized in these and other areas, as well as their leadership, complexity and vocation of permanent improvement.

We have learned valuable lessons from successful improvements as well as from our mistakes; we became aware of the need to look beyond the sphere of individual nations to which we belong, we have detected and engaged in new learning and above all we have increased, without a break, cooperation as a method.

We refer not only to the activity arising from these international areas, including sharing experiences, technical cooperation and assistance, formal exchange of information to strengthen our audit behaviours and being more assertive, fostering modernization to the administration, new skills and so on, but also to the cooperation and interoperability among the various governmental entities.

We have also understood that cooperation is a must, due to the latest demands from the public, going beyond a peripheral task to become something closer to substantial.

As a summary only, and save the omission of important stages, we present the following evolutionary timeline of tax administrations:

- 1) Their initial objective was securing tax solvency
- 2) Next, securing tax solvency in an inter-temporally.
- 3) Later, adding quality to the collection duty, since tax administrations deal with citizens who have rights and –not only- obligations.
- 4) Joining efforts with other national and sub-national collection bodies
- 5) Generating an international work agenda with guidelines that harmonize the tasks among the different countries.

Undoubtedly, throughout this process tax administrations have improved, but unintentionally they have also become key actors regarding the design of public policies, from approaches that were not completely identified. And this situation is not new; we are not discovering it now. Tax administrations are only preparing to provide this additional service in the best possible manner, without impairing or infringing the nature of their work.

With this in mind, we would like to indicate that our role has more prevalence on the state than what is naturally recognized. Thus, we will dedicate a space to describe the

two approaches arising from this argument, in an attempt to outline two clear profiles that clearly indicate that the tax administration is a pillar of the state.

## **I. NATURAL APPROACH**

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We know that the tax administration is in charge of implementing the national tax policy, thus becoming the main source of genuine financing to the state. In the case of Argentina, because AFIP (Argentine tax administration) is a single agency that concentrates public income, fiscal policy covers tax and Customs matters, as well as Social Security resources.

For developed countries and for countries that are constantly overcoming crisis and that do not always have access to external financing at reasonable rates alike, it is imperative to have an efficient tax administration which is capable of facing state expenditures while ensuring tax solvency necessary to comply with its obligations, that is, financing the rights of the citizens.

Tax solvency implies short and long-term thinking, since the income necessary for the national budget of each fiscal year has to be guaranteed, as well as for future budgets. We carry out audit and facilitation tasks for the fulfilment of tax obligations, seeking to maximize the application of taxes, on equity and transparency levels. We find no need to go in detail into this well-known issue by all tax administrations.

## **II. COLLABORATIVE APPROACH**

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The modern state has adapted the bureaucratic organization, in the most positive meaning of this term, to the design of an inter-governmental collaboration network. The traditional division of responsibilities should operate in an atmosphere of increasing collaboration.

Planning and financial and social needs should be tackled with global and uniform strategies which make it imperative to integrate data and skills by the different bodies of the state, in order to maximize the chances of a successful administration.

This undoubtedly implies the action of respecting the different structures of those bodies, as well as not infringing the guarantees as to the confidential nature of certain data.<sup>1</sup>

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<sup>1</sup> In Argentina there are three legal provisions that guarantee the confidentiality of data: the tax secrecy, the statistical secrecy and the protection of personal data.



This undoubtedly implies the action of respecting the different structures of those bodies, as well as not infringing the guarantees as to the confidential nature of certain data.

This action is basically a proper coordination, in which the tax administration has a clear leadership status. Leadership should not be understood as a position of supremacy over the rest of the public administration, but as a guidance condition for reference in the intelligent use of information for the benefit of the state as a whole and of the citizens as final recipients.

The tax administration does not gather all financial and social data of the country, but has an important part of it in terms of quality, quantity, mainstreaming and opportunity. Only a few state bodies have access to almost online data covering all financial activity and able to draw conclusions on the social aspect of the population.

In the next paragraphs we will seek to explore the benefits of considering the tax administration as a pillar of the state in this collaborative approach.

## **IV. STRUCTURAL BENEFITS**

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Before analyzing the benefits of a tax administration to become a pillar of the state, it is necessary to identify the relevant public bodies that have a universal scope on the population and for more than one particular issue.

As a reference framework to understand the idea of universal scope, we can mention one of the most important policies that a state may have as is education, where the learning curriculum is focused on certain age groups<sup>2</sup>.

Consequently, we can acknowledge certain benefits that are not necessarily present in most of the public institutions, and that tax administrations have in order to carry out their tasks.

### **I. TERRITORIAL NETWORK**

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The scope of action of the national tax administration is the whole country, and all citizens are its potential objective.

In Argentina, there are 273 AFIP branches throughout the country dealing with tax and social security issues, including the mobile branches and 251 branches dedicated to Customs<sup>3</sup> issues.

The territorial network is a very valuable asset due to its installation and maintenance expenses. In times of e-finances and management, where physical attendance is falling behind, having access to an installed capacity is of a considerable value, since it enables the integration of proceedings in charge of other bodies in a single physical place and implies the presence of the state in distant geographical areas or with low digital penetration.

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<sup>2</sup> Clarification: the reference does not imply a level of importance but the specificity of each of the state policies. Specificity is a condition necessary for the state to perform its duties in the best possible manner.

<sup>3</sup> Customs include branches, districts, customer service centers, Customs of registry, border crossings, port and airport posts, guards and Customer service mobile units. It does not include tax warehouses or in-house Customs.

Actually, each public institution may assess, given the need to increase the territorial capillarity, integration into a pre-existing infrastructure by economies of scale, implementation speed and public awareness.

This situation becomes relevant in countries of significant size in situations of concurrent universes and in the treatment of large volumes of data.

## II. AVAILABLE INFORMATION

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The tax administration has large amounts of data that allow it to carry out audit activities properly. It is undoubtedly one of the bodies with access to more data, and in the case of Argentina, because AFIP is a single agency, in addition to tax data, it collects Customs and social security data.

Furthermore, usually the tax administration keeps and uses data from other bodies including the National Registry of Persons, Land or Vehicles Registries, financial investments registries and other bank products registries, among others.

From this perspective the tax administration is a natural concentrator of data and normally provides assistance in tax matters, including to the Ministry of Finance to assess the fiscal cost of fiscal changes projects.

But clearly this is not the only possibility of assistance; it may also help to define policies regarding improvements in competitiveness and production, development of certain geographical sectors, allocation of allowances by interest groups, and so on.

## III. INSTALLED CAPACITY OF COMMUNICATION AND CONTACT

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This is a benefit that supplements what was stated in IV.I above and is related to the intense communication that the tax administration maintains with customers.

There are not many lists as extensive as the tax registry, or of such frequent contact as with taxes, given the periodicity of the fiscal obligations. This reality enables a direct and ongoing relationship with the citizens, since at least one a year there is some kind of communication between the tax administration and natural and legal persons.

There are several communication channels used by the tax administrations:

- **Physical/ Territorial contact:** it refers to the branches mentioned in IV.I above are an instrument and an opportunity of communication still very widespread.

- **Telephone contact:** it refers to the traditional Call or Contact Centre and it covers also the possibility of communicating by voice and by means of messaging applications. It includes incoming calls and outbound campaigns.
- **Electronic means interaction:** it refers to web portals with compliance applications (for instance for the submission of tax returns and payment, tax account and registry, and so on) and support portals (e-libraries, FAQs, web queries, tutorials, guidelines and so on), in desktop environments as well as in mobile applications.
- **Social network interactions:** even when this refer to electronic environments, which may be included in the previous classification, they are segregated for being spheres not administered by the tax administration, but spaces where the tax administration is one more user. Tax administrations have frequent participation in Twitter, YouTube and Facebook and incipient participation in Instagram, LinkedIn and some virtual local spaces.

This multiplicity of channels presents vital opportunities to provide information and services to the citizens and to complement efforts among the various state institutions.

#### **IV. ABILITY TO MANAGE COMPLEXITIES AND VOLUMES**

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The huge number of stakeholders implied and of existing tax obligations (submission, payment, data, reimbursement, and so on), added to the existence of expiration dates and terms and conditions of compliance, together with the natural opposition of interests between the administration and taxpayers where an audit is carried out, make the tax administration an environment of complexity and volume difficult to find somewhere else.

The number of universes being managed range from citizens to companies, from small to large taxpayers, occasional or frequent, for profit or non-profit.

This diversity of universes entails the development of communication and administrations abilities able to be assimilated by each of each of the universes, in an environment ruled by deadlines, terms and conditions and diverse realities.

In turn, complexity results not only from variety but also from quantity, since a large amount of simple tasks eventually becomes complex. A clear example is posed by the simplified tax systems<sup>4</sup>, where the obligations are simplified by reason of their

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<sup>4</sup> In Argentina, “Monotributo” refers to the simplified tax system for small taxpayers

denomination, but at the same time the number of persons registered under this system implies challenges in terms of administration, requests and tensions.

From this same perspective, it is possible to consider the important number of data that must be handled in a specified time period, with the highest possible assertiveness, and with different objectives (mainly facilitation or audit). Without this process, the tax administration task may not be carried out efficiently as it should, and with the expected anticipation.

By way of example only, we would like to mention some representative figures of those volumes: the daily average of authorizations of fiscal passwords processed is 1,290,000, and of access to web services is 1,800,000. The amount of active CUITs (Unique Tax Identification Code) is 5,651,448 with an annual increase of 5% and there are six thousand million of registries with information on employers and employees since 1994 to date.

But undoubtedly one of the main challenges recently faced by the tax administration was the development of the systems and handling of data originated in the Tax Disclosure Law (Disclosure of assets).

This law was published in the Official Gazette on July 22, 2016 and the web service necessary to disclose the assets was online on August 1 of that same year. Due to the complexity of the disclosure process, AFIP started to design the web application with the draft law sent to the Congress on May 21, 2016; therefore it had 61 running days for the design, development and implementation of the web application.

The law provided for the disclosure of undeclared assets, benefits for compliant taxpayers, understood as those who had declared all of their assets, and payment facility plans for those who had to settle debts, which included cancellation of interest from late payment.

Furthermore, the system implied updates regarding previous disclosure processes, based on which new experience and abilities were developed. The law provided for the possibility of paying the special tax through overseas transfers and through the redemption of bonds and besides it allowed for the substitution of the tax through the subscription of public bonds or common investment funds in productive activities.

In addition, the application developed interacted with third parties who had to confirm data disclosed by the taxpayer, in order to verify the valuation of the real property disclosed as well as to accept the transfer of ownership of an asset declared on behalf of another individual.

It was necessary to combine different aliquots according to dates, payment method and type of asset to be declared, harmonize the different assets according to their valuation rules, tax bases and location (local or abroad).

As a result of the above, the electronic interaction with other public and private bodies including financial entities, the Central Bank of the Argentine Republic [Banco Central de la República Argentina], the National Securities Commission, the Ministry of Finances, the Auctioneer Associations, had to be envisaged.

The following were the results obtained between August 1, 2016 and March 31, 2017, the period of validity of the Tax Disclosure System:

- Disclosure of assets and capital:
  - \$1,744,000,000,000 (U\$S116,800,000,000) of disclosed assets
  - 254,700 of disclosed taxpayers.

The level of contingencies was lower than 3% and they refer to specific and temporary system drawbacks, doubts related to interpretation or involuntary mistakes by users.

- **Benefits for compliant taxpayers** (who did not declare assets)
  - **653,065** confirmation of taxpayer tax returns
  - **541,178** wealth tax exemption for 3 years
- **Settlement of debt by means of payment plans with waivers**
  - **568,000** Plans submitted by **475.000** taxpayers
  - **\$117,000,000,000** of debt settled
- **Increase of the data base of wealth tax:**
  - **+495% of assets located overseas** (1000% real property, 520% bank accounts and 482% investments)
  - **+94% of the total assets** (183% investments, 105% bank accounts, 54% real property and 30% other assets)

## V. DRIVER OF STANDARDS

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The implementation of a unique tax identification code<sup>5</sup> throughout the country and the allocation of an access code (e.g. AFIP fiscal password) for the web pages restricted menus, to the whole universe of customers represent the most natural and extended standardization, originated in a tax administration.

We refer to mechanisms of identification and authentication, with legal support allowing for their use by other public and even private institutions.

Among the main procedures that require the use of fiscal passwords, we can mention the following: submission of tax returns, generation of electronic payment receipts, proof of filing, application for certificates and data query of the tax current account, among others.

Another authentication standard used is the e-signature, which allows the application of a mathematic algorithm to a document, which code of access is of exclusive knowledge of the signatory and that allows to detect, after signing, any adulteration of the document or the signatory<sup>6</sup>.

Electronic invoicing systems that bring uniformity to the documentation of the trade operations of taxpayers with each other and with individuals, is another clear example of standardization, just like the exchange of information protocols regarding foreign trade.

This standardization is not fostered only as a result of the legal powers granted to the tax administration, but also as a result of the success in its implementation and use by other public and private stakeholders.

To measure the scope of this standardization, there follows a list of some relevant data on what was implemented in Argentina:

- Number of active CUITs: 14,130,000

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<sup>5</sup> “CUIT” is the Unique Tax Identification Code for taxpayers, “CUIL” is the Unique Worker Identification Code for the employees and “CDI” is the Identification Password for all citizens. They all have the same structure and composition (11 digits and one verifier). This identifier is used by AFIP and the Social Security administration and is also requested by financial entities and property registries.

<sup>6</sup> The e-signature, established by Law N° 25506, promoted its use for all the national public administration and AFIP implemented it as of 2009.

- Number of active CUILs: 44,100,000
- Number of active CDIs: 360,000
- Number of fiscal passwords: 16,000,000
- Fiscal passwords transferred to other users: 17,000,000
- Services authorized through fiscal password: 599, out of which 445 belong to AFIP and 154 to other organizations.
- User bodies of fiscal password platform: 44
- Annual average of issued electronic invoices: 1,465,000,000

## **VI. HIGH NUMBER OF PROFESSIONAL PERSONNEL**

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Some of the benefits previously mentioned result from the fact that tax administrations are state bodies with a high number of human resources who are highly trained and professional.

Professionals in the field of economy, law and IT are among the most usual examples, but they are not the only ones. Engineers, sociologists and educators complete the list, in order to be able to face the administration task from all possible sides.

The meeting of these specialties expands not only knowledge but also the understanding and adaptation ability of the tax administration to the variability and volatility in today's world.

There are 21,755 public officers working at the tax administration in Argentina, out of which almost 60% have completed university training in accordance with the tasks carried out at the institution.



## **V. LIMITATIONS AND RESTRAINING FACTORS**

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The title of this chapter seeks to show those reference points that delineate our possibilities of developing the collaborative approach required by the state as a whole.

It does not necessarily refer to obstacles, but rather to schemes, ideas, concepts, initiatives and laws that should be obeyed to develop cooperation in an environment of legitimacy and equity.

There is a variety of development environments, cultural habits not necessarily similar, user preferences and legal framework which demand a wide and secure vision in the interoperability. The intention is to guarantee the universality of the scope and compliance of the law in the activities individually or collectively undertaken with the rest of the state.

From this perspective, the paragraphs below should be understood as challenges rather than restrictions.

### **I. DEVELOPMENT OF INFRASTRUCTURE AND BEHAVIOURAL ATTITUDES**

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The distance between the access and the appropriation of technology covers different elements and many of them are present in our country, namely the following: the geographical element given by the existence of a large territory, the social-economic element generated by different levels of income and education of the population and the cultural element generated by customs and consumptions which make it necessary for the communication infrastructure to be permanently developed.

Connectivity becomes complex not only due to the lack of adequate infrastructure, but also because of the limited access capacity and because of the digital skills of the potential users.

By way of example we can mention age groups (senior citizens) who still prefer face to face contact with someone who can help them solve their transactions and assure them that they will be performed successfully. Probably the reason of this preference is the lack of regular use of digital tools.

Still on the theme of the behavioural attitudes, there is a weak culture of banking penetration of transactions, from the trader perspective as from the customer alike. There is a great resistance by a sector of the population to use credit/debit cards, bank transfers, or other e-payment methods.

At this behavioural level, there are two concurrent factors that have a negative impact, one related to the digital divide mentioned before, and another referring to informality when concealing certain operations or activities to reduce tax burden.

## II. LEGAL FRAMEWORK

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Tax and statistical secrecy and personal data protection are intended to preserve the information and to protect the public. Tax secrecy<sup>7</sup> covers all data received by the taxpayers that reveal their economic, patrimonial and financial capacity.

Regarding the statistical secrecy<sup>8</sup>, the law established that the data collected for this purpose are strictly confidential. At this point the tax administration is a provider of data for the National Statistics System and as such is reached by the reserve obligation.

Regarding the protection personal<sup>9</sup> data, it is a traditional legal reserve to preserve the information it collects "...guarantee the right to honor and privacy..." of the citizens that covers files, registries, databases intended to provide reports. This obligation also

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<sup>7</sup> Second paragraph of section 101 of Law N° 11.683

<sup>8</sup> According to sections 10 and 13 of Law N° 17622: section 10- "All data provided to the bodies that integrate the National Statistical System in compliance with this Law, shall be strictly confidential and may only be used with statistical purposes..." Section 13- "Any person who by reason of his position or duties, becomes aware of statistical or census data is obliged to keep absolute reserve."

<sup>9</sup> According to sections 1 and 10 of Law N° 25326: Section 1 "This law is intended to protect in a comprehensive manner all personal data kept in files, registries, databases, or other technical means of data management, whether this data be public or private and intended to provide reports, to guarantee the right to honor and privacy of persons, as well as the access to personal data kept, in accordance to the provisions of section 43, third paragraph of the National Constitution.

The provisions of this law shall also be applied, whenever relevant, to the data related to legal persons.

Under no circumstances may the database or the journalistic source of data be affected."

Section 10: The responsible person and all persons involved in any stage of the management of personal data are obliged to maintain the professional secrecy in connection therewith. Such obligation shall remain in force even after the termination of their relationship with the owner of the data file. 2. The obliged person may be relieved from his secrecy duty by virtue of a court order and whenever there are substantial grounds related to public security, national defense or public health."

applies to professionals who directly or indirectly relate to the data and remains in force even after the termination of the relationship with the client (data owner)

Within this secrecy framework, the guardian of the data (in this case, the tax administration) may allow access to the protected data only if mandated by a court order and whenever there are grounded reasons (public security, national defence or tax loss) to do so.

From this perspective, the tax administration is not the owner of this data, but rather its responsible custodian. Furthermore, this limitation applies to the tax administration officials and to the rest of the state officials alike, as the persons who have access to data on a citizen are not allowed to reveal it under no circumstances

Public-awareness of the facts that have recently mobilized public opinion worldwide referred to the social network Facebook account for the responsibility implied in data protection and the risks arising from its vulnerability.

Now then, this legal framework intended to safeguard the rights of the citizens as to the managing of data, does not prevent its sharing in the proper manner.

### **III. ADMINISTRATION BODY**

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AFIP is an entity in charge of implementing national tax and Customs policies, applying the related legal provisions.

It is in charge of managing the application, collection, audit and control of national taxes, social security resources and foreign trade-related activities, fostering voluntary compliance, economic development and social inclusion.

In principle, the nature of a tax administration tasks may be interpreted as a strong limitation in the participation of the design and implementation of policies. However, cooperation allows for different levels of participation, and there is no need to play a central role in all cases.

Cooperation essentially involves participation, without regard to intensity, permanence or prominence. Even when the tax administration manages and applies the tax definitions which are beyond its scope, it is also in a position to establish unilaterally or in partnership with other institutions policies regarding voluntary compliance, compliance cost- reduction and financial inclusion, among others.

#### **IV. PRIORITY AGENDA**

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Each body has its priorities that do not necessarily match with the priorities of other state institutions with which should or may share processes and procedures.

The harmonization of this agenda may be a difficult task to attain since each entity must comply with their own functions, as required by the specific rules that govern them and by the political expectations. Besides, each entity is accountable to superior bodies and control bodies that demand the planned performance.

This juxtaposition of priorities not necessarily coordinated may result in delays, excessive costs, frustration, inefficiencies and even conflict between the institutions. It is necessary that one of the stakeholders play a coordinator role, which harmonizes with the expectations of the participants in the cooperation and defines the priority in accordance with a more comprehensive strategy.

#### **V. TECHNOLOGICAL STAGE**

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The digital divide is not exclusive of citizens since it also covers the various bodies integrating the state and it comprises the quality of technological infrastructure, connectivity, knowledge of new tools and criteria to transform data into relevant information.

In this aspect the different bodies of the state should provide their experience and technology to overcome restrictions, harmonizing the capacities to use the ICT in an efficient and uniform manner.

This item does not only refer to the coordination of standards, languages, database engines or hardware, but also to the capacity of choosing what adjusts best to the objective target audience of this collaborative environment, whether for the provision of services or the performance of more effective controls.

## **VI. CHALLENGES**

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Having mentioned the advantages and restraining factors the tax administration has, the challenges it has to face on its way to government integration have to be considered.

On this way it is necessary to develop the capacity of transforming the restraining factors into opportunities and understanding that the administration also participates as:

- A pillar of the economic and institutional development
- A balancing factor of public finance
- A source of information for the public policy-making process

The tax administration must face the challenges reactively and proactively, having a double role or answering, as well as anticipating the demands and needs of the citizenship.

### **I. FACILITATING AND MAXIMIZING THE SCOPE OF CONNECTIVITY**

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There is a nationwide installed capacity of connectivity with the citizenship that not all state bodies have or need to have.

The high level of presence/contact that the tax administration needs and already has with the citizenship clearly shows the important work that has been done and that is worth sharing with the rest of the state agencies and used by them, acknowledging at the same time that it can still be improved.

There is no doubt of the costs implied in developing a connectivity network for each government entity that needs to keep in contact with a group of citizens. The redundancy of these costs for the State could be replaced by using the capillarity effect of the tax administration's communicational network.

The development of the single window concept will lead to a great scale economy and to an enhanced facilitation for citizens, as it will allow them to connect with all government entities through a single point of contact, without prejudice of the localization of the entity in charge of the relevant formality or request.

In this regard, the challenge of integration is linked to the development of competences or interfaces that will enable solving citizenship requests with a cross-

cutting approach; this is, by the tax administration together with all the other public entities involved.

## **II. SUPPORTING THE POLICY-MAKING PROCESS**

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In this regard, the tax administrations' contribution is not limited to the delivery of information, but it also includes even instrumental issues that could bring to reality certain policies by means of, either sharing technology, procedures, information, expertise and training so as to improve the business environment, as well as to anticipate behaviours or crisis; or being a sensor of economic activity.

Changes of the international or national policies, disaster or emergency situations, strengthening the subsidies mechanisms, make the tax administration a timely natural catalyst of change.

As examples of cases in which AFIP has helped enhancing assertiveness of certain policies we can mention the adaptation or focalization of the incentives or restrictions to Foreign Trade, the debureaucratization adopted as a public policy, the definition of the scope of the VAT refunds to vulnerable economic sectors, the definition of areas in economic emergency or in commercial risk due to excessive cross-border trade with neighbouring countries, among others.

## **III. RESPONDING TO DEMANDS AND ANTICIPATING THEM**

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The tax administration has various customer service channels to provide solutions to the citizens' demands. By this we mean links with Business Chambers and Professional Associations, management of queries and claims, social networks, the official web site and face-to-face service in all regional offices.

But the acceleration of change in a VUCA<sup>10</sup> world shows that this array of channels or capacities is not enough. It is necessary to progress in the interpretation and even anticipation of these demands, foreseeing solutions even before the problems arise or avoiding the users to make support requests derived from the lack of coordination between entities.

To this end, the tax administration has to be foresighted, timely, adaptable to change and focus its efforts, not only in substantial internal processes, but in the actual capacity of the end users of understanding and complying with their fiscal and other

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<sup>10</sup> Acronym for volatility, uncertainty, complexity and ambiguity.

obligations, the ultimate goal of this being enhancing and facilitating the relationship between the State and the Citizenship.

As a clear example of this situation we can mention the formalities shared by more than one agency where the steps made in one serve as a starting point to the formalities required by the other. The usual view ignores the concept of internal customer, as each body determines its own procedure and ends its responsibility once the stage in which it is involved is finalized. This position absolutely ignores the unity of the user before the State.

The real and correct interpretation of the demand would imply unifying the whole process of formalities, independently of the amount of government bodies involved. In order to achieve this, it is necessary to undergo a previous collaboration process between all the nodes so as to identify how each stage can be improved in preparation for the following one.

Years ago, in order to start the process of obtaining the pension benefits in Argentina it was necessary to have a debt clearance certificate in pension matters which was issued by AFIP. Once the certificate was obtained, the pension benefit was claimed in the ANSES (National Social Security Administration).

This process implied that the citizen claiming his pension benefits had to go to both entities at least seven times. This has changed as a collaborative analysis performed by these entities allowed achieving an integrated procedure. The equation is quite simple, given that the lack of integration used to generate costs both for the government and the citizen.

In most cases, the debt clearance certificate obtained in AFIP led to the assignment of a lower pension than the one the citizen was entitled to, and this was the result of running the process in a similar way for all cases without understanding the effect it had in the following step.

In this case, the integration was possible after analysing the demand, identifying the different cases and understanding the process as a single one with two intervening bodies.

#### **IV. PROCESS INTEGRATION / CLIENT (CITIZEN) CONVERGENCE**

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As a specificity of the previous title, but given that it is a substantive issue, it is necessary to start from the already exemplified premise, that all procedures and formalities that involve more than one organization must be developed jointly.

Each one of them will access the information of its strict competence and will facilitate the use both to internal users and to the external users, using a single platform and interface which will lead to the unification of the user experience (avoiding different formats, different forms of access, different technologies, and documents with similar contents but dissimilar parameters).

The use of a single platform reduces time and costs, it avoids the need of providing similar information more than once it, and it simplifies and harmonizes the learning process of the users of the multiple government procedures.

Additionally, this integration also allows covering all the extension of our territory, bringing the State closer to the citizens.

A quite often case is the submittal of balance sheets by legal entities that are required to file this documentation by multiple enforcement or financial entities by different means (hard copies and electronic versions).

Because of this case, AFIP developed the "Unique Presentation of Balance Sheets" on its web site which allows taxpayers submitting the balance sheets on this platform and later sharing it to any entity that requires it just entering the CUIT of the recipient.

## **V. PROTECTING INFORMATION**

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The fact that AFIP is legally prevented from providing data that violates tax, statistical and personal data secrecy provisions, as well as the idea that it is possible sharing information with the appropriate safeguards has already been mentioned in point V.II.

Based on this understanding, it is possible to create procedures that allow delivering information to other bodies that need it for their decision-making process or to carry out activities, without breaching confidentiality.

This concept is based on the approach of providing solutions and not data, sharing knowledge through the information produced based on universes and not on individual cases.

In addition, it is necessary to analyze the limits of the legal prohibition. In the case of fiscal secrecy, the tax administration is allowed to deliver information on the compliance of payments (not its details), filings of tax declarations and ex officio assessments as long as they do not contain information of a patrimonial nature.

On the other hand the provisions on personal data protection allow sharing citizens' data on condition of having their express consent to do so.



By way of example, we can mention that historically AFIP provided information on import transactions to the Business Chambers who requested it in order to discover possible dumping cases. A legal analysis of this situation posed doubt on the compliance with the fiscal and statistical secrecy provisions in place, in spite of the good will with which the information was provided.

Once this problem was detected, a system of aggregate information was developed that enables identifying dumping cases without revealing specific transactions or operators. In this way the delivery of information was ensured.

## **VII. CASES OF INTEGRATION WITH OTHER AGENCIES**

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We have made gradual but steady progress on the way to intergovernmental integration and collaboration making use of strengths and overcoming our limitations and restricting factors.

With a greater or lesser degree of development, all tax administrations have an installed capacity and a generalized interface; they handle large volumes of information and offer solutions to the problems that arise with a different level of frequency.

This scenario has allowed rendering services that are a usual part of the daily function of administering taxes and integrating processed with other bodies, some of which are going to be explained in the titles below.

Finally, it is worth mentioning that the awareness by the citizenship of the State information integration leads to a notorious increase in the risk perception, a greater zeal when providing correct data and the growth of voluntary compliance given the facilitation of the formalities.

### **I. SUPPORT TO OTHER JURISDICTIONS IN REVENUE COLLECTION**

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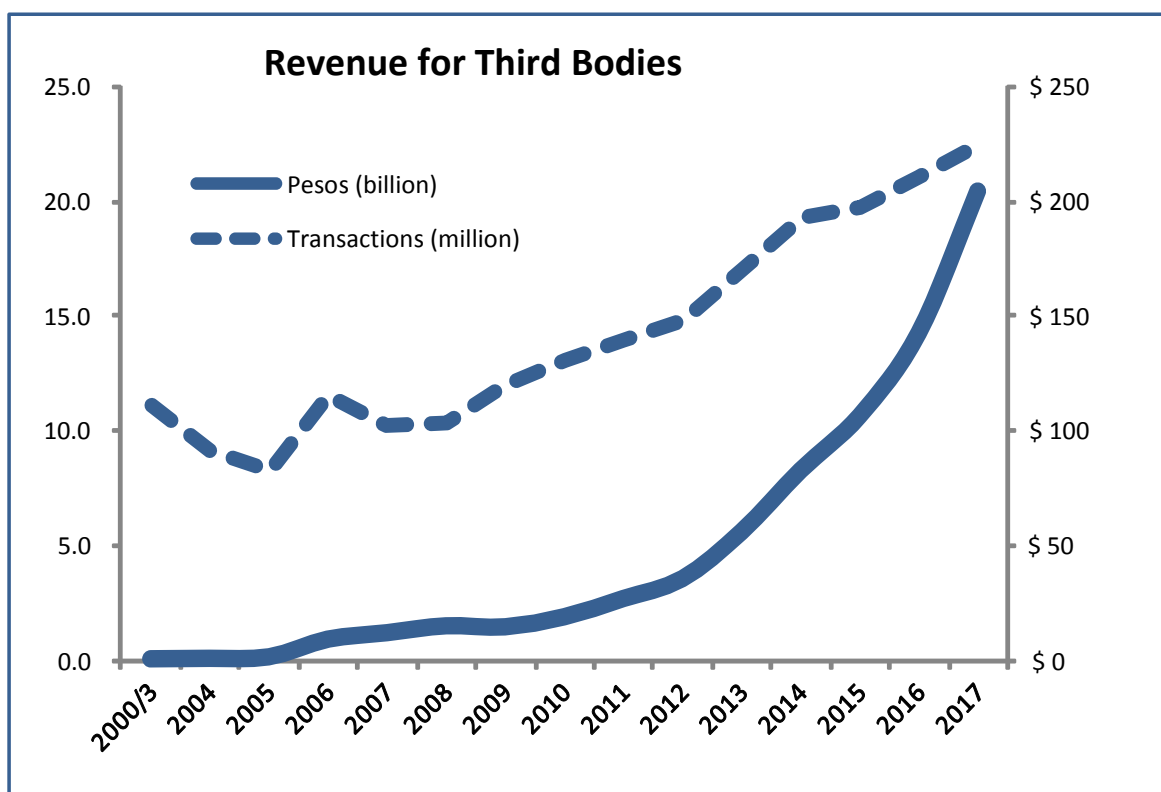
Within a model of natural collaboration, AFIP shares the use of its revenue registration and distribution platform OSIRIS, it provides information from the tax registry, on the filing of Income Tax (income) and VAT (consumption) tax returns and social security (employers) to the provincial tax administrations.

It also provides the service of tax and/or duties collection both to provincial tax administrations and third agencies.

In both collaboration instances, more than 20 million transactions are captured annually (tax returns and payments). During 2017 alone \$204 billion have been collected on:

- ✓ Services rendered to the province (including the Autonomous City of Buenos Aires - CABA)
  - Turnover Tax (ISIB) – Multilateral Convention
    - \$96.5439 billion in 2017
    - Beneficiaries: CABA and the 23 provincial jurisdictions
  - Provincial tax collection in 2017 (Turnover Tax, Stamps, and so on.)
    - \$66.475 billion in 2017
    - Beneficiaries: CABA and 11 provincial jurisdictions
  - Customs collection of Turnover Tax
    - \$19.677 billion in 2017
    - Beneficiaries: CABA and the 23 provincial jurisdictions
- ✓ Services rendered to third bodies
  - General National Treasury
    - \$17.955 billion in 2017
    - Beneficiaries: General National Treasury and other 21 agencies (FIU, National Securities Commission, National Migration Office, Environment Ministry, Agribusiness Ministry, Civil Aviation National Administration - ANAC, National Communications Office - ENACOM, State Property Administration Agency - AABE, and so on.).
  - Other bodies
    - \$3.312 billion (pesos) in 2017
    - Beneficiaries: Property Registries (Real Estate Registry in the Autonomous City of Buenos Aires and Motor Vehicles Registry in all the country) in La Matanza and Rosario municipalities, Córdoba Pension Fund, etc.

The following diagram shows the historic evolution of transactions and collected pesos:



Just to mention more recent data, in April 2018 more than 1.9 billion transactions have been processed and more than \$22.9 billion have been distributed to other agencies. This information is detailed in Annex I.

The collaboration procedure works as follows:

- Within the framework of OSIRIS the revenue inflows through all the mechanisms used by the beneficiary agencies, such as: electronic capture of tax returns, home apps, web apps, electronic or paper payment tickets (VEP), web services, etc.
- The capture of tax returns and the reception of the reports on payments made by revenue collection entities (banks and collection entities), ends in two daily processes:
  - The Central Bank of the Argentine Republic (BCRA) debits the funds and credits them to the beneficiary's entity; and
  - AFIP makes the information on those transactions available for the entities by means of an e-window system.

## **II. COOPERATION WITH OTHER ENFORCEMENT BODIES**

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AFIP is by nature an enforcement agency and this leads to a natural partnership with other entities entrusted with oversight and control tasks.

In this context, together with the Ministry of Agribusiness and ARBA (Buenos Aires Province tax administration) AFIP has put in place an exchange of information mechanism which is used to control the cattle commercialization chain.

The measures consist in requiring an advance payment of a fixed amount on account of several taxes (Value Added Tax, Social Security contributions and Turnover tax of Buenos Aires province) as a mandatory condition to get the authorization to slaughter each animal. The payment is reported online by AFIP to the Ministry of Agribusiness that distributes the sum among the agencies involved.

During the first stage of implementation of this regime, the total amount of operators in the sector increased 13%, the sales for consumption disclosed by cold storage facilities rose 85% and the VAT payments throve a 130%.

Thus, the results show that the control costs of the involved bodies decreased while the risk perception increased, the availability of information, as well as the formality of the cattle and beef value chain was enhanced.

## **III. AUTHENITCATION STANDARD**

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At a national level AFIP interacts with individuals and legal persons mostly via internet.

Local tax administrations are also rapidly expanding their “virtual counters” as they overcome technological restrictions, and as taxpayers adapt to the new way of interacting with the State.

This situation led to different jurisdictions applying a different authentication method which makes interaction more complex for those who perform their economic activities in several jurisdictions at the same time.

For this reason, standardization of authentication methods becomes a *must* if the multiple virtual platforms with which the taxpayer has to interact are to be combined.

AFIP has developed its authentication mechanism which is in place since 2003. It uses a password called “*clave fiscal*” (fiscal password) which was the method used by banks and other virtual platforms at the time it was implemented.

Although it is a simple mechanism, there are not many cases of rejection by third parties outside de tax administration, and in those cases when it happened the reason has always been the lack of safeguard by the taxpayer of a confidential data, such as his/her fiscal password.

The soundness of this authentication method is favoured by the existence of other mechanisms providing for the online delegation of powers, to avoid the taxpayer 'lending' his fiscal password, for example, to his tax advisor. It has been foreseen to issue the password with levels (face-to-face, remote or with a token), related to the possibility of performing more or less web formalities, depending on how the password was obtained.

According to what was mentioned on page 16 of this paper, there currently are around 16 million active fiscal passwords, including provincial and municipal jurisdictions, and in turn, there are 17 million delegations of powers derived from these passwords.

The general use of the fiscal password in different jurisdictions has allowed unifying the administration and support of the method, the harmonization of a method known to the taxpayers, as well as paving the way for the government single window.

#### **IV. SINGLE WINDOWS**

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These are three cases of integration in single windows that are currently under implementation:

##### **DISTRIBUTION OF SOCIAL SECURITY FUNDS**

The reference to Social Security goes beyond tax collection or jobs, as it also implies the dignity and labour rights of people, thus exceeding associated indicators and figures alone.

There is a social aim of full inclusion behind this issue, as a non registered worker is left out of health programs, occupational safety, and pensions, among others.

The Single Window for Social Security Resources is an achievement both from the control, revenue and audit perspective; but also in terms of service rendering as it brings together all the competent government bodies and non-governmental entities.

The single window in this case includes the registration of employment relationships, the monthly declaration of employment and the distribution of funds, as follows:

- **Registration of employment relationships:**

The program known as *Mi Simplificación* (My simplification) jointly developed by AFIP and the Ministry of Labour has consolidated and facilitates the registration of employees so as to attack the whole structure of informal labour.

This program consists of a single online registration of employees in real time in all the Social Security interconnected agencies and it is accessed using the fiscal password.

It concentrates at least six independent registers (pension fund, health programs, labour risk insurance, PAMI - public health insurance agency, etc.) that used to interact separately which the resulting risk of registering inconsistent information.

There currently is a unique source of social security data which contains reliable and complete information.

- **Monthly unified employment declaration**

Employers must monthly make a unified filing of the details or identification of their workers, their salaries and all other labour data by means of a platform that issues a proforma declaration which the taxpayer adjusts in the differences it might contain. This platform enables the interaction between the employers' ERP (*Enterprise Resource Planning*) and the automation of the process.

This unification and automation has substantially enhanced internal control, the correct allocation of resources, the creation of dual controls (employer/employee, bodies that receive resources vs. revenue collection body, etc.), an increase in the risk perception, and the transparency of government management.

- **Distribution of Social security funds**

For the integration to be successful collecting taxes is not enough, the challenge of distributing resources in a correct and timely manner (on a daily basis) between all the receptors must be catered for.

The fund distribution process is a daily one and it is based on the accuracy of the information obtained from the above mentioned components. The allocation of funds is made in a nominative way for each declared worker comprising all the existing labour attributes (disability, regional benefits, leaves of absence, etc.) and it is distributed electronically to the around 400 bodies that need the funds to be operational and that have been previously mentioned.

Here are some of the data contained in the single window for social security:

- There are more than 6 billion records stored that are available on line for both internal and external consultation by means of the web applications that serve employers, workers and bodies alike
- On an annual basis, an average of \$ 935 billion is collected for other bodies, which are distributed as follows: 62% to the Pension fund, 17% to health insurance plans, 9% for occupational safety, 9% for health plans for retirees and pensioners), and 3% to others (union associations and others).
- This distribution reaches:
  - 13,200,000 workers (on the payroll, freelancers within the general tax system or within the simplified tax regime, household workers)
  - 565,000 employers

#### **SINGLE WINDOW FOR FOREIGN TRADE - VUCE**

VUCE is a web portal that integrates all procedures and formalities related to foreign trade. A first version is implemented and it is still being developed nationwide with a view to facilitating the introduction of Argentine exports in the global value chains, improving competitiveness of local companies.

The aim of this tool is simplifying and centralizing the necessary formalities to export and to import, fostering the use of new technologies, reducing costs, improving controls, seeking a greater transparency and precision of current processes.

VUCE is being implemented within the framework of the World Customs Organization's (WCO) recommendations and its SAFE Framework of Standards, as well as the World Trade Organization (WTO) Trade Facilitation Agreement.

Up to date, four Pilot projects have been implemented with different enforcement authorities for the following activities:

1. Grain exports – Integration of Customs with UCECSI (food and agriculture market control) and SENASA (agrifood safety control) – Implemented in December 2016
2. Wine exports – Integration of Customs with the INV (National Wine Institute) - Implemented in December 2016
3. Electric Safety Certifications – Integration of Customs with the Ministry of Production - under development
4. Exports of poultry - Integration of Customs with SENASA - under development

Within this framework, the scheme of electronic interventions in place with the bodies involved in foreign trade produced the following results:

1. Wine Exports with the National Wine Institute – **27,000 declarations per year**
2. Sworn Declaration on Products Composition by the Trade Secretariat – **40,000 declarations per year**. This declaration is mandatory requirement for the importation of textiles, footwear and yarn.
3. Wooden Pallets SENASA – **400,000 declarations per year**
4. Exports of poultry SENASA – **6,500 declarations per year**
5. Control of imports for consumption - SIMI - **700,000 declarations per year**

### **UNIFIED TAX REGISTRY AND TAX RETURNS ON NATIONAL AND PROVINCIAL TAXES ON CONSUMPTION**

The coordination between the different jurisdictions of the tax administration (national, provincial and municipal) has a high level of complexity due to the lack of uniformity in their legal frameworks, which in some cases leads to conflicting interests.

Thus, a previous step to the collaboration and integration is the alignment of these differences.

In this context, AFIP has proposed moving forward towards a unified tax declaration for taxes on consumption with a general application that complies with the legal requirements of the different government jurisdictions.

To the moment the articulation of some processes and registries has been achieved and this facilitates the integration and shared use of information, for example: the unification of activity codes, the identifications of domiciles and assets, the filling in and submittal of declarations, payment channels, and so on.

The ultimate goal is reducing operational, financial, taxpayer services and technological costs, and ensuring consistent information in all jurisdictions so as to increase risk perception in taxpayers.

For citizens it will imply a decrease in compliance costs and facilitation of formalities, as they will access a unique portal and with one single tax return they will be able to comply with all their obligations before domestic tax administrations at all levels.

The following projects are in the process of implementation:

#### **1. Simplified Tax Regime for Small Taxpayers**



It will merge the national, provincial and municipal simplified regimes of those taxpayers who do not assess taxes but pay a standard monthly fee.

This requires harmonizing the regulations of different government levels and having a unified register of taxpayers included in this regime all in one same web site.

This single payment that will later be distributed between the relevant jurisdictions, will replace the payments small taxpayers make in different jurisdictions.

## **2. Integration of taxable bases of national VAT and provincial turnover tax**

The taxable bases of VAT and the turnover tax have similar characteristics which will allow developing a joint tax return.

Currently, the filling in and submittal of tax returns is done via web, so an application is being developed that will validate the data between national and provincial taxes. The taxpayer first makes his/her VAT declaration, and then only completes the additional information required for the Turnover Tax.

This will allow to set alarms in case inconsistencies arise comparing both taxes so as to maximize risk perception and facilitate control. It will also imply a cost reduction in submittal for taxpayers.

## **V. SOCIAL, FINANCIAL AND DIGITAL INCLUSION**

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Inclusion in all its forms is an inevitable goal of public policy, and the different areas of government –each through its competence- promote actions that tend to achieve it.

This objective can be seen from different perspectives. The most traditional one sees social inclusion as the process that seeks to include the part of population that is in the margins of society - usually caused by poverty and the disregard of their existence - into the full exercise of citizenship.

However, there are other visions associated to more specific levels of exclusion, such as the lack of access to financial instruments or to digital consumption.

If a country seeks formality as a favourable environment for its development, then inclusion becomes nearly an imperative, even for tax administrations, as it represents a better and greater opportunity of ensuring fiscal revenue.

In a more traditional approach, inclusion means public policies focused on the exercise of the citizenship rights by the whole of the population. Within this approach is where the tax administration can actively collaborate.

These are different views on inclusion in which the tax administration can actively participate:

- **Social inclusion**

All the existing regimes of simplified taxation that allow or facilitate the formalization of autonomous activities to precarious taxpayers or the ones who just begin their taxable activities, are examples of “tax inclusion”.

However, there are other spheres of inclusion also addressed by the tax administration that seek incorporating the population into formal labour without a revenue expectation.

The regime for household workers, which regulates domestic employment, is an inclusion engine which in Argentina is jointly implemented by the Ministry of Labour, the Ministry of Social Development and AFIP. This regime stimulates the employers to declare their workers and at the same time simplifies the employees’ registration procedures.

All efforts made by AFIP in this realm clearly do not have an equivalent result in revenue. But the sought goal is the amount of household employees declared which means that these people will have access to health services and a future pension.

The population universe reached by this line of inclusion is 530,000 household workers and 3,600,000 taxpayers registered in AFIP in the simplified tax regime.

- **Digital inclusion**

It is very clear that technology is an essential means for the tax administration to deliver its tasks and that, from year to year, virtual or digital scenarios grow in scope, availability and power.

More and better web and/or mobile services are being permanently developed but the access to them finds obstacles in the digital divide that exists between the different population sectors or geographical regions.

Although the digital development of a nation is more under the scope of a Ministry of Modernization or a similar body, nevertheless the tax administration has a relevant role to play in this process, as it provides a constant motivation to the collateral use of this type of digital media.

In this context, AFIP has been developing alternative web and mobile portals for specific sectors of society that need conditions that are closer to their level of digital consumption.

The Simplified Tax Regime and the Household Workers Regime already have exclusive web portals and work is being done to have identical possibilities for travellers, employees and citizens in general.

It is not a matter of simply developing a specific portal or a mobile application in particular, but of incorporating the UX concept in the already developed interfaces so as to facilitate the use by this universe of users, who usually work on a self-management way.

In Argentina, the definition was jointly drafted by AFIP and the Ministry of Modernization, the same as the development of the respective applications. The profile of the target users was taken into consideration during the initial phase, the field tests, the later validation and final development of the product.

The inclusion project does not end with these applications, but it is complemented by a customer service model based on self-management, which naturally and seamlessly integrates into the government single window system.

Finally, support is also provided within a collaborative approach together with the Ministry of Modernization, and the assessment of the implementation is done using satisfaction measurements and Analytics.

- **Financial inclusion**

As regards financial inclusion, the temptation of relating it directly to the formalization of transactions by means of banking penetration can distract us from the ultimate goal of inclusion.

We are not going to refer to the obligation of using specific payment methods for the validation of fiscal credit or deductions in taxes –already well known mechanisms. On the contrary, we are going to limit ourselves to previous stages where the access to financial instrument poses a challenge.

The tax administration together with financial entities and the Central Bank of the Argentine Republic are natural propellers that design and implement financial products that can be applied for the compliance of fiscal obligations.

The fact that opening a savings account in a bank is free of charge, that salaries must be deposited in bank accounts, that on a mandatory basis fiscal payments must be done solely by electronic means are all measures of financial inclusion that prepare a scenario for future formalization based on the compliance of very simple obligations.

In Argentina, shops must accept banking means of payment on a mandatory basis to ensure that consumers can use their banking interfaces when purchasing a product or hiring a service. In this regard, AFIP has established a schedule for businesses to acquire electronic Point-Of-Sale terminals and has also developed a mobile application for consumers to easily denounce the shops that do not accept banking payments.

On the other hand, the providers of the electronic terminals, based on the regulations issued by the Central Bank of the Argentine Republic, offer bonuses and discounts for the purchase of the devices that comply with all the requirements. The virtuous circle is closed with the possibility given to consumers and traders alike of opening a free savings account, the first ones to make payments and the second ones to receive the produce of their sales.

## **VI. VALIDATING THE IMPLEMENTATION OF POLICIES**

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The tax administration is in possession of sensitive information which serves as a source for, not only fiscal, but also public policy making and validation processes.

As it has already been mentioned the tax administration has tax, customs and social security data, covering a wide scope of information that is useful for nearly all the areas of the State.

Just as an example, we can mention some practical implications of this issue:

- **Information on the amount of employees per province:** is the base for banking entities to decide where to open branches and/or ATMs (financial logistics).

It also helps labour insurance companies to decide where to open customer service centres (health logistics) and to infer the type of activities performed in each region, as well as which regions are more prone to labour risks.

- **Aggregate information on foreign trade:**
  - Allows determining mostly imported goods, identifying the sectors of the national industry that have to be promoted and /or subsidized, and developing specific labour training mechanisms for the workers that those sectors will require.
  - Allows identifying possible dumping cases and taking the relevant measures.
  
- **Information on the value chain:** enables informing the relevant authorities on the specific sectors that need more incentives for its economic development, as well as where to find gaps for evasion, informality or unfair competition. The policy decision process derived from this information might foster transparency, formalization, sanitary controls in case food or medical products are involved, registration of undeclared workers, and so on.

Summing up, the exchange of this information opens an endless range which is only limited by the material and intellectual capacity of integration.

## **VII. SUPPORTING THE DEVELOPMENT OF COMPETITIVE SECTORS**

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The first idea naturally arising from this topic is how the tax and customs information is used for the assessment of import or export duties to encourage or discourage the development of certain commercialization or production chain.

Additionally, it is also possible to establish payment facilitation programs for companies in productive transformation, that is, those that need a fiscal relief in order to be able to reconvert and improve its production standards. AFIP and the Ministry of Production are jointly defining a specific payment schedule for companies that are accepted into the National Program for Productive Transformation.

The development of logistics infrastructure can also be oriented or prioritized based on the analysis of the trade movement by geographical area and time of the year. This will cater for the need for roads and railroads, bonded warehouses, logistic centres in border crossings.

Likewise, the study of the increase of the tax burden in Foreign Trade operations allows establishing simplified export or import regimes to promote the development of foreign trade in the SMEs sector.

Simultaneously, the interpretation of the information stored in the tax administration based on Analytics, allows to anticipate the behaviour of economic sectors and to foresee the treatment of undesired situations, such as, financial crisis in a sector, unfair competition due to smuggling or dumping, possible payment ceases, and so on.

Finally, intensifying joint controls on informal economic sectors allows a better development of the sector for the usual compliant actors. The strategy of carrying out a joint control on the meat sector which has already been explained in point VII.2 is an excellent example of intergovernmental collaboration.

## **VIII. UNIQUE SYSTEM OF AGRICULTURAL INFORMATION**

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The control of the grain sector has historically meant the development of control strategies that over time have stacked up registers, export duties regimes, payments on account, control on the issuance of transit documents, cadastral identification, control on the yield per hectare, among others.

Currently, this complex control system is undergoing a reviewing process so as to strike a balance between the simplification and the control of the transactions in this sector.

A Unique System of Agricultural Information is being developed that will deliver information to the Ministry of Agribusiness, to SENASA, to INASE (in charge of controlling seeds) and that will replace four existing registries: the Fiscal Registry of Seeds Operators, the Registry of Rural Lands, the Record of Producers within the Simplified Tax Regime and the Registry of Production Capacity.

The taxpayer will access AFIP website using his/her fiscal password to make all transactions in one single platform (registrations, modifications, deregistrations, consultations on his/her requests, categories within the record and declared hectares).

This system simplifies and facilitates the interaction between taxpayers and the different bodies, reducing costs and taking the physical concurrence to the agencies to a minimum. The system will enable carrying out systemic control on the consistency of the uploaded data, as well as, delivering harmonized and consolidated information to all involved bodies.

## IX. OTHER EXAMPLES

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- **Human Resources Administration System**, that enables a comprehensive management of all staff. This tool has been designed by AFIP and made available to other government bodies.
- **System for the management of judicial notifications** in fiscal proceedings initiated by AFIP for the processing and lifting of seizures. This system has been shared with the main local tax administrations.
- **Simplified Stock Companies** (SAS for its acronym in Spanish). In 2017 this new type of company has been created. It is oriented at facilitating the incorporation of small partnerships of entrepreneurs. A SAS can be incorporated in 48 hours, getting within this period of time its legal and tax status. To this end, the process of creation of the SAS includes the legal entity's relevant local enforcement authority, AFIP and the local tax administration of the corresponding jurisdiction. The integration is made in a single web platform, speeding up the procedure and reducing costs and time.

## VIII. FINAL REMARKS

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The government integration must follow a path of permanent improvement within the context of a society in constant change. It must not be seen as a mere process of enhancement, but as a mandatory demand from society, that is waiting for concrete and timely responses to its requests and from the global collaborative environment.

It implies constantly reviewing government processes with the aim of detecting opportunities for collaboration and integration, as well as to develop the response capacities and the anticipation of demands.

This challenge starts by developing the necessary capacities to share and integrate information, without losing the individuality and functionality of each agency, safeguarding all the data declared by the taxpayers.

This will in turn reap concrete benefits, such as: the reduction of costs for the State and citizens, the improvement of the population's quality of life, an enhanced efficiency of the administration, more effective controls, the regularization of various situations of informality, among others. It is well proven that the perception of a solid State where all its bodies work jointly leads citizens to improve their behaviour.

Finally, the collaboration mentioned throughout this paper can only rely on the most valuable asset of a tax administration: its human capital. It is the resource that has the necessary skills and motivation to become the engine of the synergy that will allow overcoming this challenge successfully.



## IX. ANNEX I

### OSIRIS REVENUE FOR APRIL 2018

RECAUDACION PROVINCIAS, MUNICIPIOS Y OTROS ORG - Abril 2018																
	TOTALES				SIRPEI				SIFERE				CONTRIBUYENTES LOCALES			
	Web	TRANS.	Web (1)	PESOS	Web	TRANS.	Web	PESOS	Web	TRANS.	Web	PESOS	Web	TRANS.	Web	PESOS
Ciudad BSAs	99%	195.550	99%	\$ 7.312.370.809	0%	0	99%	\$ 2.458.515.119	99%	0	99%	\$ 2.458.515.119	99%	195.550	100%	\$ 4.374.709.958
Buenos Aires	100%	15.777	98%	\$ 3.181.207.777	0%	0	98%	\$ 2.235.366.101	100%	0	100%	\$ 2.235.366.101	100%	15.777	100%	\$ 15.641.646
Catamarca	99%	182	99%	\$ 46.739.567	0%	0	99%	\$ 41.974.467	98%	0	98%	\$ 41.974.467	98%	182	78%	\$ 99.126
Córdoba	95%	109.557	94%	\$ 1.515.574.188	0%	0	99%	\$ 833.415.441	95%	0	95%	\$ 833.415.441	95%	109.557	85%	\$ 496.888.884
Corrientes	0%	0	97%	\$ 101.064.429	0%	0	97%	\$ 89.619.900	0%	0	0%	\$ 89.619.900	0%	0	0%	\$ 0
Chaco	0%	0	99%	\$ 131.414.088	0%	0	98%	\$ 114.237.883	0%	0	98%	\$ 114.237.883	0%	0	0%	\$ 0
Chubut	0%	0	99%	\$ 315.075.317	0%	0	99%	\$ 271.646.219	0%	0	99%	\$ 271.646.219	0%	0	0%	\$ 0
Entre Ríos	69%	193.402	87%	\$ 695.107.225	0%	0	98%	\$ 238.520.788	69%	0	69%	\$ 238.520.788	69%	193.402	80%	\$ 428.541.684
Formosa	0%	0	98%	\$ 59.875.230	0%	0	98%	\$ 55.664.060	0%	0	98%	\$ 55.664.060	0%	0	0%	\$ 0
Jujuy	82%	7.577	96%	\$ 104.248.236	0%	0	99%	\$ 82.019.316	82%	0	82%	\$ 82.019.316	82%	7.577	78%	\$ 13.325.766
La Pampa	0%	0	99%	\$ 124.860.280	0%	0	99%	\$ 115.803.226	0%	0	99%	\$ 115.803.226	0%	0	0%	\$ 0
La Rioja	0%	0	98%	\$ 50.772.656	0%	0	98%	\$ 45.317.759	0%	0	98%	\$ 45.317.759	0%	0	0%	\$ 0
Mendoza	80%	183.638	97%	\$ 1.116.199.779	0%	0	99%	\$ 375.930.023	80%	0	80%	\$ 375.930.023	80%	183.638	96%	\$ 693.385.275
Misiones	0%	0	99%	\$ 148.419.625	0%	0	99%	\$ 135.300.337	0%	0	99%	\$ 135.300.337	0%	0	0%	\$ 0
Neuquén	98%	22.773	100%	\$ 672.039.787	0%	0	100%	\$ 586.667.282	98%	0	98%	\$ 586.667.282	98%	22.773	98%	\$ 40.085.006
Río Negro	69%	2.068	98%	\$ 246.131.404	0%	0	99%	\$ 216.597.529	69%	0	69%	\$ 216.597.529	69%	2.068	84%	\$ 17.434.628
Salta	100%	15	99%	\$ 190.492.269	0%	0	99%	\$ 165.586.184	100%	0	100%	\$ 165.586.184	100%	15	100%	\$ 589
San Juan	0%	0	98%	\$ 96.254.574	0%	0	98%	\$ 84.535.553	0%	0	98%	\$ 84.535.553	0%	0	0%	\$ 0
San Luis	0%	0	99%	\$ 104.373.101	0%	0	99%	\$ 90.812.434	0%	0	99%	\$ 90.812.434	0%	0	0%	\$ 0
Santa Cruz	89%	31.485	97%	\$ 298.136.935	0%	0	100%	\$ 189.768.719	89%	0	89%	\$ 189.768.719	89%	31.485	92%	\$ 95.318.644
Santa Fe	58%	276.657	80%	\$ 1.862.136.011	0%	0	99%	\$ 700.502.582	58%	0	58%	\$ 700.502.582	58%	276.657	67%	\$ 986.722.959
S. del Estero	0%	0	98%	\$ 79.152.221	0%	0	98%	\$ 70.730.911	0%	0	98%	\$ 70.730.911	0%	0	0%	\$ 0
T. del Fuego	0%	0	100%	\$ 200.007.289	0%	0	100%	\$ 130.891.073	0%	0	100%	\$ 130.891.073	0%	0	0%	\$ 0
Tucumán	0%	0	98%	\$ 323.285.194	0%	0	98%	\$ 281.418.353	0%	0	98%	\$ 281.418.353	0%	0	0%	\$ 0
Compartidos	92%	722.667	0%	\$ 0	92%	722.667	0%	\$ 0	92%	722.667	0%	\$ 0	92%	722.667	0%	\$ 0
TGN	70%	8.097	89%	\$ 3.586.981.742	0%	0	0%	0	70%	8.097	89%	\$ 3.586.981.742	70%	8.097	89%	\$ 3.586.981.742
ONCCA	0%	6	0%	\$ 8.150	0%	0	0%	0	0%	6	0%	\$ 8.150	0%	6	0%	\$ 8.150
Caja CBA	100%	1.065	0%	\$ 0	0%	0	0%	0	100%	1.065	0%	\$ 0	100%	1.065	0%	\$ 0
Mun. Rosario	65%	43.449	93%	\$ 221.410.652	0%	0	0%	0	65%	43.449	93%	\$ 221.410.652	65%	43.449	93%	\$ 221.410.652
Mun. La Matanza	72%	21.850	92%	\$ 123.082.344	0%	0	0%	0	72%	21.850	92%	\$ 123.082.344	72%	21.850	92%	\$ 123.082.344
Reg. Prop. Inmueble	99%	1.317	99%	\$ 520.450	0%	0	0%	0	99%	1.317	99%	\$ 520.450	99%	1.317	99%	\$ 520.450
Reg. Prop. Automotor	100%	24.370	100%	\$ 17.224.328	0%	0	0%	0	100%	24.370	100%	\$ 17.224.328	100%	24.370	100%	\$ 17.224.328
Correo	100%	40.576	92%	\$ 4.869.120	0%	0	0%	0	100%	40.576	92%	\$ 4.869.120	100%	40.576	92%	\$ 4.869.120
<b>TOTALES</b>	<b>83,64%</b>	<b>1.902.078</b>	<b>94,76%</b>	<b>\$ 22.929.034.780</b>	<b>91,72%</b>	<b>722.667</b>	<b>98,58%</b>	<b>\$ 9.610.841.260</b>	<b>78,70%</b>	<b>1.179.411</b>	<b>91,46%</b>	<b>\$ 11.116.250.951</b>	<b>78,70%</b>	<b>1.179.411</b>	<b>91,46%</b>	<b>\$ 11.116.250.951</b>

## **X. ANNEX II**

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### **GLOSSARY**

AFIP - Federal Administration of Public Revenue / Argentine Tax administration

ANSES - National Social Security Administration

ARBA - Buenos Aires Province Tax Administration

CDI - Identification Code for citizens

CUIL - Unique Worker Identification Code for the employees

CUIT – Unique Tax Identification Code

INASE - National Seed Institute

INV - National Wine Institute

SENASA - National Agrifood Health and Quality Service

UCECSI – Assessment and Coordination Unit for Subsidies on Domestic consumption

VEP – Electronic payment ticket

VUCE - Single Window for Foreign Trade