



Inter-American Center of Tax Administration (CIAT) Declaration on the Promotion of Ethics In the Tax Administration

PREAMBLE

The CIAT member countries, meeting in Havana, Cuba; on occasion of the 53rd General Assembly of CIAT.

CONSIDERING

- The endorsement by the CIAT members at the 30th General Assembly in 1996 in Santo Domingo, Dominican Republic, of the Charter-document “Minimum Necessary Attributes for a sound and efficient administration.”
- The decision adopted at the 37th CIAT General Assembly held in Cancun, Mexico, in March 2003, to help Member States to strengthen their integrity programs.
- The commitment made at the 38th CIAT General Assembly held in Cochabamba, Bolivia, in March 2004, to support the mandate given to the CIAT Executive Council, regarding the development of a Model Code of Conduct and consider other mechanisms for promoting ethics in the tax administration.
- The publication of the first version of the Declaration of Promotion of Ethics in the 39th CIAT General Assembly held in Buenos Aires, Argentina, on April 19, 2005.
- The CIAT declaration in 2011 in Quito, at the 45th General Assembly, whose main theme was the Tax Morale as determining factor in improving the efficiency of tax administration.
- The 50th General Assembly of Mexico of 2016, where the 1996 Declaration of the Dominican Republic was renewed.
- The work of the CIAT Permanent Committee on Ethics, which is an institutional expression of the CIAT commitment to the ethical performance of tax administrations (TAs). This work has allowed, since its inception, the development



of tools and instruments to promote ethical performance within organizations, and the implementation of codes of conduct and internal control manuals in member countries. It has disseminated examples of good practices in this area and encourages and promotes a program of ensuring the integrity and values of the tax administration, and the fight against corruption.

RECOGNIZING

- The continuing efforts of member countries to ensure the ethical strengthening of their tax administrations.
- That the challenges of globalization, the digital economy and other tax-related trends have implications in the ethical performance of individuals within the public institutions dedicated to this work, and require them to constantly improve their skills and performance.
- That corruption gravely affects the national economies, stifles growth prospects, slows the fight against inequality and undermines the prestige of the institutions.
- That tax administrations play a key role in collecting the public resources needed to meet the social and economic objectives of countries.
- That how a country manages its tax policies and the perception that citizens have of the formality and integrity of government depends largely on how they perceive the tax administration.
- That integrity is a fundamental value for all countries, with corruption remaining a critical issue that can severely limit the ability of the tax administration to fulfill its mission by seriously undermining the voluntary compliance with tax obligations.

Based on the foregoing, CIAT member countries in the regular session of the General Assembly propose:



Second Declaration on the Promotion of Ethics in Tax Administration

- That compliance with the ethical and legal requirements deriving from the principle of transparency and ethical performance and the need to progress with good fiscal governance are basic principles inspiring the daily operation of tax administrations. They guide and give meaning to voluntary compliance with tax obligations by preventing and combating tax fraud and promote the continuous improvement of the services provided to taxpayers.
- That integrity rules in tax administration that are unclear, or too demanding, or not respected, cause a loss of confidence and respect by taxpayers and this adversely affects the fundamental premise on which systems of voluntary compliance and self-assessment are based.
- That transparency and accountability are essential practices to evaluate the performance of a tax administration, and its tax officials and employees, in order to build social consensus on taxation as a tool for development.
- That the expected behavior of tax officials must be communicated.
- That because of their positions, tax officials face situations of particular vulnerability and ethical risk.
- That some of the functions performed in a tax administration may expose to corruption risks

AFFIRMING

- That it must be a priority for all governments to demonstrate their political will and commitment to ensure that tax administrations are free of corruption.
- That promoting integrity in the tax administration is a proactive, continuous, and preventive process that requires the implementation of measures and comprehensive long-term strategies.
- That it is important for CIAT to support its member countries in promoting and maintaining integrity in the tax administration.



DECLARE that tax administrations should have programs ensuring integrity, values, and the fight against corruption, aimed at promoting ethics, that take into account the following key factors:

1. Leadership and Commitment

The primary responsibility in safeguarding and promoting integrity in the tax administration rests with the supreme authority of the organization and in the senior management. They should adopt a strong leadership role by demonstrating an unequivocal and clear position regarding the integrity and recognize that the fight against corruption must be maintained over time, favoring an enabling environment in the institution, for employees in general to understand and put into practice ethical standards or the model of institutional integrity.

2. Legal Framework

Laws, regulations, procedures and administrative guidelines should be clear, precise, public, and easily accessible.

3. Equity

The tax legal regime must be fair and equitable. Laws, regulations and policies must be managed transparently.

Taxpayers are entitled to a high degree of certainty and consistency in dealing with the tax administration. They are entitled to the presumption of good faith, to impartial application of the law, to appeal decisions and the protection and confidentiality of information.

The information provided to taxpayers must be clear, accurate and easily accessible.

4. Digital Transformation

The digital transformation of the TAs, contributing to the efficiency and effectiveness of tax administration, brings new risks, related to security of information, that TAs must address and manage.



Information systems should include strict security rules to prevent unauthorized manipulation of information, with specific rules and practices related to the access and use of information, and the protection of personal taxpayer information, which is a right that must be guaranteed at all times.

5. Institutional autonomy

To ensure the integrity and fairness of tax administration requires independence to define their policies and strategies to monitor compliance with the tax obligations, through strict application of the law without concessions, favors, or interference from higher authorities or other members of the political power.

6. Effective Control Mechanisms

The existence of strong mechanisms for allocation of responsibilities and accountability as well as bodies of internal and external control, are key elements for the good governance that contribute to safeguarding the integrity of tax authorities.

7. Ethical codes and/or Conduct codes

A key element of any effective integrity program is the development, issuance and acceptance of a Code of Ethics and/or Conduct setting out in very practical and clear terms the behavior expected of tax officials. These codes can be an excellent tools for safeguarding and promoting integrity in the tax administration.

8. Human Resources Management Practices

The implementation of effective policies and procedures for managing the human resources plays a very important function in promoting ethics in the tax administration. Among the practices of human resources management that have proved useful in this regard, it is worth highlighting the following, among others:

- Fair, equitable and transparent selection and promotion procedures and;
- Competitive remuneration;
- Existence of an administrative career;
- Regulations that guarantee to tax officials the exercise of their rights;
- Timely correction mechanisms in case of inadmissible or inappropriate behaviors;
- Practices, rotation and transfer of tax officials when appropriate;



- Appropriate training and professional development;
- Performance appraisal system and Professional skills management;
- Work environment free of discrimination and harassment;
- Aligning the HR strategy with IT strategies and Internal Control.

9. The cooperation as a tool for continuous improvement

International cooperation and exchange of best practices for strengthening ethics and development of an instrument to institutionalize integrity systems are desirable tools that allow capitalizing on experiences among tax organizations of the world, in order to optimize the timing and results of internal programs to promote ethics.

10. Fighting Corruption

The fight against corruption requires improvement and a comprehensive vision across the entire spectrum of a tax administration, which implies interventions in the standards, processes, infrastructure resources, internal control, human capital and the relationship with taxpayers. Not only punitive interventions but also preventive, strengthening the culture and habits in favor of adherence to ethical standards and performance.

Given the importance of promoting ethics in tax administration, the representatives of the CIAT member countries meeting at the 53rd CIAT General Assembly in Havana, Cuba, agree to pursue actively the development and implementation of complete and sustainable integrity programs.

**Approved in Havana, Cuba, on May 23, 2019 (53 CIAT General Assembly)
Inter-American Center of Tax Administrations**