


Manual on **Tax Collection and Recovery**





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The opinions expressed in this publication are based on the experiences of the countries that contributed with information and of the rapporteurs, and do not necessarily reflect the view of the GIZ, the CIAT Executive Secretariat, the IDB, their Executive Directorate or the countries that they represent.

Expression of gratitude from the CIAT Executive Secretariat

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To all the tax administrations of the participating countries, in particular to those officials that have integrated the Working Group, and those who worked directly on the information used in this Manual; as well as to the participating experts for their professionalism, commitment and dedication, Dr. Maria Eugenia Torres and Dr. Carlos Rubinstein.

A handwritten signature in black ink, appearing to read 'M. F. VERDI', with a large, stylized flourish at the end.

Marcio F. Verdi
CIAT Executive Secretary

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Abbreviations

AC	Andean Community
BPS	Banco de Previsión Social (Social Security Bank)
CFF	Código Fiscal de la Federación (México) Federal Tax Code (Mexico)
CIAMMCC	Comisión Interministerial para Asistencia Mutua en Cobranza de Créditos Inter-Ministerial Commission for Collaboration in Credit Recovery
CND	Certificación Negativa de Débitos (Brazil) Social security contributions clearance, Brazil
CPF	Número de Identificación Tributaria (Brazil) Tax Identification Number (Brazil)
CPPT	Código de Procedimiento y Proceso Tributario Code of Tax Procedures and Process
CUIL	Código Único de Identificación Legal Single Legal Identification Code
CUIT	Código Único de Identificación Tributaria Single Tax Identification Code
CUT	Cuenta Única tributaria Single Tax Account
CVA	Certificado de Vigencia Annual Annual Certificate of Good Standing
DEH	Dirección Electrónica Habilitada (Spain) Authorized email address
DNI	Documento Nacional de Identidad National Identity Document
DSGCT	Dirección de Servicios de Gestión de Créditos Fiscales Office of Tax Credit Services Management
DTR	Digital Tax Receipt
DWH	Data Ware House
EEC	European Economic Community
EsSalud	Seguridad Social de Salud Healthcare Social Security
FONAVI	Fondo Nacional de Vivienda National Housing Fund
FONCOMUN	Fondo de Compensación Municipal Municipal Compensation Fund
GIZ	Gesellschaft für Internationale Zusammenarbeit German International Cooperation Agency
GPS	Global Positioning System
GTR	General Treasury of the Republic
HR	Human Resources
ICTA	Inter-American Center of Tax Administrations
IDB	Inter-American Development Bank

IGV	Impuesto General sobre las Ventas (Peru) General Sales Tax
IRPF	Impuesto a la Renta de las Personas Físicas Personal Income Tax
IT	Information Technology
MEF	Ministry of Economy and Finance
MORSA	Sistema de Riesgo Aplicado a Devoluciones (Mexico) System of Risk Analysis Applied to Refunds
NIF	Número de Identificación Fiscal Tax Identification Number
NIT	Número de Identificación Tributaria Tax Identification Number
OAS	Organization of American States
OECD	Organization for Economic Cooperation and Development
ONP	Oficina de Normalización Previsional Social Security Office
PARA	Participación en Renta de Aduanas Participation in Customs Duty Income
PGD	Programa Generador de Declaración Tax Return Generator Program
PIN	Personal Identification Number
RFC	Registro Federal de Contribuyentes (Mexico) Federal Taxpayer Register
RIA	Resolución de Fraccionamiento Approbatory Instalment Ruling
RSIRAT	Sistema de Recaudación Collection System
RUT	Registro Único Tributario Single Tax Register
SDDM	Sinceramiento de la Deuda Municipal Municipal debt amnesty
SIGIDE	Sistema de Gestión Integrada de Deudores Estratégicos System of Integrated Management of Strategic Debtors
SIGVEC	Sistema de Subastas Electrónicas System of Electronic Auctions
TA	Tax Administration
TIM	Tasa de Interés Moratorio Default interest rate
UNO	United Nations Organization
VAT	Value added tax

Glossary

APP platform: application software designed for smart phones, tablets and other mobile devices.

ATM: a machine connected to a bank that enables customers to perform specific financial transactions using a magnetic card with a personal identification number (PIN).

Cadastral reference: identification code for real estate.

Closure: the closure of an establishment by the tax authorities.

Collection: a system designed to guarantee the payment of taxes, applied by collection agents to the payers of general sales taxes as an additional tax on the value of the sale so that at a later stage the payer can deduct the tax paid, be compensated for it or request a refund.

Corrective return: a tax return that corrects and entirely replaces one previously submitted.

Dematerialization of securities: dematerialized securities do not have physical supporting documentation. Instead, there is an accounting record known as a computerized document. This is usually administered by a centralized securities depository.

Drawdown: a mechanism to ensure the payment of taxes. It functions like a “saving” which the purchaser of goods or services can drawdown from the provider and then deposit it in an account in the name of the seller or provider of the service so that they in turn can use it to pay their taxes.

Electronic books: accounting records submitted in electronic form.

Extensive controls: those carried out on a group of taxpayers selected as a result of cross-referencing. They constitute a uniform generalized method of verification usually aided by IT.

Georeferencing: spatial positioning of a home in a single geographical location, defined by a system of specific coordinates.

Mesh: a set of data verification algorithms used to detect and pinpoint atypical statements that then require special treatment.

Monitoring activities: those involved in the control and checking of the fulfilment of obligations.


National state accounting plan: a descriptive, dynamic catalogue of accounts, also known as a single accounting plan that aims to standardize in one register all State economic operations to facilitate transparency of information and as a result, clarity, reliability and comparability.

Overpayment: payments that are higher than the liability.

Prescription: the means by which a right expires if it has not been exercised in the timeframe established by law. It applies to the ability of a tax authority to recover and assess taxes.

Proof of good standing: certificate issued by the responsible authority acknowledging that the taxpayer has met their obligations.

Provisional decision: issued by the TA but is not definitive until taxpayers have had the opportunity to refute, correct or submit their own assessment.



QR Code: two-dimensional bar code designed by the Japanese company Denso Wave in 1994, which can contain up to 4,200 alphanumerical characters that can be read by a scanner (they are not visible to the human eye). Having downloaded the information it is possible to access sites of interest or specific information.

Self-registration: taxpayers register themselves

Setting parameters: regulations applicable to the filling in of tax return forms.

Social security contributions clearance: certification proving all debts have been cleared or that there are no outstanding debts (Brazil).

Standardization of returns: verification and modification of the error fields in due diligence according to set rules. The returns treated this way are called standardized or parallel returns.

Supplement: a statement which provides additional information to one submitted previously. The total liability is determined by the sum of the two statements.

Taxpayer register: database containing the details of taxpayers, also known as the taxpayer cadaster.

Undue payment: payments made when there was no liability.

Vector of obligations: the sum of obligations borne by taxpayers.

Withholding: a system designed to guarantee the payment of a tax. It is applied by withholding agents who withhold part of the tax owed by providers of goods or services so that at a later stage the provider can deduct, compensate, or if need be request a refund of the withheld amount.

Introduction

Since it was founded in 1967, the Inter-American Centre of Tax Administrations (CIAT) has made much effort to promote cooperation between tax administrations in a bid to optimize tax policies and improve the efficiency and effectiveness of the main tax management processes: taxpayer services, collection, investigation, audit and recovery.

In recent years there has been marked progress in these spheres of activity as a result of structural, regulatory and procedural reform, which have involved the use of new technology and sources of information. Given the diversity among the countries of the region, however, developments have not been harmonious. This has been reflected in comparative studies of tax administration.¹

The processes of “collection” and “recovery” are highly important and significantly influence the success of other tax administration processes. Despite that, collection—administrative and coercive—has not received the attention it deserves in recent years on the international tax agenda.

In line with the criterion adopted in this Handbook, collection is the process that allows taxpayers voluntarily to comply with their formal and material tax obligations. Recovery, meanwhile, is the process whereby claims or coercive measures are used to secure payment of tax.

In these areas CIAT has been making efforts to share best practices and promote the exchange of experiences among tax administrations. Related matters have been the focus of various institutional events, especially in the Technical Conference held in Lisbon in 2011; specialized fora have been organized with the support of tax administrations and cooperation agencies; and studies have been disseminated

A survey of Latin American tax administrations carried out as part of the preparatory work for this Handbook, and the findings of a meeting of the Working Group on Collection and Recovery in June 2015 in the headquarters of the Mexican Tax Administration Service (SAT), showed

that there is a need to move forward with effective activities to share best practice, maintain a support network in these issues, and improve cooperation to strengthen these processes.

The main goals of the Handbook are to serve as a reference guide on collection and recovery, and to make known best practices based on the experiences of tax administrations in Latin America. It also conveys some consequences of failing to observe such practices, offers general guidelines on the structure and components of the processes discussed herein, serves as a basis for proposing regulatory reforms, reveals different methods for dealing with the processes and their subprocesses, and offers a useful tool for academic purposes.

Although the Handbook covers the collection and recovery topics in much detail, it is just a first effort or starting point. The complexity and scope of the issues could be the focus of specific studies. Hence it has been considered helpful to maintain a network of experts on these matters so as to exchange experiences and, in the future, gradually produce documents and tools that are useful to the tax administrations.

The Handbook consists of two large chapters, one on collection and the other on recovery. Each of these has an associated annex with information on the experiences of the Latin American countries that have contributed to the production of the Handbook.

¹ For example, *el Estado de la Administración Tributaria en América Latina: 2006-2010. 2012*, IDB < CIAT and CAPTAC-DR.

Methodology

With the support of two contributors who have extensive experience in tax administration, especially in the collection and recovery processes, and in coordination with the Executive Secretariat of CIAT, in 2014 an outline of the Handbook was produced covering the main aspects of both processes.

In a bid to ensure that the draft would be useful at a regional level, CIAT's Executive Secretariat decided it would be helpful to involve the tax administrations (TAs) of its Latin American member states so that they could supply information about their own situations and practices in the areas of collection and recovery. They were also asked to offer their views on the structure and substance of the outline. In December 2014 a questionnaire was sent to the TAs and their responses are given in the annex to this Handbook.

The responses were organized and processed so they could form the basis of discussions in the Working Group on Collection and Recovery held in June 2015 under the auspices of Germany's GIZ, Mexico's Tax Administration Service (SAT) and CIAT. The aim of the meeting was to form a network in both areas, collection and recovery, to discuss the contents of the Handbook, and to decide on which best practices and experiences to include.

As a result, the countries involved in the Working Group provided information on their experiences to CIAT's Executive Secretariat and the experts included these in the Handbook.

In September 2015, CIAT's Executive Secretariat sent the second version of the Handbook to the TAs of Latin America. The feedback received has been very useful in producing the current version.

Below are the TAs that contributed in the different stages of producing the Handbook.

Tax administrations that provided information for the Handbook	
Federal Administration of Public Revenue (Administración Federal de Ingresos Públicos, AFIP)	Argentina
National Tax Service (Servicio de Impuestos Nacionales, SIN)	Bolivia
Secretariat of Federal Revenue (Secretaria da Receita Federal, SRF)	Brazil
Internal Tax Service (Servicio de Impuestos Internos, SII)	Chile
Directorate General for Taxation (Dirección General de Tributación, DGT)	Costa Rica
Internal Revenue Service (Servicio de Rentas Internas, SRI)	Ecuador
State Agency for Tax Administration (Agencia Estatal de Administración Tributaria, AEAT)	Spain
Executive Directorate for Revenue (Dirección Ejecutiva de Ingresos, DEI)	Honduras
Tax Administration Service (Servicio de Administración Tributaria, SAT)	Mexico
Directorate General for Revenue (Dirección General de Ingresos, DGI)	Nicaragua
National Superintendency of Customs and Tax Administration (Superintendencia Nacional de Aduanas y de Administración Tributaria, SUNAT)	Peru
Tax and Customs Authority (Autoridad Tributaria y Aduanera, ATA)	Portugal
Directorate General for Taxes (Dirección General Impositiva, DGI)	Uruguay

Members of the Working Group meeting held in Mexico

Name	Position	Institution
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I. COLLECTION SECTION

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1. Introduction to Collection

Traditionally, the collection process is made up of a number of subprocesses:

- Register of taxpayers and their obligations.
- Receipt and verification of the documents required to ensure the taxpayers comply with their obligations.
- Processing of the current account.
- Repayment or refund of tax credits.
- Revenue accounting.
- Increasingly often in recent years, basic control of payment obligations.

Naturally these subprocesses and the way in which they are carried out vary between TAs world-wide. Hence it would be hard to define for all cases a single best practice approach that would guarantee the success of a given subprocess. That depends on the legal framework and context in which the TA operates, as well on as the quality and quantity of resources at its disposal (human resources, technology and so on).

Although not all of the subprocesses mentioned are included in tax collection by the TAs of CIAT's member countries, they will be discussed throughout the Handbook in a generic manner for illustrative purposes as "functional subprocesses of the collection process." In some countries this name refers to collection and recovery, whereas in others, various names are used. In Spain, for example, this is called management.

2. Register of Taxpayers and Users

The "register of taxpayers and users" is where all the information on the taxpayers registered with the TA is kept. The register also details the "vector of obligations," the term for the total obligations to which a taxpayer is subject.

Although tax authorities usually tend to focus on registered taxpayers, who are already known to them, they also try to include those who have failed to register either on purpose or involuntarily.

The registration process regulates the conditions and requirements that the taxpayer has to follow in order to be formally registered with the TA. The TAs usually regulate the timeframes within which this obligation has to be met, and generally they devise the forms that the taxpayer has to complete in order to register. The design of these forms reflects what the TA considers necessary information to enable the accurate identification, classification and location of taxpayers. The data requested in

these forms should fit what is needed for the TA processes and should be available in line with tax-related, civil, commercial and other legislation. For example, the data could include: name, identity number, residence, type of taxpayer or company, business registration data, economic activity, business establishments, estimated sales, taxes and obligations to which the taxpayer is subject (vector of obligations).

Some TAs, such as Mexico's, add to the register information about the taxpayer's status as it is updated, such as: whether the taxpayer has been located, if the taxpayer is active, if registration has been suspended or cancelled and so on. This is very useful for internal users of the taxpayer register and demonstrates how useful the register is for control purposes.

Registration of a taxpayer has three key phases: El registro de un contribuyente distingue tres momentos claves:

- a. Opening,
- b. Updating,
- c. Closure.

Below, we outline these three phases and other relevant issues to be considered as regards the taxpayer register.

► Opening or creating the registration

Opening happens when the tax obligor registers with the TA for the first time.

In this regard, according to Article 25 of CIAT's Model Tax Code, tax obligors include but are not necessarily limited to those in the following definition:

“Article 25. Tax obligors.

The following are tax obligors:

- a) Taxpayers.
- b) Those liable to make payments on account or in advance.
- c) Withholding agents and those liable to make payments on account.
- d) Collection agents.
- e) Those obliged to pass on payments.
- f) Heirs.
- g) Responsible third parties.
- h) Tax subjects arising from the application of tax benefits and exemptions.
- i) Those liable to compliance with formal obligations, including tax obligors in line with the regulations on mutual administrative assistance in tax matters.

In some countries registration has two phases. The first is pre-registration, which is carried out by sending a pre-registration form. The second is the actual registration, whereby the taxpayer attends the TA to complete the procedure. Between the two phases the TA checks the information submitted by the taxpayer. In some cases this check even includes a substantiating visit by TA officials to the residence given on the form, either chosen at random or through risk analysis.

The current tendency is to allow the procedure to be completed online, and later to undertake the checks and controls, so as to lessen the risk of fraudulent or inaccurate registrations.

Keep in mind that a single tax subject might face a number of different responsibilities. For that reason the design of the register must take account of—in line with the specific legislation—those different responsibilities as part of a taxpayer or tax obligors' fiscal vector.

In Spain, before the information submitted was included in the census, the data supplied were compared with the available databases and the inconsistencies detected were defined through a codified listing of errors linked to a system tasked with issuing, when necessary, the information requirements.

In most countries, the registration process can be carried out personally by taxpayers or their legal representatives. For its part, the TA can provide assistance in completing the form, by confirming the information supplied in direct communication with the taxpayer. This information is entered into the registration system, leaving the taxpayer's signing of a form as a declaration of truthfulness.

When corporate entities are obliged to register with other governmental or private institutions, the TA must coordinate with those agencies so as to receive the recorded information, preferably online or in some electronic medium. This reduces the risk of incomplete or double registrations and allows registrations to be carried out reliably and without ambiguity. This necessarily

entails using single tax identification numbers.

An interesting innovation in some TAs, such as Spain and Peru, is the possibility of mandatory registration (new to the register) of those subjects that, without having registered, were found to be engaged in activities that generate tax obligations, either because of direct verification procedures or as a result of information provided by third parties. In that case, the legislation governing registration must make provision for communicating with the taxable subject and the possibility of providing evidence that challenges the TA's mandatory registration.

In Spain this process is known as “auto-registration” and allows for a dynamic updating of the taxpayer register. This good practice is set out in the following box.

Auto-Registration System – Spain

First, we must clarify and distinguish between certain concepts:

The “National Identity Document” (DNI), the identity card that all Spanish citizens must have, is provided by the Interior Ministry (Directorate General of the Police). The “Tax Identification Number” (NIF) for individuals is the DNI followed by a letter, and for corporate entities it is a number generated solely by the TA, since such entities have no other identity document.

Having clarified that, there are several means of “auto-registration.”

- 1° When the following entities communicate a DNI of individuals that are not registered in the taxpayer roll, they are automatically assigned a NIF: financial entities (banks), the National Statistics Institute, other regional administrations (known in Spain as autonomous communities), and notaries public.
- 2° The auto-registration system also applies by registering individuals who access the web with a recognized “digital certificate.” For example, they access the TA’s “electronic headquarters” with their “electronic DNI.” If they are not registered, they are automatically assigned a NIF in real time.
- 3° Spanish consulates abroad are authorized to assign a NIF to individuals and to legal entities. In this case, the consulates must communicate with the AEAT, and at that point the individual or entity is registered in the taxpayer roll with the NIF assigned by the Spanish consulate.
- 4° Notaries public are authorized to assign a NIF to legal entities. This must be communicated to the AEAT so as to register them in the taxpayer roll.
- 5° When information is received on an individual from any income-paying entity that is obliged periodically to report on incomes paid, if the individual is not registered the registration then happens automatically and a NIF is assigned, linked to the DNI.

► Registration forms

Some TAs have raised to the category of “sworn statement” the document used by taxpayers to submit information for registration purposes. Consequently, in this case, the statements submitted to amend or update registration data are also sworn statements. The purpose of using “sworn statements” and of regulating the timeframe and conditions under which they must be given to the TA is to avert the risk that taxpayers might claim ignorance if they submit inaccurate information (since the information is understood as having been affirmed as truthful). Additionally, this approach allows the TA to impose penalties in the event of formal non-compliance.

In some cases it is advisable to design a simplified form—for example, for groups of taxpayers that meet certain conditions indicating that they are easy to oversee and are low-risk, such as small-scale taxpayers, those that are not part of a special tax regime, those whose reported tax domicile is the same as that for administrative management,² among others.

As regards the data that should be in the register, each TA defines this information in line with each country’s legislation and particular conditions. Generally they relate to information on:

- identity, domicile, and classification of the tax obligor
- identification of the obligations to which the obligor is subject (fiscal vector)
- identification of the obligor’s administrative and commercial premises
- identification of third parties related to the obligor.

Specified below are some of the reported data that differ from those habitually used by TAs.

For individuals:

- date of birth
- code of trade or profession
- whether domiciled in the country or not.

For all taxpayers:

- domicile’s georeference code
- system for issuing payment receipts
- accounting system
- origin of capital.

Peru, using geocoding software, has begun establishing the spatial location of its taxpayers’ domiciles, with a view to boosting efficiency in the management processes requiring field work and optimizing the cost of notifications. The main features of this experience are outlined below.

² En algunos países miembros del CIAT, como regla general, este requisito es obligatorio para todos los contribuyentes.

Geocoding Taxpayer Domiciles – Peru

Georeferencing is the spatial association of a domicile to a single and defined geographic location in a system of specific coordinates. It consists of the standardization, validation and visualization of addresses so as to ensure—as part of the processes of compliance support and control—an accurate geographic determination of domiciles and the precise location of taxpayers and users of foreign trade.

Virtual geographic localization allows the authorities to determine precisely the geographic location of a property that houses the tax domicile or related establishment. Its application is made possible using modern technology such as that applied by Google and other generic geographic locators.

The information is useful for control purposes: activities undertaken by notaries, field operatives (customs and IT), field recovery and auditing, among others, that have to send notifications of administrative proceedings, locating the taxpayer and so on.

It helps to make the process more efficient by allowing cases to be handled by geographic concentration or the routes of visits.

The project is being implemented nationwide, and looks toward the following outcomes:

- Updating the tax domicile and related establishments of 9.67 million registered taxpayers.
- Planning control activities for taxpayers who are currently listed as unfound for tax purposes.
- Gathering information to help locate taxpayers and recover debt (11,949 million soles arrears in coercive collection).
- Optimizing spending on annual notifications, which amounts to about 24 million soles.

The operational work started in 2013 through Lima's city government, through which GPS was used to gather information on the location of the tax domiciles of taxpayers on its roll.

Later, this application made it possible to plan the optimal route for visits. It is used mainly in the field of recovery because of the number of cases assigned in that area. Initially there were six cases a day; now there are an average of 15 cases a day per inspector. If this registration does not extend from the initial recording of the domicile on the taxpayer roll or from any updating of the domicile on the roll, an additional verification process must be carried out after the registration of the domicile.

► Assigning an identification number and access keys

The process of opening a registration involves assigning an identification number by which taxpayers or tax obligors are known to the TA during their lifecycle.

The obligation of certain tax subjects to register with the TA regularly arises from regulations with legal standing. Additionally, some legislation (like that of Peru, for example) sets out clearly enough who does not have to register. This helps provide complete certainty about the obligation, especially when there are penalties for non-compliance with registration requirements.

For individuals, most TAs assign the same number that appears on national ID cards. This makes it easier to acquire and process information from third parties (cross-referencing of information) and to verify the authenticity of the taxpayer's data with the electoral authorities or with the register of natural persons.

In the case of foreigners who have to comply with tax obligations, the TAs assign a special number that allows them to be distinguished from locals. It is preferable that they be assigned the same number given to them by the migration and aliens authority, reserving the special number only for those cases in which the foreigner, in his or her capacity as a tax obligor, legal representative or proxy, is not required to obtain such a number.

It is very important that an individual or company has a single tax identification number from birth to the liquidation of the company or the death of the individual. This number should not change under any circumstances. In some countries, the number changes when the company type changes. This is not helpful for the TA, which has to input the new registration as if this were a new taxpayer, making it necessary to determine different links throughout the systems in order to preserve the completeness of the registrations.

The number assigned to legal entities, whether it be assigned by the TA or a body with which the legal entity has to register, or that is authorized to assign such a number, should be configured in line with parameters that make its use universal among the agencies that have oversight functions over companies.

In most TAs the identification numbers have a check number consisting of one, two and even three digits or, as in Spain, the verification character for individuals is a letter. This mechanism is efficient in avoiding errors and guaranteeing the completeness of the information on taxpayers.

In those TAs that use the technology most widely, opening the registration also involves assigning a digital certificate or access keys for online submission, consultation and information exchange. The methods can be:

- Advanced electronic signature systems, including those based on recognized digital certificates that are allowed by the public administrations.
- Other electronic signature systems, such as the use of passwords agreed in a previous registration as a user; the supply of information known to both parts; or other non-encryption systems.
- Assigning a personal identification number (PIN) or token.

The registration procedure also makes provision for the possibility that the taxpayer may authorize access by other users under different profiles, such as that for procedures or consultations. In this case the taxpayer acts in the system like an administrator who can register the authorized user, assign the latter a password, and de-activate it.

This granting of access has related logistical support, wherein it is crucial to maintain a standard of security and simplify procedures in dealing with the TA. One example of this is Argentina's TA, in which four levels of security are defined in Annex II to General Resolution 3713. In line with this experience, a minimum level of security is required depending on the access service in question. Assigning the level of security depends on how acquisition of the tax key is managed: levels 1 and 2 by means of electronic procedures; levels 3 and 4 by face-to-face meetings in the offices of the AFIP.

► Updating or maintaining the register

The registration process should also regulate how and in which timeframes the information provided must be updated. The quality of the taxpayer register is a function of “timeliness,” or the moment in which the information is updated. That information, among other data, includes the following:

- taxpayer’s domicile;
- legal representative or third parties that comply with obligations on behalf of the taxpayer;
- taxpayer’s new obligations;
- deactivations of the taxpayer’s obligations;
- changes in economic activity;
- company changes;
- mergers and deacquisitions;
- changes in regime, or entry into the register of those liable for sales tax when they are obliged to depart from an amount of sales income.

Usually, the countries’ regulations establish that the taxpayer and his/her legal representative have an obligation to update the information when such updates occur. This is without prejudice to the TA’s capacity to update them as it deems fit, or to propose that the taxpayer carry out such updates on the basis of information that the TA has gathered through its verification and oversight functions, or its capacity to impose such changes on the taxpayer.

The TAs must provide taxpayers with flexible and effective mechanisms that allow them to update information on their status. As mentioned earlier, these can be online mechanisms or can involve visits to its taxpayer service points; use of the internet is advisable (mainly in those countries where it is widely used) because of its ease of use and cost benefits.

It is important to make the updating of the registration an active function in which taxpayers are certain that their movements and changes of status are being observed and monitored by the TA. To that end, the legislation should make provision for giving the TA the authority to change the information in the register under certain

conditions, on the basis of information from third parties or acquired by means of direct checks. To forego this task is counterproductive in the medium term, since it is increasingly common for TAs to detect false registrations that aim to simulate non-existent operations and hinder the identification of taxpayers by the TA.

As an example of mandatory updates, in Argentina the TA has the authority to carry out updates in the following cases:

- Updating domicile status (when it has proven impossible to notify a taxpayer in the declared tax domicile).
- Activation/deactivation in taxes for abrogation, failure to pay, non-submission of sworn returns.
- Activation and deactivation in information regimes.
- Cancellation of CUIT.³
- Generation of the worker’s identification number (CUIT) for individuals with a tax identification number (CUIL)⁴ who submit a sworn return related to the tax on personal property or income taxes with a set levy.

Furthermore, it is important to define a mandatory internal procedure that motivates officials in the different work areas to identify changes in the taxpayer register as part of their routine tasks (for instance, audits, requests or checks), and to make such changes known to those working on the register. Another efficient tool is to devise internal procedures so that returned (postal) mail is automatically recorded and marked as a risk factor for the taxpayer register. Some TAs have established a rule that more than two instances of returned mail from the same address indicate a change of taxpayer status to the category of “not found.”

Additionally, it might be very useful to set up a procedure for updating information as a first step in any formal and online request made by the taxpayer to the TA.

The TAs should evaluate the quality of the register from time to time. There are tools to help assess the accuracy of addresses, telephone numbers, and ID cards, and to devise purge schemes that can include crosscutting information, and even to consider the re-registering of taxpayer groups under the special conditions stipulated by the respective regulations.

³ The CUIT is the Single Tax Identification Code.

⁴ The CUIL is the Single Legal Identification Code.

► Taxpayer or tax obligor's domicile

For the taxpayer's domicile to be a significant item of information in the interests of efficiency in the TA's activities, there is a special section on the treatment and updating of the tax domicile.

CIAT's Model Tax Code defines the tax domicile in articles 49, 50 and 51.

Article 49. Domicile of individuals

1. Individuals' domicile in the country shall be:

- a) Place of residence.
- b) Place where their normal civil or commercial activities are carried out, in the event that the residence is unknown or hard to determine.
- c) That chosen by the tax subject, in the event that there is more than one domicile in the sense of this article.
- d) The place where the taxable event takes place, if there is no domicile.

2. Nonetheless, in all cases of economic activity the TA may consider as the domicile the place where the administrative management of business is undertaken.

Article 50. Domicile of legal entities

The domicile of legal entities and economic units without legal personality in the country is:

- a) The registered place of business.
- b) The place of its address or actual management.
- c) The main center of economic activity in the event that the address or management is unknown.
- d) That chosen by the tax subject in the event that there is more than one domicile in the sense of this article.
- e) The place where the taxable event takes place, if there is no domicile.

Article 51. Persons domiciled abroad

The domicile of persons resident abroad is:

- a) If there is a fixed place of business or a permanent establishment in the country, those stipulated in articles 49 and 50 of this code.
- b) In other cases, the domicile of the legal representative.
- c) If no representative is domiciled in the country, the domicile will be the place where the taxable event occurs.

The tax regulations establish that the taxpayer is obliged to inform the TA of his/her tax domicile, and of any changes to it.

In general, the tax domicile that taxpayers have to report is their tax residence. This is the one used in the applicable "Tax System" to define the taxpayer's office for registration, the place for sending notifications and the place, sworn to and binding on the tax obligor for the purposes of administrative and control processes.

Tax Domicile – Spain

In Spain, article 48 of the General Tax Law defines the tax domicile and its tax effects, and also establishes the obligation to include other pertinent data:

- As well as the tax domicile, the tax regulations demand that taxpayers engaged in economic activities provide the following additional information as to their location: the place where the administrative management of the business is actually based in Spanish territory, when this is different from the tax domicile, for individual business people and resident professionals.
- The place of business, if such exists and is different from the tax domicile, for legal bodies or entities resident in Spanish territory.

The land register reference assigned to the different domiciles should be recorded, the telephone number and, when applicable, the email address and the domain name or internet address, through which activities are partially or wholly undertaken.

Census declaration models can be used to communicate, when applicable, a preferred domicile for the purposes of notifications within Spain, as well as the addressee of the notification, if this is different from that of the registered taxpayer.

For specific procedures the taxpayer or the TA can establish complementary or special domiciles, as in the case of the DGI in Uruguay, which requires that a special domicile be formed for payment agreements under certain circumstances.

Special Domicile – Uruguay

Uruguay's DGI stipulates the determination of a special domicile that may be different from the registered domicile that appears on the taxpayer register, at the moment of signing the payment facility agreement.

When such agreement is signed, a domicile must be registered. In this case and for these purposes it is permissible to fix a domicile that differs from that in the register.

This applies in particular when whoever takes responsibility for the agreed debt is a joint guarantor and not the actual taxpayer.

In the event that some action has to be taken for non-payment, all related notifications are sent to that domicile.

Hence it is important to have updated information on the fixed domicile for the dispatch of the corresponding notifications.

► Electronic tax domicile

As regards notifications sent to the taxpayer, one of the main problems confronting TAs is the difficulty of properly tracing taxpayers in order to make them aware of TA actions.

For that reason, some administrations, such as Spain, Portugal, Brazil, Ecuador and Honduras, have created the electronic tax domicile or, as it is known in Portugal, the electronic mailbox. Article 82 of CIAT's Model Tax Code also alludes to this means of notification.

There follows an outline of the application and usefulness of this mechanism in Portugal.

Electronic Mailbox – Portugal

Legal basis: Article 19 of the General Tax Law.

Scope of application: notifications issued by the TA in its actions and procedures, and summonses that it issues in the enforcement process.

Mandatory registration: corporate taxpayers with a headquarters or address in Portugal and permanent establishments of non-resident companies. Also covers taxpayers of the normal VAT regime.

The electronic mailbox is a service that allows taxpayers to receive legally binding digital mail; it is not the same as email from Hotmail or Gmail. The electronic notification is a PDF file sent electronically to the taxpayer's electronic mailbox. When the document arrives in the mailbox, an email or SMS alert is sent to the taxpayer. The notifications are deemed to have been effected when the taxpayer accesses the mailbox. Nonetheless, if the taxpayer has not accessed the notifications 25 days after they were sent, they are deemed to have been notified.

► Closing or cancelling a registration

A registration may be closed or cancelled temporarily or permanently. Usually, in the case of natural persons the registration is only cancelled following the recording of the inheritance process after the taxpayer's death. In other cases the registration is not cancelled and only the temporary or permanent cessation of obligations is recorded. In some TAs, however, there is a definitive cancellation of the registration of natural persons with the possibility of re-registration, as in Costa Rica.

In the case of legal entities the registration is cancelled when the company ceases to exist, either because it has been liquidated or because of other legally grounded reasons such as a takeover, merger or bankruptcy, or by a court order on the part of the competent authority.

TAs usually verify that obligations have been discharged before cancelling a registration. Upon cancellation the taxpayer's responsibilities cease. Serious consequences ensue from leaving a registration active and failing to carry out this procedure in a timely manner, because if the obligation to file returns and pay taxes is not ended, non-existent

“failures to comply” arise and this is needlessly time-consuming for the TA and the taxpayer.

Proper management of this procedure should provide for a date upon which activities cease and a date for the cancellation of the registration, such that taxpayers’ responsibilities are suspended when they report the cessation of activities, and such responsibilities end permanently when the TA has carried out the necessary checks. The TA must have the authority to cancel or suspend a registration under conditions set out in regulations.

In cases where the taxpayer is authorized to deactivate registration without prior checks, the regulations must clearly establish that this does not inhibit the TA’s power to determine and enforce payment of the debt for the non-prescribed periods.

It is good practice to communicate directly with the public records offices to determine the moment in which the dissolution of a company was recorded, and with the register of natural persons or the electoral roll when a taxpayer is de-registered.

In general, TAs can undertake mandatory de-registration when the regulations allow it, and when the information underlying the procedure is from a verifiable and appropriate source.

► **Blocking and deactivating a registration**

This procedure exists in several TAs, arising from the need to control compliance with tax obligations. It can be defined as a precautionary measure whereby the TA restricts a taxpayer’s operations when the taxpayer is in one of the categories of non-compliance (outstanding accounts to be settled, arrears in more than a certain number of consecutive income periods, delinquent in more than a certain number of sales periods, non-submission of information required by the TA, wrong or non-existent address as measured by returned mail or confirmed by means of a visit).

When a registration is blocked the taxpayer may not carry out certain procedures such as request invoicing authorization, or seek refunds and/or compensation, import or export. For example, in Colombia and some other countries there might be a refusal to accept deductible taxes, costs and deductions in which the taxpayer appears as a supplier or service provider of those requesting a refund. It is important to note that blocking the registration does not absolve the taxpayer or the person responsible for compliance of their formal and substantive responsibilities towards the TA.

It is worth underlining that in Spain the block extends to entities external to the TA. Note how it works:

Cancellation of the NIF – Spain

In Spain this measure is known as “cancellation of the tax identification number,” which is withdrawn in the following circumstances: the stated corporate activity or purpose does not exist, activity is not undertaken in the stated domicile, non-submission of the definitive NIF document, taxpayer declared in default, not found or provisionally deregistered from the company registry. The revocation is published in the state gazette after a hearing with the person concerned.

Internal effects: automatic deactivation in the tax register of intra-Community operators and the register of exporters, non-issuance of tax certificates for government procurement and to obtain support or subsidies, blocking of tax services,

External effects: note inserted into the public register to prevent new registrations, block in the mercantile register and block on bank accounts.

Portugal has the “cancellation” and “suspension” of the NIT in certain circumstances:

Cancellation and Suspension of the NIT – Portugal

The Director General of the TA effects the cancellation when there are several records in the register for corporate entities or natural persons, or it is done by means of a judicial ruling.

Suspension is based on information from the Tax Inspectorate when tax fraud is detected and it is necessary to prevent the continuation of criminal activity.

When a representative withdraws from tax representation, it is mandatory to inform the TA of this situation. If the representative does not make such notification, the TA suspends the NIT until a new representative is appointed.

Effects:

- The holder of the NIT under suspension cannot request refunds or benefits.
- In the case of cancellation, the taxpayer card must be returned to the TA.
- External effects: in the case of cancellation, the taxpayer permanently loses the right to use the NIT.

These kinds of measures have been useful in fostering compliance but they are strongly disputed by taxpayers, and thus have been declared unconstitutional in some countries, such as Guatemala.⁵

A similar measure is to deactivate the registration of taxpayers that have ceased to file tax returns. In that case, the consequences of deactivating the registration can be similar to blocking it, but it is based solely on the non-filing of

⁵ Paragraph 10 of article 49 of the anti-evasion law 2 decree 4-2012 was declared unconstitutional for violating freedom of commerce. It established SAT's authority to enforce the provisional closure of business or block the NIT of a taxpayer that had not submitted returns or shown movements.

returns. This mechanism obliges taxpayers that require reactivation to update their information at the time that they ask the TA for reactivation. The measure can also protect the taxpayer whose registration has been deactivated by the TA, since there have been cases in which inactive registration numbers have been used fraudulently.

There follows an outline of good practice in Uruguay's DGI to purge inactive registrations, thereby optimizing the use of resources when carrying out mass actions and planning operations.

Mass Purging of Inactive Registrations – Uruguay

Uruguay's TA, faced with the need to clean out the taxpayer registry so as to reduce the high proportion of inactive taxpayers, undertook a mass purge.

Each year a computerized process controls taxpayers' activities and records them as having "ceased activities," a designation that serves as a cancellation of activities for all purposes.

This process, using activity parameters defined by the administration, selects inactive taxpayers. The

reasons for selection are: the non-availability in recent years of information on tax returns, payments, requests for records of printed documentation, not having requested a CVA and so on. **6**

The cessation of activities allows the purging from the registry of these taxpayers for which certain conditions are fulfilled, with a view to ensuring that they do not distort the data that emerges from the cross-referenced information that the TA uses as a basis of its operations.

6 The CVA is a certificate granted by the Uruguayan TA (the DGI) to affirm that the taxpayer is up to date with tax obligations. It is in force for a year and is necessary to import, export, sign a contract with the State and undertake various commercial operations.

Other TAs have opted to block unlocated taxpayers and those who have not submitted returns for a given period from using passwords to access the website, solely in order to establish a personal contact with the taxpayer.

Blocking Access Keys to the TA Website – Mexico

Recent regulations in Mexico established the cancellation of digital stamp certificates (used in billing) and blocking the RFC, which entails limiting the method used to issue online digital tax receipts (CFDI). These situations apply when the tax authorities:

- a) Detect that taxpayers, in a single tax year and subject to an obligation, fail to submit three or more periodic consecutive (or six non-consecutive) tax returns at the request of the tax authorities that the obligation be fulfilled.
- b) Cannot locate the taxpayer or the latter disappears during the administrative enforcement procedure.
- c) In carrying out their inspection powers, determine that the taxpayer cannot be located or disappeared during the procedure, or become aware that the tax receipts issued were used to protect non-existent, sham or illicit operations.
- d) Even when not discharging their inspection duties, they detect one or more infractions contemplated in articles 79, 81 and 83 of the Federal Tax Code, and the conduct is being engaged in by the taxpaying certificate holder.

In this regard, it is recommended that such measures be used moderately and that the regulation be drawn up with a view to preventing tax fraud, avoiding impacts on taxpayers with simple cases of non-compliance, for which the TA can use other types of measures. Moreover, it is recommended that the TA use its website to provide information on suspended cases and to offer flexible mechanisms whereby the registration is reactivated once the instances of non-compliance have been rectified.

► Information sources for updating the register

As is common in tax legislation, taxpayers are responsible for ensuring that their data is up to date with the tax authorities, and they must formally indicate those events and circumstances that they have an obligation to report. Nonetheless, the TAs must establish procedures that ensure that information is acquired on, for example, new businesses or the entry of individuals into the labor market. The TA can require information from institutions that, in line with commercial law, have an obligation to register new businesses, or from institutions that control the social security system for individuals. On the basis of such information it is possible to maintain programs to oversee unregistered delinquent filers. Hence there is always a latent sense of risk for those who manage and receive income with tax implications and who are not registered.

Similarly, to update the taxpayer's activities, residence and location data, it is highly beneficial to have information that can be exchanged with providers of credit cards, mobile telephony, mail, vehicle registration and other consumer services among middle and high-income taxpayers, as well as to exchange information with commercial and professional directories, the Internet, and newspapers.

► Special registration procedures

The TAs usually devote specialized teams of officials to deal with procedures involving a high degree of complexity and analysis.

For example, in some countries the TAs keep special registers such as “those authorized to fulfil obligations on the part of taxpayers.” Those who are so “authorized” may conduct a series of procedures on the taxpayer’s behalf, such as filing returns and responding to requests as long as the taxpayer opts to use such services. This register is therefore an auxiliary to the tax register and allows these kinds of taxpayers to be overseen in a particular way.

Another case is that of business mergers and acquisitions or business reorganizations in general. The cancellation of the registration of businesses acquired by others and the transfer of the debit balances to the acquiring company are subject to review, decision-making and adjustment, and must be documented.

It is worth noting the example of changing the tax identification number, either by mistake or because the number changed following a shift in the taxpayer’s status—for example, from foreigner to resident or from minor to adult.

► Other register-related procedures

Apart from the procedures mentioned above, it is possible that other procedures that involve attending to taxpayers may be undertaken under the aegis of the taxpayer register, such as:

- Registration of accounting ledgers, when the law assigns that responsibility to the TA.
- Also in this category are other types of registers or special registers envisaged by law, related to foreign trade operations, billing processes or other obligations overseen by the TA. For example, the registers of exporters, of users of foreign trade, of authorized printing presses, of cash registers, of electronic billing providers, of real estate and vehicles.
- Authorizing invoices. When the procedure makes provision for the TA to authorize invoice numbering

ranges, this task can also be assigned to the taxpayer register unit.

- Registers of responsibilities in customs matters—for instance, authorized depots, customs brokers, international marketing firms, economic operators and exporters, among others.

► Regulations and penalties regime for non-compliance

The registration, updating and cancellation procedure must be regulated, and thus a system of penalties for non-compliance must be instituted. It is rightly said that an obligation without threat of sanction is not an obligation at all.

There follows a classification of penalties in line with the taxpayer’s conduct regarding the registration process:

- Penalties related to non-registration when activities are undertaken that give rise to registration and compliance with obligations to file returns and pay. These are usually pecuniary penalties based on the lateness of the registration, or they give rise to the temporary closure of the establishment.
- Penalties related to a failure to update data in a pre-set time period. These can be set, for example, as a certain amount for each day of delay up to a given ceiling.
- Penalties for incorrect information. These penalties seek to sanction mistakes. In some countries, when mistakes are made repeatedly, the TA can block a particular registration. In this group of penalties it is evident that the TAs apply harsher penalties for omissions or mistakes on the part of taxpayers that are seeking to take advantage of a special tax regime—for example, simplified regimes for income tax or value added tax.
- Other applicable penalties might be related to the obligation to report the tax identification number in procedures, acts or operations when the tax regulations so establish.
- For resistance, obstruction, pretext or refusal in TA operations. For instance, it would be a serious matter to neglect census control requirements.
- Penalties for procedural fraud. These sanctions belong to the category of criminal law, but increas-

gly often the TAs detect fraudulent registrations of non-existent businesses that are used to perpetrate fraud by issuing invoices to simulate operations that give third parties the right to tax benefits. It is desirable that criminal legislation stipulate the offense of tax fraud to be applied in these cases, and to even more sophisticated methods used to defraud the state and evade tax payments.

► Measures to guarantee the integrity and quality of the registers

Complementing the information presented in the CIAT-IBFD Handbook on Tax Administration, **7** measures to guarantee the integrity and quality of taxpayer registrations are:

- Clear legal obligations allowing taxpayers to register on their own initiative.
- Simple and easily accessible procedures to update the data in the register.
- Appropriate links to other, relevant, external databases.
- Random and direct controls in the taxpayers' domicile.
- Periodic programs to assess the quality of the information in the register.
- Application of penalties.
- Periodic purging and deactivation of registered taxpayers.

3. Receipt of Tax Returns and Payments

The main reason for the collection process is that it guarantees the conditions and instruments needed to help taxpayers comply with their principal obligations to the tax authorities. An essential part of the TAs' responsibilities, therefore, is to prepare the mechanisms for the receipt of tax returns and payments.

The way in which this task is carried out has changed in recent decades. Gradually, TAs have ceased using paper and the submission of physical annexes, and have moved to electronic submission and payment. To that end, the TAs have had to reach agreements with banking and collection institutions, as well as to implement computerized means of facilitating the online submission of returns and online payment.

The progress made in this regard includes the following:

- Instruments for reading barcodes or QR codes—for example, Guatemala implemented the QR code to verify electronic payment of vehicle tax.
- Other versatile mechanisms such as returns that are pre-prepared by the TA, which are sent to the taxpayer for approval or correction. For this latter development, the TA must have enough high-quality information.
- The APP platform devised by Brazil's TA to make various services available to users of electronic devices, including the submission of sworn returns.

7 Available on CIAT's website at www.ciat.org. Path: Productos y Servicios/Publicaciones/Manuales/Manual de Administración Tributaria CIAT/IBFD.

APP Mobile Platforms – Brazil

Given the need to implement new mechanisms to facilitate compliance with obligations and the widespread use of tablets and smartphones, the TA devised applications that can be used comfortably on mobile devices.

The platforms used are Android and iOS.

These applications offer the following services related to personal income tax:

- Consultation on status in the natural persons register—tax identification number—in the TA's property records.
- Acquiring information on the restitution of income tax returns.
- Simulating the calculation of income tax.
- Consultation on frequently asked questions regarding personal income tax (IRPF).
- Test response on IRPF legislation.
- Verification of IRPF-related debits and the creation of a payment document.
- Fill in and submit the original IRPF return for the tax years 2013, 2014 and 2015.
- Prepare the draft IRPF return for 2016.
- Evaluate the software application.

In addition to the applications related to the IRPF, the TA has provided software for companies, importers and travelers.

At present, the World Bank's measurement of tax payment facilitation, using the "Doing Business" index,⁸ gives a higher score to those countries whose TAs receive a higher proportion of returns and payments by online means.

The advantages of an electronic system for returns and payment are increasingly evident, and the benefits mount as the system becomes more widespread. Those advantages including the following:

- Reducing costs for the TA and for the taxpayer.
- Bringing the taxpayer closer to the TA by means of simple support programs.
- Providing more reliable information.
- Reducing data errors.
- Cutting the time needed to make the information available to internal users for oversight and recovery purposes.

The system's procedures vary from country to country. There might be differences between the methods used to receive returns and payments through platforms offered by the banks and/or the means devised by the TA itself to manage receipt of returns and payments. Whatever the method, the online submission of returns has become widespread in many administrations. This is not the case with payment. In many countries, payment is still processed through banking institutions using documents prepared by the system of pre-printed forms, and there are still cases in which TAs receive payments as if they were collection agencies.

The operational logistics of the system for receiving returns and payments are supported functionally in the areas of collection and technically in the areas of technology or computing. This should be an invisible but efficient endeavor. Each year, taxpayers must be able to feel confident and safe that they will face no difficulty in complying with their obligations to submit returns and pay taxes. Critical moments, such as when forms change

⁸ The "Doing Business" index measures how government regulations foster or constrain business activity; one of the matters assessed is ease of paying taxes.

because of legislative reforms or modernization processes, must be supported in planned processes that ensure tests are carried out before the changes take effect.

This thinking begins with the process of devising the forms, determining the fields that have to be filled out, developing the support programs for completion of the forms, and issuing passwords to the new individuals with responsibility in this area, if such exist.

It is important that the program set up for this purpose be free and user-friendly, and that it offer assistance to taxpayers when they are preparing their tax returns.

3.1 Determining the fields for versions and forms

Determining the fields for the different versions of the forms is an undertaking shared among the collection and technology sections, and is a process carried out before the dates on which taxpayers are officially obliged to use them.

To determine the fields, some administrations opt to design annexes for particular rows in the form. These annexes can be loaded in flat files or digital files when the volume so allows. This innovation facilitates control through cross-reference programs, whereby the information submitted by the taxpayer is contrasted with that provided by third parties.

The process of determining the fields can also be used as an instrument of control when it is the system that calculates certain fields on the basis of information provided by the taxpayer. This calculation can validate specific conditions and set ceilings—in line with legal limits—on particular fields.

The use of electronic forms allows those forms to be personalized for various categories of taxpayers. For example, the income tax return form for companies can be different depending on whether the taxpayer is in the financial, agricultural or commercial sectors.

The returns can be tax-related or for information purposes. Under some legislation, the reporting obligation conferred on third parties is incorporated into the returns,

which establish timeframes for their submission and specific summary formats. This measure facilitates control of the reporting obligation for this set of taxpayers.

In this process the administrations have found an ally in compliance control, since it leaves little space for the taxpayer to input information that is unsubstantiated or that exceeds the allowed limits. Hence controls can be applied before the information is put into the system. This leads to greater efficiency in the use of resources by significantly reducing the need for post-return controls.

The legislation should make provision for standardizing returns so as to prevent taxpayers from including information that exceeds the set parameters. In some countries, this return is known as a “parallel return” or “standardized return.” Additionally, this is the return usually taken into account to create the current account balances.

There are variations in the obligations related to electronic submission, and in the way in which the TAs implement their own systems for electronic submission. For example, in some countries electronic submission is mandatory for certain types of taxpayers or certain forms. In other countries, electronic submission is voluntary for a period and then is generalized as obligatory. Whatever the method used, the TA must guarantee that the greatest number of returns—especially those of greatest fiscal significance—are input through this system in the shortest possible time.

The main variables to be considered when making a decision about this matter are related to the degree of computer literacy in the country and the extent of internet penetration among the different segments of taxpayers. In this regard, the administrations can opt to establish different means and procedures in an effort to strike a balance between the interests of oversight and facilitating voluntary compliance, while also taking account of the context in which these developments unfold.

3.2 Pre-prepared return

The “pre-prepared” or “ready made” return is a relatively new device used in several countries across the world for certain groups of taxpayers. Under this procedure, the tax authorities make an assessment and the taxpayer corrects or confirms that assessment, which then becomes a sworn return. For this to be possible, the TA must have numerous sources of reliable information on the taxpayer and on third parties. In general, the TAs that have implemented this method allow taxpayers to confirm the assessment by different means: from their computer or cell phone, or by accessing a website to provide additional information that the TA will use to make the corresponding adjustments.

Another version of this approach is to regard the return as accepted by the taxpayer if the latter does not respond in a certain amount of time.

Some administrations use the intermediate measure of providing taxpayers with the available information on them. This allows taxpayers to make the necessary changes to ensure the registration is correct, thereby obviating the danger that they might fail to report income or succumb to temptation in that regard.

These levels of simplification are normally used for individuals working as waged employees, and this approach is possible if there is enough information in the TA's databases.

Peru's SUNAT uses an innovative practice that allows the returns made by some groups of taxpayers to be configured on the basis of information that they have provided through the “e-books” mechanism.

In this connection, as part of its “e-Social” model, Brazil's Department of Federal Revenue (Secretaria da Receita Federal de Brasil, RFB) is developing a means of assembling the return on the basis of payroll accounts provided by companies. This does not do away with return itself: on the contrary, the taxpayer retains the obligation to deliver both. This is being developed for the “e-Social” program, which seeks to unify the employer's delivery of information on employees so as to serve the different

agencies controlling data on workers. It will be expanded to other components of the Public Digital Accounting System (SPED) for corporate bodies.

As regards natural persons, the return is generated by means of a digital record containing the data that taxpayers download from the RFB website and import for use in their returns. On the basis of this data the taxpayer can add more information. The data in this record is provided by third parties—for example, taxpayers' income and withholdings, reported by companies, as stated in the Withholding Income Tax Return (DIRF). Other information is being prepared for inclusion in this file, such as medical expenses.

The trend is for the TA to settle those taxes that can be settled using the information previously supplied by taxpayers. For example, Argentina's AFIP—which also manages the collection of social security contributions—uses this approach to settle taxes and levies on the employee payroll, and to distribute the resources to the various bodies in line with legal stipulations. Those bodies can also access centralized information using the “Registration Simplification System.” This approach simplifies and reduces the number of procedures, offering online services to workers who, in real time and from the first day that they are registered, can learn whether the employer is making their contributions on time.

3.3 Verifying returns and reports

The systems applied to the process of receiving the returns and reports provided by taxpayers, and by third parties subject to an obligation, have been incorporating methods of verifying the information at the moment it enters the TA. This makes it possible to detect any inconsistencies at an early stage and thus to generate immediate notifications of the obligation to taxpayers, so that they can make corrections. Two novel experiences of Brazil's TA reveal controls that have been implemented successfully and that help ensure proper compliance with the obligations to file tax returns and submit information.

Automatic Fines – Brazil

Previously, fines for late submission of tax returns were determined by batch processing, which involved a substantial time lag and high correspondence costs, circumstances that limited the number of taxpayers who were contacted.

Currently, the “Return Generator Program” (PGD) informs taxpayers of the fine by means of an online notification program. This notification mechanism has allowed the authorities to tackle all cases in which taxpayers submit their returns beyond the deadline.

Control of Corrective Returns – Brazil

When taxpayers wanted to obtain a Negative Certificate of Debits (CND) they corrected the DCTF to put the debit balances at zero. After acquiring the CND they correct the return again to obtain debit balances. Another practice was detected, whereby they amend the information at the moment they are informed of a tax procedure. Currently, when the corrective returns are received a “mesh” is applied, whereby the authorities retain those returns that meet some previously determined conditions, such as the percentage reduction in balances. As part of this procedure, the authorities also keep all those corrective returns from taxpayers that are subject to a tax procedure.

3.4 Receipt of payments

Observing the experiences of TAs in Latin America and the Caribbean, it is apparent that the receipt of electronic payments has advanced at the same pace as receipt of returns.

While some countries have managed simultaneously to implement electronic returns and payment, the practice is not yet widespread. In most cases, the broader spread of this practice will depend on what is stipulated in the respective regulations governing submission and payment.

For many administrations, payment is a separate operation from submission of returns. With this approach, different documents are generated in the system: one for the returns and another for the payment. The payment document is linked to the tax return through a reference number or a bar code. With either of these methods, this code is entered or read at the banks' cash desks or on an online platform provided by the banks or authorized third parties.

In Mexico and Guatemala, the legislation makes it obligatory for the payment to be made with the submission of the return, in order for the latter to be valid. In these particular cases, the return and the payment are recorded in the same document, which is not accepted into the system without the corresponding confirmation of payment.

Finally, the TAs have diversified the payment methods in an effort to facilitate compliance. The most common channels and methods include the following:

- The collection agencies' web platform.
- The TAs' web platform.
- Direct debit agreements with financial institutions.
- Bank counters with a printed document, in cash or by check or credit card.
- Bank counter with a reference number, in cash or by check.
- Automatic teller machines (ATMs) with a reference number.
- Credit card via the Internet with credit card providers or the banks.
- By money order through post offices.

Below we outline particular cases by country.

- Ecuador: direct debits, only for cases of enforced payment.
- Ecuador: credit card in SRI collection offices—POS service.
- Portugal: account-to-account transfer.
- Peru: account-to-account transfer, charged to a pre-determined drawdown account.
- Spain: state e-payment platforms.
- Panama and Colombia: tax payment certificates.

The use of e-payment platforms has been one of the alternatives used to make e-payment more widespread.

If the payment is electronic and is made through the TA's website, the taxpayer must provide financial information to complete the transaction. If the payment is made using the website of a banking institution, the taxpayer must provide the payment information. If the payment is made through a third-party website, the taxpayer must provide both payment and financial information to complete the transaction.

Payment can also be effected using documents or certificates for income tax payment that can also be made available for banking institutions if the TA has the capacity to establish a mechanism for direct consultation and authorization at the counter of the amounts to be paid with a charge on the certified balances.

A payment may refer to a particular return or an installment of a payment arrangement. As regards previous unpaid tax liabilities, the system can also facilitate the issuing of a reference code that groups together more than one tax and several tax periods.

3.5 Payment methods

According to the tax regulations, there are different means of paying taxes to the tax authorities. The differences lie in the time in which they are paid by the taxpayer and the nature of the subject tasked with receiving and later making the payment to the TA.

Withholdings, receipts, deductions and advance payment are methods that the administrations have devised to guarantee collection of the amounts due, and in some cases to receive payment on account, partial payments or installment payments throughout the taxable period. The collection sections are normally in charge of the regulation and control of these payment mechanisms.

Peru's SUNAT has experienced a significant development in the different methods applied to the general sales tax (IGV). The features of each of them are outlined below.

IGV COLLECTION – Peru

Background, context and/or circumstances that led to implementation of the practice	Collection is applied as a mechanism to foster formality in the economy by covering activities marked by a high degree of tax evasion. Currently, it is applied to the domestic sale of goods subject to the IGV indicated in Appendix 1 of Law 29173, to the sale of fuels and to goods imports.
Most important characteristics of the practice	Collection agents are assigned, taking account of certain characteristics. The agent receives, apart from the amount due from a sale or an import, an additional percentage that the client (subject to the IGV) or importer must settle. The collection agent declares and pays the amounts received. The client (subject to the IGV) can deduct the amounts received, offset them or, if such is the case, request a refund of unapplied collections.
Main goals	Guarantee payment of the IGV and progressively foster tax compliance.
Resources directly affected by this practice	Taxpayers (collection agents and those subject to the IGV).
Areas with direct responsibility for this practice	Auditing. Debt control. Taxpayer services.
Details of the main users of the service or tool	The provider. The client (subject to the IGV): domestic sale of goods subject to the IGV indicated in Appendix 1 of Law 29173, to the sale of fuels and to goods imports.
Details of ancillary or complementary tools	Specific form to report the amounts received (PDT-633).
Data on scope of the benefits obtained	Benefits in IGV collection: <ul style="list-style-type: none"> • In 2008, a total of 901.2 million new soles was collected. • In 2012, a total of 1,655.7 million soles was collected. • In 2014, a total of 2,122.3 million soles was collected.

IGV DRAWDOWN → Peru

Background, context and/or circumstances that led to implementation of the practice	This is an administrative tool effected by the buyer or user of a good or service subject to the system, of a percentage of the amount due for these operations, and then to deposit it in a current account held by the seller or service provider who, for his/her part, will use the funds deposited in his/her account in the Banco de la Nación to pay taxes and/or tax debts. In this system, which began in 2002, the state guarantees payment of the IGV in sectors marked by a high degree of informality.
Most important characteristics of the practice	<ol style="list-style-type: none"> 1) Online administrative process. 2) Enforcement process in 30 days.
Main goals	<ol style="list-style-type: none"> 1) Ensure payment of taxes by means of savings in an account in the Banco de la Nación. 2) Control of sales operations by tax period, and identification of providers and clients. 3) Detection of sectors marked by a high degree of non-compliance and informality. 4) Formalization of taxpayers characterized by a high degree of non-compliance and informality.
Resources directly affected by this practice	<ol style="list-style-type: none"> 1) Staff in the operational section (44 at the national level). 2) Staff in the regulations section.
Areas with direct responsibility for this practice	<p>Operational sections.</p> <p>Regulatory section.</p> <p>Systems section (information and technology support).</p> <p>Banco de la Nación (BN).</p>
Details of the main users of the service or tool	Debt control area – oversight, enforced collection, installments.
Details of ancillary or complementary tools	<p>RSIRAT system.</p> <p>Internet – SOL mailbox.</p>
Description of the benefits obtained	<p>In 2014, tax payments with drawdowns totaling 18 billion soles were made, and up to June 2015 about 8 billion.</p> <p>Another benefit is the detection of infractions; in this regard some 7 billion soles in additional income were obtained.</p>

IGV WITHHOLDINGS – Peru

Background, context and/or circumstances that led to implementation of the practice	Unrepresentative collection of the IGV, evasion and/or avoidance of tax payments in sectors related to sale of goods, first sale of real estate, provision of services and construction contracts subject to IGV.
Most important characteristics of the practice	<p>Withholding agents are designated in line with specific parameters and through a Superintendency Ruling.</p> <p>The withholding agent retains part of the IGV to be paid by the provider for transactions worth more than 700,000 new soles.</p> <p>The withholding agent reports and pays the withheld amounts.</p> <p>The provider may deduct the withheld amounts, offset them or, if such is the case, request a refund.</p>
Main goals	<p>Guarantee payment of the IGV.</p> <p>Progressively foster tax compliance.</p>
Resources directly affected by this practice	Taxpayers (provider and client).
Areas with direct responsibility for this practice	<p>Auditing.</p> <p>Debt control.</p> <p>Taxpayer services.</p>
Details of the main users of the service or tool	<p>The client.</p> <p>The system is applicable to providers engaged in the sale of goods, first sale of real estate, provision of services and construction contracts subject to IGV.</p>
Data on scope of the benefits obtained	<p>Benefits in IGV collection:</p> <ul style="list-style-type: none"> • In 2002 (implementation of the system), 621.8 million new soles were collected. • In 2003, 1,424.4 million soles were collected. • In 2011, 2,411.4 million soles were collected. • In 2014, 1,073.0 million soles were collected.* <p>* In 2014 the withholding rate was reduced from 6 percent to 3 percent, and thus the amounts collected declined.</p>

Tax prepayments or payments on account comprise another method that the TAs have implemented to collect, mainly, income tax in the same tax year in which the latter tax is incurred and before it is definitively determined; the taxpayer has the right to discount it in the tax payment once it has been declared.

Nicaragua's DGI uses this method for prepayments of excise tax, the specific fuels tax and VAT for those registered as being responsible for making tax payments, such as large taxpayers. The prepayment method is a mechanism to improve the cash flow of tax revenues—article 37 of the tax code.

3.6 Managing agreements with banking institutions or collection agencies

The success of using the banking system or collection networks as partners in tax collection entails a perfectly detailed agreement in which both parties have duties and obligations. The TA is obliged to provide technical information, to publicize the timeframes, to detail the ways of complying with obligations, and to coordinate the training of the banks' technical and counter staff. For its part, the banking institution is obliged to receive tax returns and/or payments, to process and deliver the information in a timely manner, and to transfer the monies collected to the treasury accounts.

In Argentina, there are service providers acting on behalf of and under instructions from the banks that offer easy payment systems and have a longer working day than the banks.

3.6.1 Contract with the banking network or collection agencies

Since this is a function of the state, the administrations must be alert to the regulations that govern the process of collection through the banking system or other private entities.

The regulations should include the following matters:

- Define the nature of the collection function and the express delegation of the banks or collection bodies.
 - Requirements to gain access as a collection body.
 - Technical, procedural and compliance-related obligations that the banking institutions must assume in providing information and delivering the monies collected.
 - The TA's obligations.
 - Form and timeframes of compensation for the service.
 - Forms, timeframes and reports of monies transferred to the treasury.
 - Responsibility for payments received by means other than cash.
 - Terms of the agreement, clauses, period in force, reasons for cancellation, minimum periods for giving notice of ceasing to act as a collecting bank.
 - Penalties for non-compliance on the part of the collection body.
 - Timeframes for preserving documentation.
 - Information processing, duty of confidentiality (tax secrecy).
 - Devising a procedure to present and resolve operational issues (system of bank claims).
- As regards the manner in which the TA compensates the banks for collections services, note the following:
- Fixed amount per document or payment received, which is when the bank becomes responsible for transcribing the information from paper forms; the amount can vary according to the complexity of the forms (number of fields). Nonetheless, inasmuch as the trend is toward electronic submission of returns, this method has been replaced by a fixed amount for each transaction effected through the bank's platform.
 - Commission on collected monies, establishing percentages for ranges of amounts.
 - "Float": calculated on the basis of the number of days that the bank can make use of the monies collected before transferring them to the treasury accounts. The calculation of the "float" days can include a fixed component and a variable one in line with matters such as the quality of the information and its timeliness, the number of transactions and the value of the amounts collected.

There can also be combined schemes that mix various kinds of compensation, such as setting a minimum amount per document plus a percentage of the amount collected, or by setting a value in “float” days plus a minimum amount per transaction.

Nicaragua is a particular case, since the banks there offer this service for free.

Whatever the method used, the TA must assess the reasonableness of this cost as technological and legal conditions change, and must take care that this cost is made explicit when calculating the costs of collection.

3.6.2 Other services offered by collection bodies

In some countries, the banks’ collaboration extends to other services agreed between the TA and the banking institution, with a view to offering a better service. Some examples: counter services in specific places, working hours and times; mechanisms to transmit pertinent information to taxpayers by means of advertising targeted at the bank’s customers; and special service offices for large taxpayers. In some countries, the agreements with the banks include other functions, such as online registration of seizure orders currently underway. This latter issue happens, for example, in Spain.

3.7 Others collaborating in collection

The TAs have made it possible for third parties, other than the taxpayer, to be linked to the submission of returns, with a view to making the process more flexible, efficient and reliable for both the TA and the taxpayers. For example, Panama has called this service the “Corporate System,” whereby certain taxpayers are so authorized by a ruling, once they have made a request in line with the stipulated requirements, which include posting a bond.

Other countries, in an effort to reduce taxpayers’ indirect tax burdens, as well as to streamline and expedite the TA’s administrative tasks, have implemented a system of TA collaborators, whereby “tax intermediaries” work together with the TA in managing taxes. This enables taxpayers to gain knowledge and understanding, and thus to comply with their tax obligations. Spain’s “Social Collaboration System” provides a good example.

Social Collaboration System – Spain

This emerged with the reform of the General Tax Law of 1995 as a response to the extension of the “self-assessment” system, which made it necessary to offer support to taxpayers so that they could meet their obligations.

Social collaboration, by means of collaboration agreements with the Tax Agency, allows the public administrations, the institutions representing social, labor, business or professional interests, as well as private organizations, to collaborate in the enforcement of taxes. Once the collaboration agreement is signed, the institution (in the case of professional associations engaged in tax management) communicates to the Tax Agency the relationship of the professional members or associates.

Social collaboration in tax management allows for multiple online procedures and actions on behalf of third parties.

At present, the social collaboration system for tax purposes enables the online submission of returns for various kinds of taxes, communications, resources and certain documents in electronic format. If

taxpayers want more information, they can access each of the options offered in this page: returns, payment of taxes, resources, provision of documentation, stamps and census obligations.

Given the important role of tax professionals as social collaborators in the online submission of returns and other tax documents, the Tax Agency deemed it helpful to establish a new framework for working with these tax intermediaries. To that end, on March 30, 2011 the Forum of Tax Professionals' Associations and Societies was set up as a body for cooperation based on transparency and mutual trust. This ultimately redounds to the benefit of taxpayers, fostering and facilitating voluntary compliance with their tax obligations.

3.8 Control of collection institutions

One of the most important processes in the area of collection is control of the agreements or contracts with the institutions that support collection. This control includes what is termed “reconciliation of bank collection.”

The information systems available to carry out such control should make provision for the reconciliation of information from three different sources: the bank that reports the monies received—the collection being classified by day and type of tax; detailed information on payments made; and information on amounts transferred to the treasury.

In some countries, such as Colombia, where the “float” index is variable, the TA has an additional information system that automatically calculates the number of days corresponding to each collecting bank according to assessed factors such as timeliness, quality of the information, and amounts collected.

When payment is by commission on the monies collected or by number of documents, provision should also be made for automatic procedures to calculate and control the payment, ensuring the necessary traceability for the purposes of later audits on the part of the internal and external control bodies.

3.9 Penalties applicable to collection institutions

The regulations should consider the penalties applicable to collection institutions that breach the agreement, and the way in which these penalties should be legally imposed.

Penalties can take account of matters such as the quality of the information, timeliness in the delivery of the information, promptness in transferring the funds, and reconciliation reports.

In cases of recurring breaches or depending on the seriousness of the failings, thought should be given to the possibility of preventing the bank from acting as a collection institution, or to temporarily or partially sus-

pending an office or territory. Additionally, it is necessary to establish the circumstances in which infringements should be subject to control on the part of the superintendency of banks or agencies responsible for controlling banking institutions. An example of such circumstances, and one that arises often, is to offer commissions to customers in order to attract tax payments and improve their reciprocity.

The penalties can also include the proportional loss of the commission or of the “float” days. In Colombia, for example, if a bank does not meet the minimum thresholds of quality and timeliness in information, it loses days of compensation.

4. Current Account System

Once taxpayers are registered and the mechanisms to receive returns and payments are ready, the TA must reflect the outcome of the operations effected by taxpayers in a simple system, with a view to verifying compliance with their obligations. This verification process also includes the mechanisms springing from the TA’s control authority that can affect both the debtor and creditor balances, in favor of either the treasury or the taxpayer.

This information system is known as the “tax current account” system or the “integrated current account.” Like a current account in a bank, it reflects the credit and debit transactions resulting from the relationship between the treasury and the taxpayer. Hence the current account should include all the taxes and items that generate monetarily expressed movements that, in the aggregate and individually, show the unentered amounts that should be subject to a levy.

This system has become a fundamental tool in controlling delinquencies and makes it possible to group and show precisely the balances due or in favor of the taxpayer for each of the items, taxes and periods in which the taxpayer’s situation is detailed.

Tax legislation in some countries, such as Guatemala, has made it an obligation of the TA to implement the current account system.

For example, article 99 of Guatemala's tax code, which refers to the "Tax Current Account System," establishes the following:

The tax administration will implement the integrated tax current account system, which will cover the quantitative relation of the tax debit or credit between the treasury and the taxpayer or the responsible third party. One component of this system will consist of the debits, as well as their corresponding compensatory interest, surcharges, fines and punitive interest.

The resulting balance of debits and credits will comprise an amount receivable from or to be refunded to the taxpayer or responsible third party, subject to confirmation of the balances of each tax. The final amount to be received, refunded or credited to the taxpayer shall be established by totaling the balances of the different taxes included in the current account system. In the case of a refund, this will be done in mandatory fashion or at the request of the taxpayer or responsible third party within 60 days of the settlement date approved by a ruling of the Tax Tribunal, duly notified. If that deadline is not met the TA must recognize and pay compensatory interest, in line with the stipulations of article 61 of this tax code. Amounts in favor of the taxpayer for VAT credits will not generate interest because they are taxes already levied on the final consumer (Tax Code of Guatemala).

In countries where there is no current account system to record taxpayers' debits and credits—Ecuador, Peru, Bolivia and Mexico—there are alternative means of controlling tax liabilities on the basis of information from returns, payments and administrative actions.

Current accounts as such do not exist in Brazil. Nonetheless, there are 26 systems and they have been used to build overall consultations on taxpayers and various reports on tax management processes.

4.1 Setting the parameters of the current account

To design this tool and set its default values, there must be prior decisions about the rules to be applied to matters such as:

- Managing corrective, replacement or complementary returns. The terms "corrective" and "replacement" are synonyms indicating that a return, under certain rules, replaces in all respects a previous return submitted for the same tax and period. An "additional" or "complementary" return is one that provides additional information to previous returns submitted for the same tax.
- The legislation should stipulate the maximum amount of time in which a corrective return should be submitted and the conditions under which it can be accepted. The general parameter is that the corrective return should show a higher amount to be paid or a lower balance in favor in order for it to be accepted automatically. If the rule is breached, the return is regarded as invalid in the current account. In some administrations this return undergoes an approval process in the auditing sections. If it is approved, it enters the current account and replaces the previous return presented by the taxpayer. In some administrations the return can only be changed to reduce the set amount of tax using an administrative process at the request of the taxpayer, which ends with the issuing of an official decision in the form of a ruling.

Below, we describe the main functions of a current account:

- Forms and versions for returns and payments, with the necessary fields containing the data that will generate the debit and credit transactions. The current account will generate transactions on the basis of the documents involved in returns, payments, and administrative actions. Each form will establish the default settings to indicate the field that will generate each transaction.

- Rules to apply or carry forward balances from one period to another or from one tax to another. Advances declared and paid in a previous period, or excess favorable balances that may be applied to a return for the previous period.
 - Forms for setting interest, charges and fines. It must be clear, in particular, that these concepts apply automatically, without the mediation of an administrative action.
 - Form for imputing payments. In some countries, payments indicate a tax and the current account imputes them to the oldest debt for that tax, thereby countering the effect of the time limitations on debt recovery. In other cases the tax and period for which payment is made are respected.
 - The documents and administrative actions that affect the balances must also be entered into the system and have their own rules of use. Examples:
 - a. Refund and/or offset. A determination on a refund and/or offset must indicate the tax and the period or the document that gave rise to the refund, and the taxes and periods being offset with the amounts, and the cut-off date for interest.
 - b. Prescription (that is, the time period beyond which debt cannot be recovered). A determination of a time limitation on recovery must indicate the tax and tax period subject to the limit, without requiring a cut-off date—once the limit is set the ancillary obligations follow the fate of the principal obligation; that is, all the debt items related to the main obligation are prescribed or out-of-time.
 - c. Payment agreements. The payment agreement, part payments or payment facility normally has rules as regards the number of instalments, the periodic calculation of financing interest, and the taxes that can be subject to a payment arrangement. These rules must also be included so that the system has the capacity to generate and process documents with the rates and monthly instalments that will replace the initial obligations. Reassessments and changes to payment arrangements allowed by law should also become part of the system.
 - d. Oversight activities that determine fines or payments additional to the settlement made by the taxpayer in his returns should also have their own rules in the current account. In this case it must be decided if they operate as additional debits or if they replace the initial debit. It must further be decided if they will affect the current account with the issuing of the ruling, when taxpayers are notified or when they become final.
 - e. The TA must also make provision for a record of the appeals rulings that alter the balance in both the administrative and the judicial phases, so that the real balance of an obligation is always known.
 - f. Moratoria, amnesties, or reductions in interest or fines granted through a legal ruling must have parameters set so that the balances are updated in a timely manner. It is often the case that these adjustments are made a long time after the period in which the reductions applied, thereby causing discord on the part of taxpayers who do not see their obligations liquidated although they have paid in accordance with the rules to which they were subject.
 - g. In general, the current account should have parameters for all TA or other actions that determine an amount to be paid or a reduction or change in that amount, exemption or cancellation of an obligation as in the case of referrals, in-lieu payments, settlements through judicial decision or the adjudication of property and so on.
- Different types of account can have parameters set in the current account—determining accounts, informative, debit and credit accounts, bridge accounts or accounts that, as well as being informative, serve to record balances that are held on account in order to ensure that there are available balances to affect other accounts—for example, incentives accounts that are loaded so as to have an updated value of the incentive from its creation to its expiry, or tax credit accounts to be used in the return for the following tax period.

The current account is normally presented in a form that goes from the general to the particular. First shown are the aggregate amounts of taxpayers balances for the different taxes. From this first level the account moves to the details of the balances by period. In the “period” level, it is possible to disaggregate by debit and credit transactions.

4.2 Advantages of a current account

A well run and updated current account system gives the TA a substantial value added, as well as a guarantee for taxpayers that the accounts they maintain with the TA are clear and the record of their operations is transparent. Below, we mention some of the main advantages:

- It makes it possible to integrate the TA’s systems as regards the key information needed to calculate taxpayers’ balances.
- It allows cases of arrears to be chosen for the recovery process.
- It makes it possible to detect and correct inconsistencies in the information before they are used in the different processes of assessment and levying.
- Taxpayers can make a full payment of various obligations if the payment document is generated on the basis of the current account.
- It provides reliable information for other processes, such as taxpayer support, refunds, offsetting or cancellation of receivables due, incentives control, oversight, assessments.
- Its registers serve as a means of keeping account of tax revenues and determining the accounts to be charged on behalf of the tax authorities.
- It allows for the self-management of mistakes and statistics for the purposes of decision-making or for identifying unreliable data.

4.3 Provisions

4.3.1 Quality and comprehensiveness of the information

It is not easy to ensure the comprehensiveness of the current account, since it means that the TAs must review the interfaces that have to be set up between the systems that create the information and the current account system. In cases where there is no developed system to create information required by the current account, schemes have to be designed that capture reliable and timely information so as to fulfil the function of integrating all the information that affects taxpayers’ balances.

The quality of the current account balances is directly proportional to the quality of the data they process. Taking care of the quality of the information that is entered into the current account must be a constant task of the revenue sections, although it requires devoting resources to such monitoring.

It is advisable that there should be a unit to manage current account inconsistencies and a group of current account analysts that devote their time to checking information and monitoring cases that are reported by either a taxpayer or the users of the system.

This procedure could avail itself of automatic programs to detect inconsistencies. The cycle that should be completed consists of detection, verification, and adjustment; it implies correcting input information or the system’s parameters.

In some countries the TA is clearly empowered to correct mistakes in the recording of tax returns and payments, using either automatic or manual procedures, without call for an administrative procedure.

4.3.2 Strategies for instituting a current account

The TAs that decide to introduce a current account have to analyze several legal matters related to access to information that crucially influence the possibility of bringing the task to a successful conclusion.

Key decisions have to be taken, depending on whether the current account is going to start from zero, using information from before its existence, or whether it will process previous information. In the latter case, certain questions have to be resolved, such as: How many years of information from before the current account began will be processed? What rules applied in that period to impute payments and calculate default interest? What special cases have arisen, such as amnesties, moratoria or payment arrangements?

In processing the current account of obligations that have already been paid, there might be receivables due. It is even possible that there has been some administrative action decreeing that the case be filed, or that a tax refund or other benefit has been granted that required being in good standing as regards the payment of debit balances. In some scenarios it is likely that the TA will judge it to be appropriate to write off the balances arising from accrued interest or unpaid taxes during a particular period, as long as they do not surpass a given minimum, with a view to avoiding efforts to recover obligations that have been paid.

Another matter that must be considered in a specific work plan is the task of migrating data, which involves preparing and even completing the information so that it is compatible with the data structures of the new system. This endeavor can entail attending to a large number of details and can involve several sections of the TA, and their responsibilities should be clear within the work programs. It is advisable that this matter be dealt with by an official who is tasked with working in parallel in the development of the project.

It often happens that some procedures and formats used for the different determinations that the TA makes have to be adapted to the new requirements of the current account, and the time required to carry out that analysis and adaptation should be considered in the project.

As regards legal matters, all risk of discrepancies must be covered in calculating the balances, or in the way in which timeframes are determined, or even in the way in which the rulings on resources, refunds and so on should be applied in the current account. Normally, when these matters have been resolved manually or using isolated systems, it can happen that there are different ways of applying the rules in the local offices. If such a situation becomes apparent, an opinion should be sought from the judicial section so as to have legal backing for operations that the current account will undertake in a unified manner.

TAs like those in Colombia, Argentina, Guatemala, Panama and Honduras use this system to great advantage. The experience of Honduras is presented below.

Tax Current Account – Honduras

The current account receives and processes information to obtain taxpayer balances for the different credit and debit items, which in turn are converted into an input for other TA processes, such as mandatory assessments, refunds and recovery. This is a constantly ongoing accounting process that allows the authorities to know taxpayers' debit or credit balances, and has advantages such as: reducing the time needed to generate programs covering arrears and delinquencies, control of payment plans, and recording and controlling credit notes.

The kinds of operations that affect the current account—be they debits or credits originating in sworn returns and payments effected through the banking system, adjustment transactions, generating parallel transactions, payments on account or recording administrative actions that alter the taxpayer's fiscal circumstances—comprise the information that gives officials working in the revenue areas a basis for addressing requests made by taxpayers (for credit notes, refunds, changes to payments on account, corrected tax returns, proof of solvency, items subject to payments on account, and so on).

The current account approach identifies the taxpayer's accounts in the interests of the proper management of the balances, and in line with each kind of tax.

The taxpayer's balances are registered through the type of account, in line with the parameter table of the E-TAX system in which taxpayers' obligations are classified. The system also indicates if balances greater than zero for this account item will be considered for arrears control programs or for the granting of payment agreements and so forth.

Some 16 different accounts have been identified that the current account administers for each tax:

1. Self-assessment
2. Additional settlement
3. Mandatory assessment
4. Payment plan
5. Payment on account
6. Omitted payments
7. Next credit
8. Penalty or fine
9. Credit notes
10. Credit transfers
11. Customs hold-ups
12. Unenforceable customs hold-ups
13. Unenforceable additional settlement
14. Unenforceable mandatory assessment
15. Unenforceable penalty or fine
16. Advance on income tax

Each of these accounts is associated with a particular tax. Nonetheless, there are accounts that are not so related because of the way in which they are applied. Such is the case of credit notes that correspond to an act of transfer that does not specify a tax or corresponding tax period to the transferee. This credit must be registered in the Tax Credit Notes under the heading “Other Taxes.”

Consulta a Cuenta Corriente

e-Tax Honduras CCC - Consultar Estado Cuenta [SaldoCuenta.aspx] [1.5.5.0] 2015/04/06 09:29:49 a.m. 0705-1982-00012

RTN 0:01900500251/ Consultar

Nombre: **Compañía A,B,C,S.de R.L**

Impuesto: (Todos)

Tipo Cuenta: (Todos)

Saldo a Favor: (Todos)

Ver Omisiones

Cuenta	Impuesto	Vr Impuesto	Vr Multa	Vr Recargo	Vr Interes	Vr Total
1 - Propio Computo	101 - RENTA JUR	0.00	0.00	0.00	0.00	0.00
5 - Pagos a Cuenta	101 - RENTA JUR	199.22	0.00	71.72	0.00	270.94
6 - Pago No Aplicado	101 - RENTA JUR	-3,195.81	0.00	0.00	0.00	-3,195.81
7 - Crédito Próximo	101 - RENTA JUR	0.00	0.00	0.00	0.00	0.00
1 - Propio Computo	201 - VENTAS	0.00	0.00	0.00	0.00	0.00
6 - Pago No Aplicado	201 - VENTAS	-541.40	0.00	0.00	0.00	-541.40
7 - Crédito Próximo	201 - VENTAS	0.00	0.00	0.00	0.00	0.00

eTax PRODUCCIÓN

e-Tax Honduras CCC - Consultar Estado Cuenta [SaldoImpuesto.aspx] [1.3.5.0] 2015/04/06 11:36:55 a.m. 0705-1982-00012

RTN 080190050025
Nombre Compañía A, B, C, S de RL
Tipo Cuenta i - Propio Computo 101 - RENTA JUR

☐ Por Prescribir
☐ Por Fecha de Prescripción
☐ Marcada con Sello Definitivo

Periodo	Cuota	Plazo	Tasa	Tasa Rec.	Documento	Valor Inicial	Transacciones								Saldo Impuesto	Saldo Multa	Saldo Recargo	Saldo Interés	Tipo Cálculo	Valor Cálculo
200501	1	20060502	0 %	0 %	35211010292	408.50	Nº Documento	Fecha	Tipo	Concepto	Valor	Impuesto	Multa	Recargo	Interés					
					35211010292			20060502	Pago	1	408.50	408.50	0.00	0.00	0.00					
200601	1	20070430	0 %	0 %	35220106652	885.87	Nº Documento	Fecha	Tipo	Concepto	Valor	Impuesto	Multa	Recargo	Interés					
					35220106652			20070410	Pago	1	885.87	885.87	0.00	0.00	0.00					
201001	1	20110502	0 %	0 %	35220387781	1,839.66	Nº Documento	Fecha	Tipo	Concepto	Valor	Impuesto	Multa	Recargo	Interés					
					35220387781			20110429	Pago	1	1,839.66	1,839.66	0.00	0.00	0.00					
201101	1	20120430	0 %	0 %	35221818414	215.06	Nº Documento	Fecha	Tipo	Concepto	Valor	Impuesto	Multa	Recargo	Interés					
					35221818414			20120409	Pago	1	215.06	215.06	0.00	0.00	0.00					
201201	1	20130430	0 %	0 %	35220211582	265.62														

eTax PRODUCCIÓN

5. Tax Revenue Accounting

This function is inherent in tax collection, whether it is the direct duty of the TA or whether the TA as the collection agency must inform another body that is responsible for consolidating the state's accounts.

The plan of government accounts is the basis for establishing the classification of tax revenues. In some countries the TA is responsible—apart from its collection activities—for generating the payment documents to cancel other state allocations; in that case it shall also provide the revenue figures relating to these items for the National Accounts.

► Configuration of accounting items

The national plan of state accounts is the basis for the revenue accounting, and each payment received must be associated with an accounting heading. In their turn, these headings may have a sub-classification in line with the tax period for the revenue in question if it is the current period (revenue received in the same year) or revenue from previous periods. As regards the form of payment, it shall be recorded whether this was in cash or in papers or certificates acceptable for the payment of taxes.

Some TAs are responsible for controlling the revenues of other state bodies. This function entails issuing payment slips, recording and entering them into the accounts and, in some cases (as happens in some states of Brazil), extends to collection.

► Accounting report of revenues

Some countries only record the amounts collected, through it is advisable to record the declared amounts as revenue due, and payments as revenue received—the difference being the value of an account to be subject to a charge in favor of the tax authorities.

Similarly, the amount of excess payment and balances to be refunded to taxpayers must be recorded as a liability in the state accounts.

Another heading that normally should be recorded comprises payment plans or payment facilities, since this is a matter of medium-term liabilities.

We present the experience of Peru, which has a plan for clearing this kind of debt. Its purposes are to confirm that the information in SUNAT's systems is entered correctly, as shown in the document, and ensure the proper safekeeping of the documents underlying the tax obligation.

Physical Inventory of Amounts and Rulings on Part Payments Pending – Peru

There is a scheme for verifying the information in SUNAT's systems against the physical paperwork that each office has in its files. Verification focuses mainly on:

- Physical existence of the amount or Decision Approving Part Payment (RIA).
- Existence of the acknowledgment or means to certify notification of the amount or RIA.
- Existence of the document that certifies the alternative stage of the amount. This documentation determines the suspension or continuation of coercive collection activities to recover the debt.

The information on the physical paperwork must coincide with that recorded in SUNAT's systems.

As a result it is possible to detect and correct the differences found between what appears on the paperwork and what is recorded in SUNAT's systems. Additionally, this allows the authorities to determine debt that can be considered onerous and/or doubtful, and to improve the control mechanisms in the different operational areas that issue and record information on part payments.

Other matters that are important in accounting terms are the incentives offered through certificates that serve for payment of taxes, which are registered at the moment they are granted and later are credited for the amounts paid, ceded or used, as happens in Panama.

In Mexico, returns are submitted and payments are made exclusively by electronic means, thereby eliminating paper. This has allowed for the automated integration of processes within the TA that use information received electronically, as in the case of acquiring accounting records and accounting for revenues.

The current account system also facilitates the accounting report on revenues, since the current account can distinguish when one return rectifies another, thereby avoiding double counting of the debt. Similarly, the current account should be able to register other debts originating in TA activities, or rulings of other bodies that represent an enforceable or contingent right for the tax authorities and that must be recorded in accounting terms. If there is credit certificate handling, control of the balance of this account can be consolidated on the basis of the current account.

The Single Tax Account (CUT) developed by the General Treasury of the Republic of Chile⁹ is a good example of the integration between a current account of outflows and inflows and a TA's management processes, especially with collection and accounting processes, as outlined in Revista 39 de Administración Tributaria published by CIAT:

The CUT is structured on the basis of taxpayers, each one of whom comprises a single account in which all the tax information throughout the taxpayer's life is accounted for. It is based on a hierarchical model that distinguishes between the levels of Account, Movement and Item. Information is entered into the system by means of forms, which constitute an Account. With each of these an account is created ... therefore, a taxpayer will have as many current accounts as input forms registered in the CUT ... The forms that are registered in the CUT, under the principle of the development of the codes that each form contains, make it possible to establish an association with Tax Accounting and the imputation of accounting transactions, where each code that has a value or amount associated with the incomings or outgoings has an effect in the respective budgetary account. Hence it is possible

⁹ The General Treasury of Chile is the agency entrusted with collecting taxes due, and together with Chile's Internal Tax Service and National Customs Service it forms part of the Tax Administration.

to build budgetary accounting and at the same time clearly identify each year's budgetary exercise (Revisita 39, 2015, p. 116).

6. Refund or Tax Credit Relief

The revenue sections also take charge of refunds, a process also known as tax credit relief or reimbursement. These reimbursements may be automatic, as happens in several countries in the case of payers of income tax who are salaried employees, or may be effected by presenting a request to the TA.

When a taxpayer requests a refund, the taxpayer may authorize the TA such that, in the same decision that acknowledges the credit balance, the TA arranges the clearing of the enforceable debts. The foregoing, without prejudice to the authority that regulates it, can enable the TA ex officio to offset the taxpayer's debts without it being necessary for the taxpayer to grant authorization or make a prior request.

The authority is given to the revenue section because of the facility offered by the support of the current account to establish both taxpayer credit balances and payable balances that can be offset. Nonetheless, as regards refunds that require verification, it is the oversight section that normally takes charge of prior auditing to define the admissibility of refunding the credit balance. Once the audits have been completed, the final result is reported to the revenue section so that it can move ahead with the procedure to issue decisions and make payment.

Some TAs, apart from compensation between an individual taxpayer's balances, have also considered the possibility of cession of credit balances from one taxpayer to another, as the case may be. These balances must be subject to the same verification because, independently of the destination of the credit balance, the analysis must lead to the correct acknowledgment of the balance.

► Types of refund

Income tax refunds normally operate by means of excess withholdings relative to the amount of tax to be paid and, in the case of VAT, by means of differences between the tax billed and the tax paid, or on amounts of tax paid that must be reimbursed when they correspond to inputs used in the production of goods declared as tax-exempt. This is also the case of exporters who have a right to a VAT refund on tax paid in the production of goods and services included in exported goods.

Similar treatment is accorded to a request for a refund or reimbursement following "undue payments" or "excess payments" that favor the taxpayer.

Peru's SUNAT included in its legislation a procedure to apply mandatory reimbursement in the event of detecting credits from excess withholdings and/or sales tax receipts and undue or excess payments when at the same time the taxpayer has a tax debt. This procedure has made it possible to reduce the number of refund requests submitted under these budgets.

SUNAT's systems are used to resolve refund requests in line with the nature of those requests. In this case, the requests can be categorized as being for immediate attention (automatic qualification) or for a more detailed assessment. The assessment process is carried out on a mass basis for selected cases, thereby reducing service time.

► Automatic procedures

As mentioned earlier, some refunds can be effected automatically or by means of a simple procedure that requires the taxpayer to inform the TA of which current account will receive the transfer of the amount to which the taxpayer has a right. In some countries these refunds have come to serve as a motivating factor for the timely or early submission of income tax returns. With such refunds it is advisable to instruct the taxpayers on the requirements and conditions under which they operate, and also to provide a virtual service that informs taxpayers of the status of their request.

One condition to consider is that there are no automatic refunds for taxpayers with debts, or to warn that, when there are debts, these shall be settled before the refund is made. If there is a catalogue of infringements it should also be a condition that the taxpayer cannot access the automatic refund process.

Some laws make provision for the possibility that, whatever the origin of the credit balance, it may be refunded automatically if the amount does not exceed a relatively low threshold, which might be around US\$100 to US\$200.

► Refund by means of a request to the TA

This request can be submitted over the Internet or in person, in places designated by the TA. In both cases, the taxpayer is obliged to meet requirements and to provide information that facilitates verification.

VAT refunds require the verification of invoices, and in some cases that is only possible by direct presentation to the TA.

The revenue section's function in processing refunds is normally confined to verifying refunds that only require supporting paperwork, or basic information that can be gleaned from the TA's own databases. A typical case is of refunds for excess or undue payment, wherein with the help of the current account it can be established that the taxpayer has the right to a refund without further requirements.

Although some TAs have given the revenue sections the oversight authority to control refunds comprehensively, this is not an advisable approach given the specialties of the oversight sections—more so if one considers that there has been an increase in cases of refund requests based on fraudulent information.

► Auditing procedures

As regards credit balances for deductible taxes, such as VAT or excess withholding of income tax, application of exempt income, or losses in the tax period, usually the TAs assume the right to undertake an audit before or after the refund.

There should be a procedure for analyzing the request, supported by a risk management system that helps inform a decision as to whether an audit should be carried out and, if so, whether it should be before or after the refund.

The participation of the revenue sections is normally confined to cases not selected for auditing, and to post-refund audits. If the decision is that the procedure should pass to the audit section, the process is completed in the oversight section, where the balance to be refunded is determined; this could be reduced or even eliminated as a result of the audit. If the audit is conducted after the refund, penalties can be established for improper refunds and there might be demands for the return of the refunded amounts that the taxpayer could not support.

Colombia and Portugal have specific legislation for the return of refunded monies that an audit has determined were refunded improperly. Apart from the return of refunded amounts, the regulations make provision for the payment of compensating interest and set out in detail how the enforcement should be set up in order to demand payment. In the case of VAT, the audits make provision for the real verification of operations that give rise to a right to a tax refund. For that reason, the risk of fraud must be attacked constantly through actions that precede the submission of requests, and that exert control of the agents taking part in the operations that give rise to the refund. The risk analysis applied to VAT refunds must be a priority, and must have a solid grounding in monitoring and cross-referencing information to detect and follow-up on suspect behavior or sectors.

Mexico's TA has implemented a risk management system that is applied to VAT refunds:

Risk System Applied to MORSA Refunds – Mexico

Each year there are about 300,000 VAT proceedings for refunds or reimbursement equivalent to US\$26.9 billion. These procedures are carried out by 1,500 claims assessors in the country's 67 revenue offices.

MORSA helps the assessor sections to secure an automatic and standardized assessment of the refund and compensation procedure the day after receiving the analyses.

The model seeks to lessen the amount of discretionary decision-making, thereby optimizing the use of technological and human resources and thus reducing the likelihood of mistakes being made.

It has a web application that allows the claims assessor to acquire information on each of the refund/compensation procedures (characteristics of VAT balances, a panel with the risk ratings of each of the business rules, the taxpayer's balance history, the risk ratings of the six rules in line with the intelligent model and the policy rules, and a worksheet advising of the cause of con-compliance with the rule).

Assessment of the balance presented by the taxpayer (comprises 13 rules). Analysis of the refund to check if it has previously been authorized or denied, analysis of the origin of the balance, analysis of the balance brought forward, due balances pending payment by the taxpayer and verification of the recoverable VAT on national and foreign purchases.

Assessment of third parties' accounts (comprises two rules). Assessment of VAT and transferred to the taxpayer

Assessment of the taxpayer's suppliers (comprises two rules). Analyzing the taxpayer's network through the recoverable VAT not reported by first and second-level suppliers and its effective rate of payment.

Taxpayer's status (comprises six rules).

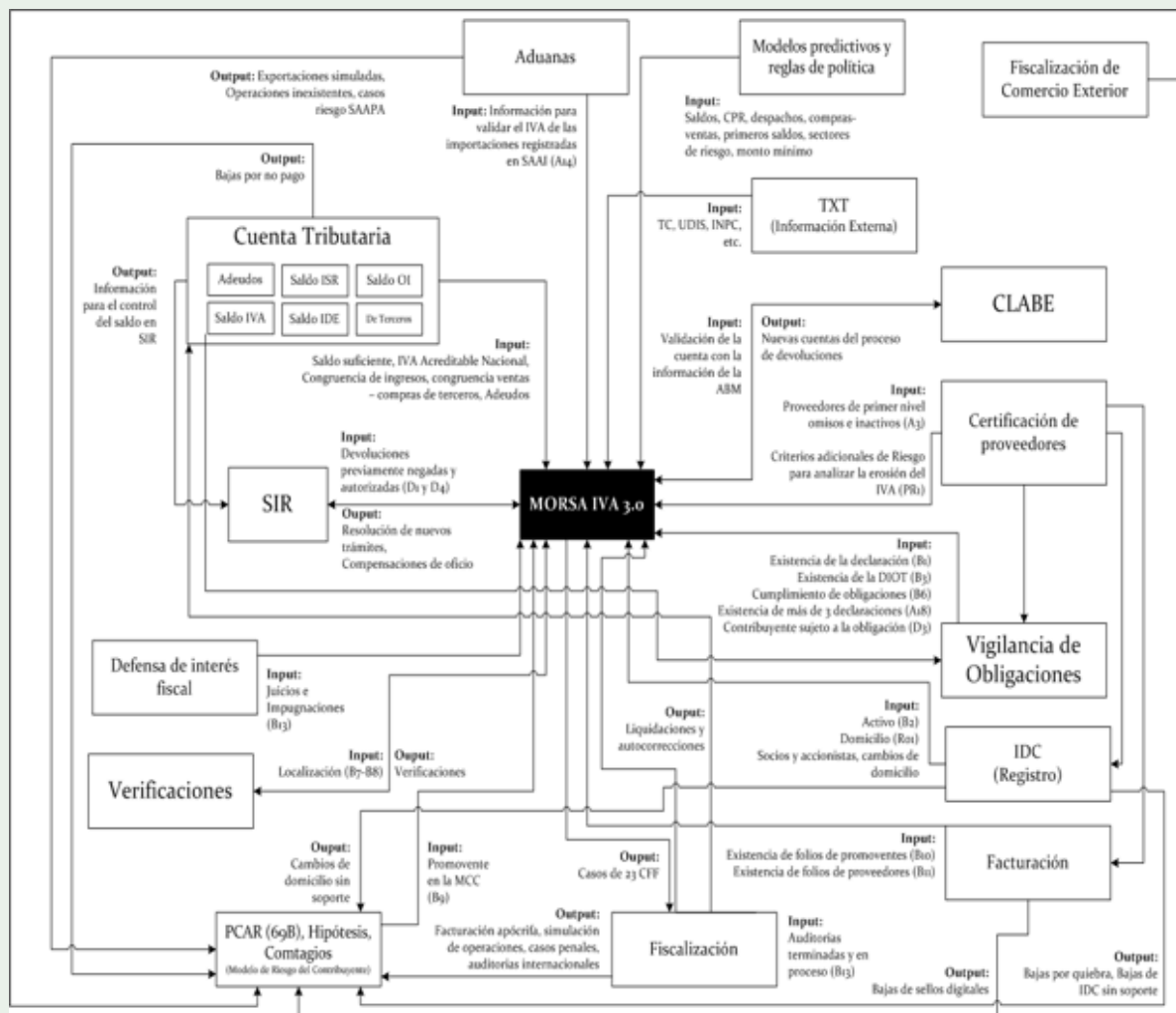
Taxpayer's compliance with obligations (comprises 10 rules).

Risks associated with the taxpayer's public accountant and legal representative (comprises three rules).

Predictive rules (comprises five rules).

Policy rules (comprises three rules).

MORSA has helped the claims assessor sections meet the goal of reducing the number of days taken to refund VAT to taxpayers in priority sectors of the economy (exports, the primary sectors and investments).



At present, as a result of the risks identified, some laws have introduced VAT control regulations that make it possible to track the operations that give rise to the refund, demanding that payments are not made in cash but rather by means of bank transfers, checks, and so on, such that only these transactions are valid when determining costs. Peru and Colombia have similar regulations in this respect.

Having information from third parties and being able to cross-reference it with data submitted by the taxpayer requesting the refund should be a requirement to carry out the audit of the requested balance. In practice, however, this is not always the case. Given the legal terms to submit and address requests, in some cases the information from third parties reaches the TA after the refund has been made.

Guatemala implemented an online system for recording withholdings that operates directly in the TA's servers and is fed by the withholding agents. With this, at the end of the period the SAT can verify that the withheld amounts reported by the withholding agent in his return coincide with the amounts discounted by the subjects of the withholding in their income tax or VAT returns.

Honduras's TA implemented a procedure to carry out widespread audits of withholding agents so as to physically cross-reference the withheld amounts with the data submitted by taxpayers. These mass activities made it possible to detect and correct cases and prevent fraud when the refund requests are being processed.

In any case, it is important to keep in mind that to the extent that the legislation uses tax refunds as a form of fiscal incentive for certain sectors or products, control becomes more complex. This formula must be applied exceptionally, otherwise the TA's auditing staff will have to devote efforts to avoiding undue tax refunds, neglecting the control that they are called upon to exert on all the taxpayers they are monitoring.

► Refund payments

Some laws stipulate the payment of default interest if payment is made outside the timeframe for the refund. Calculation of the timeframe can vary. In some cases,

payment is made only for the time additional to that legally established for the TA to make the refund. In other cases, time that can be ascribed to delays on the part of the requesting taxpayer are discounted from that timeframe—for example, not submitting requested information in a timely manner.

As a result of facilities made possible by technology, at present refunds are paid through different means that avoid payment in cash:

- Transfers to accounts in financial institutions.
- Crediting an account with a virtual balance for use in paying taxes or endorsement of a third party.
- Crediting a current account for future tax payments.
- In some particular cases, by check.

► VAT refunds for tourists

This type of refund is common in most countries, under the precept that VAT is a tax paid by national consumers.

The laws define how this refund shall be made. Normally, this refund is limited to bills that do not exceed a certain amount, or to the purchase of certain products, or to some ports or airports in which the refund can be processed. The mechanism can even operate when the purchases have been made using a credit card.

The normal means of making the refund is through a credit to the taxpayer's account abroad or to his credit card. Argentina allows payment in cash, the aim being that the traveler will use it in the tax-free areas of the terminals.

The bills must meet certain formal requirements and can be included in later control programs directed at the establishment that issued the bills. A good practice in this field is to make a disclosure on the TA's website so that tourists know what form this tax benefit takes and the conditions under which they can access it.

There are also cases in which the refunds are carried out by invoice debits, as a means of providing an incentive to some sectors..

7. Compliance Control

Recently, the revenue sections have been assigned more frequently with preliminary oversight of compliance with tax obligations, understood as supervision of the taxpayer register, the timely filing of tax returns and their payment at the time of filing.¹⁰

This idea derived logically from the processing of information from the taxpayer register and from tax returns and payments, without having to resort to any direct auditing to generate in taxpayers and those required to submit information to the TA the subjective sense of risk from oversight.

With the help of information technology tools that allow for the cross-referencing of information and the use of intelligent information processing, the TA can easily detect inconsistencies in the tax returns submitted, missing tax returns, and late payments.

This information can be used on a mass basis and at low cost by the revenue sections in charge of informing the taxpayer that his/her behavior is being monitored in real time and demanding voluntary compliance with the pending obligation.

In order for these types of actions to be effective, legislation needs to be adapted so as to grant the revenue sections the authority to determine the outstanding amounts—on a real or assumed basis—and to modify the tax return if there are superficial mistakes. If the taxpayer does not rectify the mistake voluntarily, the legislation must ensure that taxpayers can exercise their right to a defense and to the submission of data or documents that may justify the differences or infringements found.

¹⁰ Although this Handbook's chapter on compliance control focuses on the oversight exercised by the TA in order to increase the taxpayer's risk perception regarding tax evasion, it is important to take into account that control and enabling compliance are two sides of the same coin. This is how most TAs have understood it. For this purpose they have included in their management models specific objectives to make compliance easier and have developed measures to guarantee that taxpayers can meet their tax obligations easily and quickly. The TAs in Chile, Argentina and Spain, for example, have provided their taxpayers with a wide range of services that exemplify the strategy of service provision that complements their control activities.

Revenue Section's Authority over Compliance – Spain

The revenue sections can send notices requesting information from tax obligors regarding personal information, reports, previous records and receipts with tax implications related to the fulfillment of their own tax obligations or deduced from their economic, professional or financial relations with others, even where there was no general obligation to submit them to the tax administration by means of the corresponding tax return. In these cases, the information requested must be provided by the tax obligors in the manner and timeframe established within the notice, in accordance with what is stipulated in these regulations.

Actions to obtain information can take place directly on the premises, offices or home of the person or entity that has the corresponding information in their possession or through notices requesting that such information, reports, previous

records and receipts with tax implications be sent or provided to the TA.

The revenue sections do not have the authority to examine accounting records, nor to enter in the premises, business addresses or other establishments or places where activities subject to taxation take place, taxable goods exist, taxable transactions take place, or taxable events or proof of them exist. Only the inspection and recovery sections have such authority.

On the basis of the information collected, the revenue agencies propose a schedule for provisional settlement, which will be notified to the taxpayer, granting him/her a period to respond.

After the period granted has expired, the provisional settlement is implemented and notified to the taxpayer.

► Planning oversight activities

Any activities undertaken to improve tax collection must be embedded within national tax policy or the annual plan of widespread controls. This matter must be perfectly integrated within the TA's oversight strategy and there cannot be isolated activities, improvised or intermittent, subject to the whims of the authorities at the time.

The objective of the oversight of tax obligations should be to achieve a decline in the number of detected breaches. It is a mistake to set collection targets, given that the goal is to improve taxpayer behavior and achieve a reduction in the number of deviances towards zero. When focusing on collection goals from mass basis oversight programs, it is important to take into account

that in the medium term the amount collected and the defaults and discrepancies dealt with tend to decrease. This does not mean that the programs have lost effectiveness, but rather that the behavior of the taxpayer has been modified successfully.

Planning for these activities includes budgeting for human, technical and administrative resources—for example, hiring call center services, training support staff or mailings, depending on the means for the mass action and the number and type of controls.

The tendency of these types of controls is to establish different sets of taxpayers, to which different default management procedures are applied, as has been done successfully by the TAs in Mexico and Peru.

Online and In-Person Inducing Actions – Peru

The need to increase oversight over quick and mass based actions led to the creation of “Inducing Actions” issued online (notification and support through the taxpayer’s email address) or through a summons to submit supporting documentation.

Within the process of validation that SUNAT undertakes comparing the certified return with information provided by third parties, very specific discrepancies are detected and notified to taxpayers, to induce them to rectify their returns if they confirm that the discrepancy actually exists.

In the most simple cases and/or when the amounts are very small, taxpayers are asked to report by email if they have settled the matter (rectifying and paying the tax) or if there is some reason that explains the discrepancy, in which case, they must attach the supporting documents.

In more complex cases, the taxpayer is asked to go to a Control and Oversight Center to submit the accounting documentation and to determine whether the discrepancy exists. Sometimes discrepancies arise because of mistakes in the information provided by third parties, which is why, to minimize the risk of mistakes, the revision and validation of the information is requested and then cross-checked with the sworn returns.

In both cases, as they fall within an inducing phase and are considered voluntary settlements, major discounts are applied to the fines.

The effects have been felt in the increase in amounts collected, shorter taxpayer service times, greater ease in settling discrepancies, lower costs related to taxpayer processing when requested online.

The table shows the number of Inducing Actions conducted over the last five years:

Cantidad de Acciones Inductivas Terminadas													
Año	Ene	Feb	Mar	Abr	May	Jun	Jul	Ago	Sep	Oct	Nov	Dic	Total
2011	18,064	20,407	11,861	13,843	19,595	8,181	8,254	14,975	35,046	17,491	15,145	9,883	192,745
2012	9,493	11,482	14,606	14,988	366,591	27,024	28,049	32,055	31,124	22,906	48,263	16,366	623,047
2013	20,661	17,882	19,639	40,927	20,279	18,741	29,655	19,851	20,212	21,859	21,763	19,142	270,611
2014	22,438	19,478	18,291	17,77	17,924	19,661	25,429	39,224	20,653	27,714	21,712	24,724	275,022
2015	24,771	26,261	23,423	16,622	20,205	17,377	10,868						139,534

The number of Inducing Actions depends on computerized cross-checking and the number of discrepancies detected, but in general terms the average is 250,000 (not taking into account 2012).

Compliance Model – Mexico

Previously, oversight was exercised in a generalized manner, through a single channel for communication with the taxpayer and a single type of administrative document to request compliance with obligations.

In order to focus oversight on the basis of a comparison between the behavior of the register of tax obligors and the amounts collected, new authorities and responsibilities had to be granted to the General Administration of Taxpayer Services in terms of oversight and compliance. The legal basis for requesting tax obligors to submit returns, the submission of the missing documents, also had to be modified.

The strategy was based on segmenting the set of tax obligors into different oversight groups to be contacted by different means of communication,

including email, letter, telephone call (telephone message), SMS, notice of obligations. This shortened the oversight periods of the periodic calendar of obligations.

This strategy also helped optimize resources, taking advantage of the speed and low cost of email communication and rationing the personalized notifications of the sections responsible for such a notification, thus providing space to plan other promotion and oversight programs with different strategic actions directed towards the reduction of default rates and of the reluctance to comply.

The partial replacement of manual procedures leads to shorter taxpayer support times and allows broader outreach and increased tax collection.

► Tax obligations to monitor

The most common discrepancies that need to be monitored are mistakes in tax returns, missing reports or third-party reports, unfiled returns, late payment of taxes or late remit of tax withholdings to the authorities.

7.1 Inconsistencies in tax returns

In countries where returns are not completed electronically there is a greater probability of mistakes being made. The TA can establish algorithms that detect different types of mistakes and notify taxpayers so that they can rectify them within a reasonable timeframe, knowing that the penalty for not doing so voluntarily will be the submission of a substitute return by the TA.

Similarly, in recent times it has become particularly important to monitor the corrected returns submitted by taxpayers, in order to detect drastic variations from the original information provided or violations of the rules concerning their proper filing. Brazil has designed a network of controls for corrected returns that compares them and then automatically sends emails to the taxpayer, asking for additional information for verification

purposes, as outlined in part 3.1 of this section of the Handbook.

7.2 Failure to submit a tax return

The failure to submit a tax return can be detected automatically based on the register of tax obligations for each taxpayer or through simple rules that cross check the periodic submission of returns with third-party reports, requested receipt authorizations, information from electronic returns or any other instance of transactions that require the submission of a return.

Over the years, the TAs have perfected their regulations and procedures such that oversight extends to the voluntary submission of returns by the taxpayer, or in its absence, to the official assessment.

The TAs of Mexico, Peru, Spain and Portugal have clear and regulated procedures that include the preparation and notification of determinative returns.

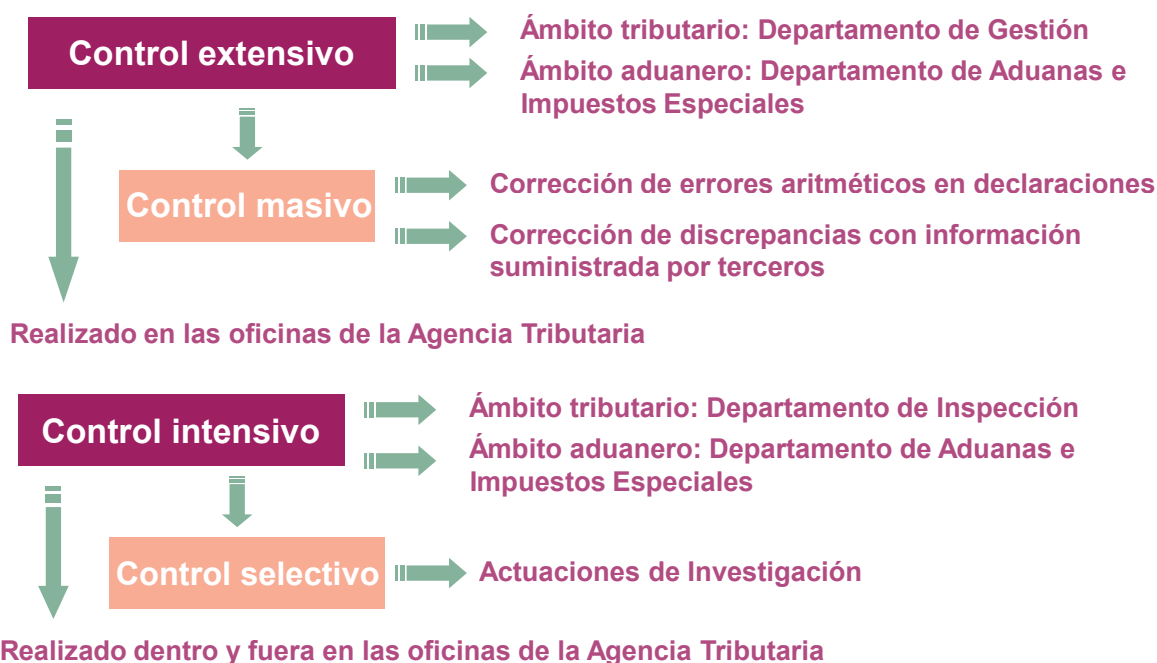
Below is a description of Spain's provisional determination based on extensive controls:

Provisional Determination Based on Extensive Controls – Spain

On the basis of the information collected through the authority to manage defaults, the revenue sections propose a schedule for provisional settlement that is notified to taxpayers, granting them a period to appeal.

Once the period has expired, the provisional settlement is made and notified to the taxpayer.

Control tributario y aduanero



Characteristics of extensive control:

- The object of verification is the tax return or its omission
- All tax returns are subject to the same controls
- The taxpayer's overall tax situation is not analyzed
- Proximity to the taxable event: last return submitted
- Direct effect and induced effect
- There is no investigation
- Computerized and organized procedure
- Frees up qualified personnel for other activities
- Coordination with in-depth control
- Centralized management, planning and coordination
- Limitations to extensive control
- Focused exclusively on defaults and simple fraud.

7.3 Payment default

The most important tool in the process of detecting payment defaults is the taxpayer's current account. As mentioned previously, it is the main information system, broadly used by many administrations to record the credit and debit balances that are generated by tax return filings, administrative actions and payments from taxpayers.

Payment defaults can be detected and managed periodically, by carrying out mass-basis procedures. For example, five days after the payment deadline, the cases detected start to be considered as defaults and the revenue section carries out a mass-basis intervention of this set of taxpayers before the recovery sections intervene. In some cases, the recovery methods include the mailing of a payment receipt with a deadline for payment in banks or online, so that the taxpayer need not go physically to a TA office.

In several countries this systematic control has demonstrated that a large number of payment defaults are resolved during this period without having to turn to a recovery agent, which is desirable in terms of efficiency. Additionally, the TA collects early, before significant default interests accrue and while penalty fees are still low, something that benefits the taxpayer.

Comprehensive Risk Management and Control – Peru

In September 2014 the Comprehensive Risk Management and Control Project introduced a tool to segment taxpayers into groups based on their behavior in terms of submitting returns and paying tax obligations.

There are two important components to the procedure:

1. A taxpayer segmentation model that can classify taxpayers on the basis of their behavior in terms of return submission and tax payment. The model is updated monthly and classifies 100 percent of the taxpayer register – although when implemented only taxpayers falling under the Special Regime and the General Regime were used. This grouping process has helped establish the characteristics of five groups:
 - Compliers: taxpayers that submit and pay their obligations on time.
 - Inducible: taxpayers that may be late in paying their obligations, but do not reach the point of requiring enforced collection.
 - Mixed: taxpayers with some obligations requiring enforced collection.
 - Debtors: taxpayers whose obligations frequently require enforced collection.
 - Delinquent: taxpayers that fail to submit the sworn return.
 - A sixth group was created for taxpayers involved in tax offenses.
2. Taxpayer operational processing network: at an operational level, processing networks were established for taxpayers that do not submit returns or make payments. This processing network is heavily based on the use of inducement channels in order to attain the payment of outstanding taxpayer obligations through non-coercive measures. If a bill for taxes due has not been issued, only inducing procedures are used. The main user is the debt oversight area, which manages the issuance of bills for taxes due, the outstanding balances and the missing returns. These results are registered in the solution developed, the same one that, as a result, delivers the information packets in accordance with the defined procedures. The information packets are directed to the corresponding channel. The external services of a “Contact Center” were contracted to manage the inducing procedures, allowing for the use of mass mailings, robot IVR calls or personalized calls by an agent. In addition, a service provider for the management of payment commitments, called “telecobranza” (“telerecovery”), was hired.

7.4 Inconsistencies in third-party information

This section deals with inconsistencies that can arise from information submitted by third parties and information included in income or sale filings that leads to inaccuracies in the calculated tax amounts. Crosschecks can be configured to be executed on set dates. Once a significant percentage of third-party reports have been received, these cases can be managed through notices requiring the taxpayer to explain the differences or submit information to dismiss them, or by making an appointment at the TA offices or at the taxpayer's home to clear up the detected inconsistency.

Recording and consolidating the different cases of taxpayer non-compliance must be part of the TA's risk management policies, creating a "record" of non-compliance and the manner and time it took the taxpayer to resolve these matters. This helps develop a profile that is quite close to the taxpayer's behavior and consequently helps identify risks.

Other advantages of undertaking this consolidation are the possibility of keeping a register of those who are non-compliant and including in a single notice several types of taxpayer defaults from the same period.

It is considered best practice to allow taxpayers to check their own infractions, and to include an unresolved label on the tax status that some administrations provide so that anyone can access a taxpayer's status by inputting the taxpayer identification number.

This blueprint for control requires a relatively small group of civil servants to manage the logistics and program the crosschecking and notices. In addition, the notices can be conveyed by telephone, text message to a cellular phone (SMS), email and other means that can achieve favorable results at very low cost.

In order for the management of non-compliance to be effective, it is important that the procedures and responsibilities be clearly defined and that actions that enforce the settlement of the detected non-compliance can be carried out effectively. For example the TA in Spain has clearly set out the responsibilities in the management-collection sections.

Procedures for taxpayers that attempt to regularize their situation should be expedited. The cases, detected during ongoing verifications, that are considered of interest for the auditor can be submitted to a committee that will decide whether to open a formal investigation.

7.5 Other compliance programs

The Mexican TA has improved significantly in terms of compliance, with the use of intelligent processing networks that monitor variations in the collection amounts of a particular taxpayer. Likewise, the Mexican TA requests information or conducts audits in order to obtain the necessary information to institute the subsequent course of action.

Program for Oversight and Control of Declines in Collection – Mexico

The expansion of the authority of the Central Administrations, in terms of the exercise of powers included in article 9, section XLVI, concerning the preparation and issuance of operating instructions and guidelines in their area of responsibility, of the administrative units under the General Administrations of the SAT, allows for the coordination of responsibilities between the main sections involved in the Program of Declines in Collection.

Previously, oversight procedures of tax obligations focused solely on detecting taxpayer failures to comply with tax obligations; they focused on those that did not submit the return within the deadline established by the relevant tax provision. This is what made it necessary to expand the oversight authority in order to be able to oversee tax payments. Since the implementation of the program, atypical behavior in taxpayer payments has been reviewed in terms of deviations from the amounts stated in the returns, in order to analyze them in terms of deposits, transactions, information provided by third parties etc., and in this way detect any missing payments.

The aim of the Program for Control of Declines in Collection is to detect atypical behavior concerning compliance with tax obligations in terms of a reduction in the amount of the taxpayer's provisional and final payments. For this purpose it focuses on taxpayers that accounted for 70 percent of receipts over the last 24 months and that during that period experienced a decrease in their payments of more than 35 percent.

The program takes into account payments of: income tax, value added tax, wage withholdings, withholdings on income treated as salaries for tax purposes and the special tax on production and services (including all its items). The objective of the program is to carry out sequential actions towards the taxpayer that are implemented by the program before the tax auditing section has to exercise its verification authority. These actions include sending emails or letters of invitation, telephone calls, or explicatory interviews, in order to give the taxpayer the chance to self-correct the atypical situation detected.

If the taxpayer does not regularize the situation voluntarily, he/she is invited for an in-depth control interview at the SAT offices. The interview is conducted by an in-depth oversight committee coordinated by the Local Administration of Taxpayer Services that includes the Tax Auditing, Collection and Legal sections. The objective is to present the taxpayer with an analysis of the atypical behavior detected by the authorities so that he/she may justify or clarify it, and if necessary, establish a schedule of payments with the authorities.

The authorities will monitor the regularization of the taxpayer's tax situation and if the regularization does not take place, the tax auditing section is notified so that it can exercise its auditing authority towards the taxpayer. In addition, the collection of payments derived from the auditing procedures of the Local offices of the Tax Auditing section, under the General Administration of the Federal Tax Auditor, are monitored.

The average collection ¹¹ by tax year from oversight activities of the Program of Declines in Collection has been as follows:

2012 - \$14,373 in cash and \$23,084 online.

2013 - \$16,962 in cash and \$24,161 online.

2014 - \$10,706 in cash and \$14,907 online.

Note: given the heavy workload related to the implementation of the tax reform, the Program of Declines in Collection was suspended during the first half of 2014.

The number of taxpayers that have undergone corrections through the program's actions each year have been:

2012 - 36,883

2013 - 27,408

2014 - 5,145

The taxpayers that have undergone corrections, exclusively as a consequence of in-depth control interviews each year have been:

2012 - 17,259 (72 percent) from a total of 23,952 taxpayers summoned.

2013 - 14,788 (40 percent) from a total of 36,933 taxpayers interviewed.

2014 - 8,884 (68 percent) from a total of 13,021 interviewed.

This oversight strategy not only monitors those that have paid and those that have not, but also the manner in which the tax obligors are honoring their obligations, with a view to demanding the proper compliance with tax obligations.

This structure allows for wider oversight coverage in the set of taxpayers and increases the tax presence of the authority, by increasing the taxpayer's risk perception regarding the improper submission of returns and monthly provisional and final payments.

This experience can provide the basis for planning other programs of promotion and oversight with different strategic activities in order to achieve a reduction in the indices of delinquency and failure to comply.

¹¹ Amounts are in millions of Mexican pesos.

7.6 Certificate of good standing or exemption certificate of non-compliance

Some administrations use certificates of good standing taxes for procedures that provide government benefits, to access a public service position and for state tenders, among others. Obviously, in most states, this certificate is not a physical document subject to falsification. Technology allows for certificates that can be verified through security measures, such as passwords provided to the bodies that require the “certificate of good standing” or by issuing a control number with which to check on an interested party.

Regardless of the manner in which they are issued, these types of measures are an important source of compliance that the state can use to encourage the fulfillment of obligations with the tax authorities. These mechanisms are also related to the issue of freezing the tax identification number, which was addressed in a previous section. The difference is that the identification number is frozen without the intervention of the taxpayer.

A more advanced practice, but one that requires superior information systems, is based on making a record in the register of state suppliers every time a case of non-compliance is detected or a registration is frozen, so that it might be taken into account by state bodies without the need to request a certificate of good standing.

Some legislation obliges state bodies to verify that the supplier is in good standing with the TA before being eligible to be a supplier, or to adjudicate a public tender, or to be the beneficiary of payments stemming from contracts. In this case, the body that is in the process of procuring or adjudicating the contract is normally responsible for the verification.

In Mexico there is a report called the “Compliance Opinion Report” that is issued in accordance with article 32-D of the tax code and is in great demand from entities responsible for verification.

Compliance Opinion Report – Mexico

Reforms to the legal basis with respect to the updating of Article 32-D of the Tax Code of the Federation, as regards the presentation of the positive Compliance Opinion document issued as a condition for persons who wish to conclude contracts for procurement, leasing, services or public works with the Federal, Centralized and Para-State Public Administration and the Office of the Attorney General, and as a requirement for other procedures in relation to the authority of the SAT to benefit from stimulus, subsidies, and so on.

Until 2010, the Compliance Opinion was issued manually or semi-automatically and was insufficient for dealing with taxpayers' requests and agencies of the Federal Government that set stimuli and subsidies. As of 2011 the Opinion was issued completely automatically.

It consists of an online system that makes it possible to obtain the opinion referring to Article 32-D of the tax code by extracting the information in the data warehouse repositories of SAT's institutional databases, which provides an instantaneous opinion on compliance with tax obligations so as to foster the regularization of tax compliance regarding taxpayers issued a negative opinion as to taxpayer registration, returns and payments, informative returns and tax credits.

Trends in handling requests for opinions as of 2009 have been as follows:

2009 - 104,426 with a response time of seven days to obtain an opinion.

2010 - 136,956 with a response time of eight days to issue the opinion.

2011 - 1,904,317 issued on the same day.

2012 - 3,505,663 on the same day.

2013 - 3,664,458 on the same day.

2014 - 7,232,469 on the same day.

2015 (January–June) - 5,240,620 on the same day.

In 1999 it took 240 days to issue an opinion. That was gradually reduced as follows:

2000-2001: 180 days.

2002-2003: 90 days.

2004-2005: 45 days.

2006-2007: 33 days.

2008: 8 days.

- There is no longer receipt of requests for opinion, since they are issued online.
- Automated review.
- Response time: immediate.
- Issue of response via Internet through the taxpayer portal and in the Tax Services Modules.
- Opinion response for various procedures.

In 2009, 2010 and 2011 there was mass receipt of requests for opinion on the part of agencies that set stimuli and subsidies (Fira, Firco, Financiera Rural, Agroasemex, Agronegocios and Aserca), requesting a tax compliance opinion for listings of beneficiaries.

A total of mass requests classified by year:

- 2009: 3,317,100
- 2010: 3,845,897
- 2011: 20,094,852
- 2012: 6,839,761
- 2013: 7,078,488
- 2014: 16,443,253
- 2015 24,531,233 (January–June).

Costa Rica's legislation also includes a large number of procedures to obtain state benefits that require being up to date with tax obligations, which adds to the collection process.

State Benefits and Compliance – Costa Rica

This procedure is related to the collection of debts on the basis of checks by state institutions and the General Directorate of Revenue as regards compliance with special rules, including debts whose collection the TA does not manage because it is a matter of a “meager amount” whose collection exceeds the amount payable.

1. A large number of taxpayers seek an exemption that the law allows, and in order for it to be granted they have to be up to date with their tax obligations. The Exemptions Department of the General Directorate of Revenue reports to the Ministry of Finance, and is entrusted with granting exemptions and ensuring that the applicant is up to date with tax payments.
2. To comply with special laws applying to certain institutions they establish tax compliance at the time of granting certain benefits:
 - a. Aresep - Public Services Regulatory Authority: tax compliance requirement to grant a tariff increase to operators of public services (paid passenger transport, energy and fuel supply).
 - b. CCSS: Costa Rican Social Security Fund. Requirement to:
 - Confirm if an individual is or is not engaged in economic activity and thereby set the social security contribution.
 - Cross-reference the information reported to the General Directorate of Taxation and assess if social security contributions have been paid correctly.
 - Confirm the tax compliance of its suppliers.
 - c. CTP: Council on Public Transport. Tax compliance requirement to grant concession permits for public service license plates (taxis).

The information provided on the taxpayer's tax status must be correct, since the granting of the exemption depends on it. Given that sometimes the computer system has faced problems in implementing programs, efforts are being made to systematize and improve the process.

Other TAs, such as in Honduras, Ecuador, Mexico and Portugal, publish the names of non-compliant taxpayers on their websites so that they can be checked by tax identification number. In Portugal, the names are published by debt levels without specifying the amount owed, and the consultation is only available for taxpayers involved in a debt recovery process who have been summonsed personally.

Publication of the names requires prior efforts to ensure that the information is correct, because it can negatively affect reputations and it must have a legal grounding—as in the case of Ecuador with its Article 99 of the tax code.

7.7 Powers to tackle non-compliance

It is important that the TA should have the authority to correct, by means of a simplified administrative procedure, tax returns containing arithmetical mistakes, mistakes about maximum or minimum limits, mistakes about balances transferred from one return to another, and mistakes as regards differences between what is reported by third parties and what the taxpayer reports, or between the taxpayer's submissions in different returns—for example, income tax as against VAT.

Spain's TA offers a good example of how to define clear authorities for the revenue sections. The control exercised by the revenue sections of Spain's AEAT extends to:

- Control of compliance with formal obligations.
- Control of the content of tax returns, in the terms described below.
- Control of refunds, in the terms described below.

In all cases, this is extensive control in the sense that the management sections (revenue) exercise it and it seeks to detect and correct errors and non-compliance on the part of taxpayers in submitting their returns. Nonetheless, unlike the control exercised by the tax oversight sections, this control on the part of the revenue sections, on the basis of the information available to the AEAT, is geared to general verification of all the tax obligations individually considered. It is based essentially on computer processes and documentary type controls, without reviewing the taxpayer's corporate bookkeeping, and

is normally carried out in the TA's offices, unlike audit control. The official settlements that arise from this type of control should be arranged within six months of the request. If there is no settlement in that period, the TA's activities expire and it is as if there had been no control actions. This is not to say that there is no possibility of review. That can happen within the timeframe of the administrative action.

In countries that have simplified regimes for the payment of taxes, such as Argentina, mass control programs devote special attention to verifications of the objective factors of classification based on information from third parties.

In the case of delinquent filers, there is a need for a short assessment process, as happens in Peru, without prejudice to the powers that the TA might exercise later in assessing the tax owed. If this does not happen, there is a danger that, over the medium term, taxpayers would not respond properly to the requirements of the revenue sections, since there would be no risk linked to non-compliance with the obligations required of them.

In the case of payments in arrears, it is desirable that the taxpayer should automatically have access to installment payment facilities in order to settle matters, with a timeframe that in this initial phase should not exceed three months.

These compliance control processes come before the direct and specific intervention of the assessment (oversight) and collection sections, and hence there must be defined timeframes guaranteeing that cases of non-compliance are subject to a standard management cycle.

In the area of compliance control there are two aspects to the use of fines for late submission of returns or reports. In some countries, these can be assessed directly in the current account without the need for some process on the part of the TA. In these cases, parameters are set and debt is recovered only on the basis of the certified balances in the current account. In other countries, the imposition of any penalty must involve short audit processes that make them inapplicable in the end.

Some TAs have separate revenue sections for voluntary compliance control and have given them assessment authority. Nonetheless, the general line continues to be that oversight makes the assessments.

II. RECOVERY SECTION

II. RECOVERY SECTION

1. Introduction to Tax Recovery

Recovery procedures are triggered by the taxpayer's material tax non-compliance. The characteristics of recovery procedures will depend on the internal regulations of a particular country and the policy that the TA decides to implement in order to carry out its two main functions, or those that constitute its *raison d'être*: tax collection and recovery.

This section describes the most commonly used recovery methods, with a particular focus on the most prominent practices in the countries of the region. It also discusses the tools used in the framework of such procedures.

Recovery models could be classified as follows:

- Those that emphasize amicable or persuasive recovery.
- Those that directly focus on a coercive recovery.
- Other models are mixed; they use the two methods above but at different stages. In the first stage, the focus is on persuasive recovery— administrative or pre-judicial. Once this avenue is exhausted the focus turns to judicial or coercive recovery.

In addition to the models mentioned, other procedures for recovery exist. The TA can manage recoveries in-house or through an external agent. Both amicable or persuasive recovery and coercive or judicial recovery can be outsourced—or delegated to a third party—or carried out directly by the TA.

The debt enforcement process can be carried out by the TA through an administrative procedure, as is done by the TA in Peru, or through a judicial procedure launched by the TA. In both instances different models are available, depending on the nature of the contractual relation that the agents in charge of launching the process have with the TA. These agents may be professionals within the TA structure or external to the TA, and acting through a special authority granted by it.

In Peru, coercive recovery of tax debts is under the authority of the TA and is exercised by the “coercive enforcement officer,” who will act in coercive recovery procedures together with “coercive assistants.”

Considering the cost and in some cases the time it takes to process a judicial recovery, administrative recovery is the preferable procedure to recover a debt. Nevertheless, it is clear that the procedure used will depend on the taxpayer's behavior. In this sense, the TAs have made some progress, focusing on optimizing the procedures in order to be more effective in carrying out administrative recoveries. For this purpose, several developments and strategies have been implemented, such as electronic notifications, telephone calls, processes to decentralize customer services—offering the possibility of regularization—and invitations to regularize the taxpayer's delinquent situation through installment agreements accessible from a web page. These amicable recovery methods have had very positive results in some TAs.

Although the application of administrative and pre-judicial recovery procedures from within the TA may be preferable, it is necessary to properly address coercive recovery procedures. For this purpose, it is essential to carry out an evaluation with a view to optimizing them. Basically, debts that reach this stage are resisted by the debtor, who ignores all types of notifications. With the use of appropriate judicial tools and procedures, a particular tax administration could achieve a good level of debt recovery.

Without forgetting that the recovery of resources by the TA is the most important issue, it is important to highlight the importance of coercive recovery to the collection of debts in general. If taxpayers see that delinquent debt carries no consequences that might hurt them in the long term, such as having to go through an enforcement process or having their accounts or assets seized, then they will have no incentive to honor their obligations. If, on the other hand, the TA pursues an active policy in terms of debt recovery, looking into the ownership of sizeable assets and even withholding when there are no assets to seize, the taxpayer—given his/her greater risk perception—will try to avoid being the object of such procedures by honoring tax obligations.

Regardless of how the TA is organized to carry out this function, the next section will describe some of the possible procedures and the most commonly used tools applied to the debt circuit until the onset of the distraint proceedings or tax enforcement.

The following will be analyzed below:

- administrative recovery and its tools;
- coercive recovery and its tools;
- control over the activity of enforcement officers;
- the enforcement process and some issues and innovations to take into account in order to optimize the process and thus improve results;
- the main criteria and some past examples in terms of assistance on international recovery of taxes;
- recovery circuits: examples from different countries.

2. Administrative or Pre-judicial Recovery

Administrative recovery is based on persuading the indebted taxpayer to voluntarily pay the delinquent debt, a task that in principle is amicable and requires the TA to contact the taxpayer.

To this end, it is important to take into account certain issues so that the TA's delinquent tax recovery effort can achieve its goal in the short and medium terms. Efficient activity can achieve optimal results and consequently avoid the significant costs related to the recovery of tax debts through a judicial procedure.

If the administrative or pre-judicial recovery is properly implemented, applying the correct methods and encouraging timely compliance before the debt is transferred to trial, the TA might have immediate access to the resources. This way the lengthy wait until the finalization of an enforcement process, which might not even be successful, is avoided.

This type of recovery has been practiced by some TAs and has achieved positive results. In some TAs, the procedure has achieved the largest percentage of recovery.¹² Within this type of recovery there are different methods for approaching the delinquent taxpayer, which rely on the existence of an updated database and procedures that locate the taxpayer in a precise and timely manner.

The technological advances achieved by the TAs allow for the use of tools that perfectly conform to the process under consideration—for example, electronic records, electronic signatures, electronic notifications, etc. All of them help contact the taxpayer more quickly. The TAs should use these tools to optimize their performance. Below is an example of Spain's experience with the use of "Electronic Records".

¹² CASTILLO CONTRERAS, Flora Ma. "La cobranza coactiva en la AT, facultad y eficiencia", Mexico, February 2009, p. 96.

Electronic Records – Spain

Spanish Law **11/2007** on citizens' electronic access to public services attempts to regulate electronic Administration in its broadest interpretation. Its content focuses on electronic principles and rights, the legal status of electronic administration and the electronic management of procedures, enabling it all within a framework of interagency cooperation.

The implementation of this law has been a significant challenge for the tax agency. It is not a case of granting authority to the agency but rather of imposing an obligation on it to ensure that all citizens can exercise all the rights included in article 6 of Law 11/2007 through electronic means.

The tax agency is making a significant effort. It has had to put in place an Electronic Center, available to all citizens, through which they can carry out all tax procedures. The citizen/tax obligor have been able to exercise these rights through the agency's Electronic Center since January 2010.

The implementation of Law **11/2007** has entailed a significant effort in terms of revising the inventory of all procedures of the tax agency and the possible transactions within each procedure.

Second, the agency has expanded the range of actions available to tax obligors through third-party representation in terms of online procedures and transactions. In this way it also promotes the role of the social collaborator in the electronic submission of returns and communications, which the new general regulation on electronic access to public services refers to as "authorized representation."

Third, much effort has also been made to facilitate the receipt of **notifications by electronic means**, enabling, in accordance with the new regulation, notification through electronic access of the Center (access to the content of administrative procedures in a direct, safe and verifiable manner), and the possibility of notification through the authorized email address, on both a voluntary and compulsory basis.

Fourth, in terms of **electronic payment**, much progress had already been made before the establishment of the law with payment gateways, thanks to which compliance with this requirement has been less onerous. Nevertheless, advances have also been made in terms of being able to access letters of payment online and other value-added services in the revenue section.

Fifth, the tax agency has enabled **online consultation of the processing status** of records and also made available online **electronic copies** of the electronic documents that are part of the record. This means that, in general terms, citizens will not need to make an enquiry or request a copy by filling out a form and submitting it at the electronic registry, but rather that with their electronic ID or electronic certificate they can exercise these rights.

On the other hand, **Law 11/2007** represents the starting point for regulation of the **electronic record**, defined as the set of electronic documents related to an administrative procedure, whatever information they may contain. Implementation efforts are ongoing in order to advance towards the integrated management on an electronic platform of all documents that are involved in each procedure of the tax agency, both within the organization and in its external relations with tax obligors, economic and administrative courts, courts of law, other public administrations and bodies or institutions of public law, etc., regardless of whether the documents are in electronic or paper form.

Thus all administrative records generated since 2010 are paperless electronic records. Documents prior to this date are being digitized using secure programs that guarantee the authenticity of the electronic copies. All the documents that are part of a record must necessarily be scanned by the electronic records program, and turned into electronic documents. In the case of documents that were originally issued in paper format and have already been copied electronically as established by the law, the original

documents may be destroyed under the terms and conditions established by each public administration.

In addition, computer programs generate **electronic administrative** documents, the administrative documents issued by electronic means, which are automatically included in the electronic record.

Since 2010, as stipulated in a Directive of the General Directorate of the AEAT, all documents submitted by taxpayers in paper format at the registry, with some exceptions, must be digitized, in order to obtain an electronic copy. Equipment provided by the Department of Tax Information Technology must be used to digitize the documents, following the guidelines included in the document “Digitization Protocol” that is explicitly established by said Directive. The offices of the Registry are carrying out the digitization. Thus a civil servant can “visualize” practically instantaneously the documents entered into the Registry.

The work related to the implementation of Law 11/2007 and the electronic record also requires efforts to **train tax** agency personnel. This training started in 2009 and has been carried out through electronic channels (Intranet, e-learning, the “same-time” computer application that allows for instant messaging and real-time conversations in a virtual setting) and in person.

From the above we can infer that the implementation of Law 11/2007 that the tax agency is handling is very ambitious. The intention is not simply to formally comply with the law but rather the tax agency would like to see real compliance with the purpose and objectives of the law, given that this benefits citizens and reduces its administrative burden. The agency and, in general, the treasury, should continue to act as the driver of the information society.

In addition, the tax agency realizes that it must maintain in-person communication channels in order to be able to relate to those citizens who do not want to communicate by electronic means.

The most significant impact has been on administrative agility: all the requests for transactions etc. that are submitted are processed much more quickly, since the requests can be accessed electronically; paper is no longer distributed in the offices. Moreover, the documents submitted by taxpayers are directly uploaded onto their identification information. The offices have become much more responsive.

- In addition, the ability to issue administrative documents electronically saves a lot of processing time.
- If we add to this the possibility of electronic notification of procedures, then the time reduction becomes evident.
- Additionally, civil servants’ workloads are reduced. For example, if the taxpayer submits a claim to the court, it is no longer necessary to prepare a paper copy of the record to send to the court; the electronic record is transmitted by online means.

Since 2005, Portugal has been implementing electronic systems to carry out enforcement and recovery procedures using the Internet as the channel for communication with taxpayers and debtors, as well as with bodies outside the TA. Below is a description of the experience:

Application and Recovery System – Portugal

This system allows the TA to manage recovery procedures with an integrated and automated model. From beginning to end of the enforcement process, procedures are carried out primarily by automatic triggering factors. The application and recovery system starts with the electronic recognition of the debt transmitted to SEFWEB. Automatically, a notice is issued electronically by the SECIN system, which decides whether to communicate with the debtor electronically or by mail. If taxpayers have not paid the amount due, the system automatically launches a series of automated application procedures, such as offsetting refunds and other coercive measures.

In the meantime, debtors receive electronic reminders informing them of the consequences of defaulting on their debts before each procedure involving a coercive action.

Taxpayers and debtors can pay their debts at any time and in any place; they just need to obtain the payment document from the webpage and make the payment electronically, in the private area of the tax website.

Among others, the SISCOWEB system manages the compensation process in its entirety. It starts in two different ways: an automatic means through the TA and another one initiated by the taxpayer.

The SIPE system is responsible for gathering the automated information on diverse assets subject to seizure and their subsequent sale through the system of electronic auctions (SIGVEC) over the Internet.

The information is in the TA database, fed mainly by tax returns (for example, commercial transactions [electronic invoicing system and electronic transport documents], properties, vehicles, deposits [salaries, interest paid by financial institutions, payments for services], shares, among others), as well as collected from third-parties (for example: financial institutions, insurance companies, notaries, land registry, registration offices, vehicles and boat registry, commercial partners, business people, etc.).

SIPE is an intelligent system that can choose the assets and communicate electronically with other systems and external bodies, such as the police to impound vehicles, banks to freeze accounts, with registries (for vehicles and properties), customs to seize imported goods and with the transport document by electronic means of system goods to take advantage of them or commerce.

Regarding assets that reach the stage of forced sales, the whole process, starting with the advertising, which is done automatically, is carried out over the web by the SIGVEC system, which is responsible for the management of the electronic auctions and is accessible to the general public over the Internet.

The system also makes it easier to identify other responsible parties. The SIGER system collects all the available information on the responsible administrators and directors, and begins the procedures to make them accountable for the debt.

The TA offers taxpayers the possibility of responding directly to coercive measures through its website,

which allows them, among other things, to check on enforcement processes, submit credits (also administered automatically), simulate the guarantee amounts, and obtain certificates of their tax standing.

Another tool used by the Portuguese TA is a law that prevents tax debtors from enjoying tax benefits, such as competing in tenders for the provision of goods and services to public bodies (public tenders).

In addition to the coercive actions described above, tax debtors are listed on the webpage (www.portaldasfinancas.gov.pt), in accordance with a set of legal requirements, to induce a change in delinquent behavior.

This practice is used as a dissuasive measure by fostering broad social censure (name and shame) of the breach of tax obligations. The SIPDEV system is the application responsible for the administrative process of publication, from the initial selection of the tax debtor to the publication of the definitive list of tax debtors on the Internet.

Below is an analysis of:

- the matters that make administrative recovery easier;
- the means of communication with the delinquent taxpayer;
- methods to settle the debt through installment agreements;
- the due diligence necessary to determine debt to be collected coercively—pre-judicial intelligence

a. Updated registers

In order to reach the taxpayer in a timely and precise manner, the TA must keep an updated database from the census. The relevant data for this purpose are: address, telephone number, email. This is the data that facilitates contact so that at a later date the debtor can be persuaded to honor his/her debt obligation.

In some TAs this is not possible because the process of updating the records is not efficient. In these situations it is helpful to filter the information, using different information-recovery methods from individuals and corporate entities.

It is also advisable to carry out campaigns to update information, providing the technological means for the taxpayer to voluntarily carry out the update, as is mentioned in the Collection Section of this Handbook.

The record updates should also take into account changes in ownership or company names and, in relevant cases, those jointly and severally liable.

b. Communication with the taxpayer

Communication with the taxpayer is essential to administrative recovery. Given that this mode of recovery is amicable and based on persuasion, it is important, first, to bring the taxpayer closer to the TA in order to inform him/her of the outstanding debt that must be cancelled.

The experience of TAs in Latin America shows that usually, either through carelessness or because of a lack of information about how to finance the debt, taxpayers do not regularize their situation.

As regards communicating with the taxpayer, in 2005 Portugal developed an Internet-based electronic system of enforcement and recovery procedures, which used web technology as the mode of communication with taxpayer debtors and external bodies

c. Early delinquency alert

It is important for debtors to be informed about the status of their delinquent debt. This communication with the taxpayer is carried out through notifications or simply through letters, which warn debtors that the debt is in a pre-judicial stage and that it will soon enter a process of enforced recovery.

At this time taxpayers are informed of the different options available to them in order to settle the debt, and are invited to come to the TA's offices or use the TA's web-based applications.

Usually, the different notifications heighten the warnings with the purpose of making the delinquent taxpayer realize the importance of cancelling the tax debt demanded.

d. Telephone calls

This is the most direct means of communication with indebted taxpayers and allows for more immediate contact with them. This means of communication is less intimidating for the debtor than the written notifications, letters or notices. The idea is to try and achieve a certain amicable closeness with taxpayers in order to offer them the opportunity to comply. If the desired or expected behavior does not materialize then the next step is to proceed with a coercive undertaking.

e. Emails

Another means of communication is email, which is used to communicate warnings about the debt or the request for its payment, with the same content as with letters or written requests.

Taxpayers are usually asked to provide an email address when they register. If this is not the case, the TA can use different methods to obtain it. One of these could be, for example, the use of yearly sworn statements in which it is compulsory to update the contact information.

The Spanish TA has put in place a system that provides a formal communication channel with the taxpayer, offering additional advantages over the use of a private email address provided by the taxpayer to the TA.

Email Communication – Spain

The Spanish TA has a system of administrative notification that has proven to be effective. The system used is called 'Authorized Email Address'. It allows citizens to electronically access the "Public Services" and at the same time can send notices online with an authorized email address (DEH) for the whole of the state central administration.

The DEH allows for the receipt of administrative notices that the state central administration and its public bodies might send electronically.

In the Spanish case then, notices are not sent to a private email address.

f. Payment plans

A tool that has proven effective in recovery management is the possibility of securing an installment agreement for delinquent debt. The taxpayer is more likely to repay the debt voluntarily if a payment plan is offered than if full payment is demanded immediately.

Although it is important to offer the chance of an installment agreement at certain times and for particular situations, it should not be an escape route for the delinquent non-complier. For example, it would be helpful to take into account the particular situation the taxpayer may be going through—catastrophes, floods, economic crises that affect a certain group and make it difficult for them to comply with tax obligations. In these cases a possible solution would be to offer some benefit for compliance—for example, the partial waiver of punitive interest.

Nevertheless, it would not be beneficial to offer these opportunities to all delinquent taxpayers, because it may be seen as rewarding those that do not comply with the debt on time—or at least as a softening of the consequences of non-compliance—and thus discourage compliance from those that to date have been meeting their obligations in a timely and proper manner.

There are different ways of structuring installment agreements. It is possible to define a single scheme or several different ones. In the latter case, the criteria for applying one or another scheme could be the definition of thresholds related to the amount due, criteria for charging interest, number of installments, agreed advance payments or initial installments, and/or defined guarantees for compliance.

It is important to stress that securing these types of agreements implies the taxpayer's prior recognition of the debt owed. If the agreements are not honored and expire, the most common criterion is to credit the installments paid and transfer the remainder to a judicial hearing.

Several experiences, related to the design and implementation of payment facilities, are briefly described below:

Payment Facilities Plans

Bolivia

Law 2492 make is possible to use installment plans for the benefit of all taxpayers, but it is restricted for withholdings and taxes on earnings. Guarantees for compliance are assumed and can be in the form of stocks, cash, a mortgage (real guarantee) or bank guarantee certificate. An initial installment or advance is compulsory, and different installments are applied depending on the amount of the debt, with a maximum term of 36 months.

Brazil

La ley 10.522 prevé un régimen de fraccionamiento ordinario – excepto a retenciones, anticipos e impuestos sobre el comercio exterior – y outro simplificado – sin restricción y hasta un millón de reales, siendo el mayor plazo de 60 meses–, de los cuales resultan beneficiarios todos los contribuyentes. Se prevé una cuota inicial o anticipo, sin embargo no se requieren garantías. Existen varios fraccionamientos especiales, fijando un máximo de hasta 240 meses y disminuciones em tasas de interés y multas.

Spain

The General Tax Law and Development Regulations make it possible to pay the debt in installments, which in principle any taxpayer could request. The request can apply both to debts that are in the period of voluntary payment and those that are in the coercive period. In order to provide this benefit it is always necessary for the tax obligor to submit a prior request.

In general, debts that correspond to tax obligations that the withholder must honor or those of individuals obliged to make deposits in an account cannot be deferred—for example, withholdings on workers against income tax.

Tax debts, which in accordance with the Insolvency Act are considered as claims against the estate, cannot be deferred either.

The scheme foresees an advance or initial installment as an option (it is not compulsory), and the need for guarantees for amounts over 18,000 euros. A bank surety is valid as a guarantee. If the inability to provide such a surety is justified, other guarantees are accepted, such as properties, furniture, mortgages, collateral, joint and several guarantee, and generically, “any other that is deemed sufficient.”

Installments are monthly and are linked to the type of legal interest. In cases of non-compliance with installment payments, the first delinquent payment is penalized with a surcharge and a grace period is granted before starting the coercive process. If the payment is not made, the deferral is cancelled and the guarantee will automatically be enforced.

It is compulsory for payments within an installment scheme to be paid by direct debit to a bank.

In some instances, when a delay in the application for an installment agreement is foreseen, for example because of the need to evaluate a guarantee, etc.; a provisional calendar for payments can be established.

The debtor's application need not necessarily be accepted. The application for an installment agreement can be denied or a payment schedule different from the one requested can be established.

When installments are agreed, additional clauses are incorporated. For example, if during the life of the agreement the treasury credits the debtor for a refund, this will affect the early cancellation of the installment plan.

In the case of companies, pre-emptive clauses can be determined—for example, prohibiting the distribution of dividends, etc.

Peru

Supreme Decree 133-2013-EF Art. 36° of the Tax Code and Superintendency Resolution N° 161-2015/SUNAT (Regulation) consider the installment plans for the tax debt. The TA has the authority to grant the tax debtor that requests it the postponement and/or payment in installments, as long as the debtor meets the requirements or guarantees established by the regulation.

In accordance with the regulation, this benefit is not applicable in the following cases:

- Withholdings or tax on earnings.
- Payments against income tax whose settlement period has not expired.
- Temporary tax on net assets.
- Tax on recreational yachts, due on the tax year in which the installment agreement is requested.
-

The regulation establishes the need for a guarantee for the total amount of the debt in those cases where there are ongoing criminal proceedings for tax offences.

Non-compliance with installment agreements triggers the enforcement of coercive recovery measures, for the total amortization and corresponding interest due. In accordance with the regulations, an interest rate of 80 percent of the interest rate on delinquent debt is applied to the debt that is being deferred and/or paid in installments.

Portugal

There are two types of installment plans, depending on whether the debt is under administrative recovery or in the enforcement phase. Payment of the debt in installments during the administrative period is addressed below.

Articles 29 to 37 of Decree Law 492/88 establish a system of installments for debtors undergoing economic hardship that has been properly verified, or when there are exceptional or public-interest reasons. It only applies to the income tax of individuals and companies.

Different types of guarantees are considered: bank guarantee, mortgage, surety insurance, or any other that is appropriate.

Non-compliance with payment of an installment affects the expiry of the rest and marks the start of the enforcement process.

Installment agreements are only applicable to existing debt, after the expiry of the term for voluntary payment and before initiating the enforcement process.

Uruguay

The legal base for installment agreements is the tax code: Law N° 17.555 - Law N° 17.930. In addition there is a Regulation on Agreements for Easy Payments – DGI Resolution Number 1165/2011.

All taxpayers, except for those in situations described in paragraph 8 of the regulation, can benefit from installment agreements. For example: if they have made payments with checks that bounced, if the certificate confirming they are up to date in their payments has been suspended (except in the instances where attempts are being made to pay the debts that have led to the suspension), if their census data regarding ownership, etc. is not up to date and/or if they are being audited.

Applies to all debt corresponding to taxes and/or fines, with the exception of debts from taxes on imports, unless they are the result of actions by the TA.

Depending on the type of scheme and/or the type of debt, a guarantee might be required, and an initial advance might be compulsory. Nevertheless the minimum percentage required might vary.

Non-compliance implies the expiry of the installment agreement, regulated in paragraphs 29 to 33 of the regulations, the suspension of CVA, and the management of the debt and initiation of judicial proceedings for its recovery.

Installment agreements with special schemes that have lower penalties and surcharges are available, depending on the time periods agreed for debt repayment.

As regards installment plans, it is worth examining in greater detail the experience of SUNAT in Peru.

Installment Payments – Peru

With respect to payment in installments, the period to submit applications was open from October 17, 2013 to February 13, 2014. The monitoring and control period can be for up to 15 years after the agreement. For tax debts incurred after Law N.º 30059 came into effect, the implementation was from July 6, 2013 onwards.

Given that it was a special payment scheme for a small group of taxpayers, a new law had to be enacted. Legislation regarding installment agreements falls under article 36 of the tax law. The relevant regulations for this purpose are:

- Law N.º 30059: “Law on strengthening municipal management through reconciliation of municipal debt.”
- Supreme Decree N.º 259-2013-EF: “Law Regulation N.º 30059”
- Superintendency Resolution N.º 006-2014/SUNAT
- Superintendency Resolution N.º 232-2014/SUNAT
- Directorate Resolution N.º 014-2014-EF/52.03.

The debt owed by the municipalities on December 31, 2012 was more than 2 billion new soles, distributed as follows:

- 43 percent debt for healthcare social security (EsSalud)
- 25 percent contributions to the office of pension standardization (ONP)
- 26 percent tax debts with SUNAT
- 6 percent debt with the National Housing Fund (FONAVI).

Clearly the situation in the municipalities was worrying, given that in some cases their debt was much greater than their income. For SUNAT these were difficult debts to recover because of the potential impact on the duties and management responsibilities of the municipalities towards their taxpayers.

Similarly, the possibility of municipalities continuing to incur tax debts without being able to benefit from special installment agreements was noted. Consequently, a regulation was put in place to ensure that a portion of the revenues transferred by the central government was allocated to the payment of tax obligations incurred from July 6, 2013 onwards.

Treatment of debt incurred up to December 31, +2012

The beneficiaries of the Reconciliation of Municipal Debt (SDDM) are the municipalities regulated by Law N.º 27972, the Fundamental Law of Municipalities.

The tax debt covered by the SDDM corresponds to the following items:

- Taxes collected and/or administered by the National Customs Superintendency and the TA (SUNAT), including contributions to EsSalud and to the ONP, with the exception of debt from workers' contributions to the ex-FONAVI.
- Fines.
- Surcharges, interest and/or readjustments to the items listed above.

- Balance from any installment scheme, postponement or regularization benefits, be it of a general or particular nature, current or with grounds for annulment, as long as it does not include debts from workers' contribution to the ex-FONAVI.

The indebted municipality has two ways of signing up to the Reconciliation of Municipal Debt:

- Upfront payment, which benefits from a 10 percent reduction of the debt.
- In installments, within a period of up to 15 years. The number of installments and payment schedule were different for each municipality, depending on the ratio of the value of the debt to the available resources, as detailed in the following table:

Plazo máximo de fraccionamiento según ratios de deuda respecto de los recursos disponibles

Ratios deuda actualizada/ recursos de libre disponibilidad(*)	Plazo máximo de fraccionamiento (en años)
Hasta de 10%	6
Mayor de 10% hasta 20%	8
Mayor de 20% hasta 30%	10
Mayor de 30% hasta 50%	12
Mayor de 50%	15

To avail itself of the SDDM, the municipality had to submit an application and pay 90 percent of its debt when it chose the upfront payment option. When it chose the payment in installments it had to pay the first or initial installment with its own municipal resources at the time it submitted the application.

Starting with the second installment, in the case of installment agreements, payments had to be made from the Municipal Compensation Fund (FONCOMUN) granted by the Central Government to the municipalities. For this purpose, municipalities had to authorize through a Council Agreement the percentage to be discounted from their investment funds and attach a record of the aforementioned agreement to the application.

Only if the relevant amount from the FONCOMUN were insufficient to pay the installment, the municipality would have to use funds from its Share of Custom Revenues (PRA), in those cases where it had such income.

If the amounts from FONCOMUN and the PAR are insufficient to pay the installment, the balance must be cancelled with income from tax collected by the municipality and other resources it may have, with the exception of fees.

Those municipalities that are not behind in three or more installments of the Reconciliation of Municipal Debt and are meeting objectives towards the goal established by the Incentive Plan for the Improvement of Municipal Management and Modernization, can annually decrease the balance of their installment-divided debt by up to 20 percent, as stated in the table below:

Porcentajes de reducción de la deuda en función de niveles de cumplimiento de metas del Plan de Incentivos a la Mejora de la Gestión y Modernización Municipal

Niveles de cumplimiento	Descuento
Hasta de 65%	0%
Mayor de 65% hasta 80%	10%
Mayor de 80% hasta 95%	15%
Mayor de 95%	20%

When an installment is delinquent, it is reappraised with the default interest rate applicable up to the payment date. If the debt corresponds to three or more installments, SUNAT has the authority to collect all outstanding installments and end the agreement.

Treatment of debt incurred from July 6, 2013

Tax debt incurred from July 6, 2013 that has not been declared and/or paid to maturity by the municipalities is collected from the resources transferred by the central government in the following order of precedence:

- FONCOMUN.
- Share of Custom Revenues.

If the amount is not sufficient to cover the debt, the municipalities can make direct payments using the following resources:

- Municipal taxes.
- Resources collected directly, except for fees.

In order to make use of the resources transferred from the central government, SUNAT informs the Ministry of Economy and Finance (MEF) monthly of the amount and item of the municipalities' current debt. The MEF uses this information to freeze the maximum amount allowed from the total resources of the FONCOMUN and PRA, which it transfers to the municipalities every month.

Using the Integrated System of Financial Administration (SIAF) the MEF issues the payment authorizations, which are transmitted to the Banco de la Nación (BN). The bank's national offices pay only those checks debited to its system, with payments reflected immediately in the public treasury's main account.

It is important to note that the municipalities can only use the resources previously frozen for the payment of debts with SUNAT, in accordance with the payment authorizations issued by the MEF.

The objective is to guarantee and ease the payment of the debts that the municipalities have with the SUNAT, EsSalud and the ONP through the use of resources transferred from the central government.

The process involves the mixed use of resources, using both human resources and the information systems of SUNAT. The national financial system and interrelations with the MEF facilitate the use of authorized resources.

The sections responsible for this process are:

- Debt control sections: the process of implementing an installment agreement, monitoring and control of the payment of installments and of the debt incurred since July 6, 2013 is done by personnel from debt control.
- Coercive recovery section is involved in the recovery of three or more accumulated installments and the corresponding annulment of the installment option, as well as in the recovery of current debts.
- Information technology sections of SUNAT and the MEF provide the necessary IT support.
- Taxpayer services section provides corresponding guidance.
- Claims section issues the necessary rulings on acceptance appeals filed in regards to the debt subject to payment in installments.
- General office of indebtedness and public treasury of the MEF is in charge of managing and authorizing the resources transferred by the central government to the municipalities.

The following advantages were obtained:

Instead of offering debt forgiveness as was done in previous instances, municipalities were offered conditions to facilitate the cancelation of their debt in a progressive manner, which garnered much more acceptance by the rest of the taxpayers.

Part of the payment of the debt was guaranteed by the use of resources transferred from the central government, requiring compliance with tax obligations as part of the monthly management procedures of the municipalities.

At the same time the probability of collecting debt that was problematic because of the entity that incurred it improved, and better management of tax debts incurred by the municipalities was achieved in exchange for benefits that facilitated compliance.

Likewise, Peru has procedures to grant payment plans as part of “insolvency proceedings”. The experience is described below.

Insolvency Proceedings – Peru

Regulations in Peru (General Law of the Insolvency System) allow insolvent companies undergoing insolvency proceedings (initiated by their owners or a creditor) to opt for procedures for asset restructuring (remaining in the market) or for dissolution and liquidation (orderly exit from the market).

If they choose an asset restructuring procedure, a restructuring plan is approved. The plan establishes a calendar of payments to creditors, who previously analyze the debtor’s administrative, asset and financial situation of and determine the revenue flow necessary to honor the agreement. If it is not feasible then the company must undergo dissolution, liquidation and subsequent bankruptcy proceedings.

Insolvency proceedings are not a means or a mechanism to evade or avoid taxes, as certified by the comparative legislation and by the legal doctrine on the subject. The fact that tax debtors take part in insolvency proceedings does not imply that they expressly consider the bankruptcy process as a procedure for evasion.

The aim is to harmonize the procedures that determine the value of tax debts, so that the current value of company debt recognized by the insolvency authorities (that has legal precedence over tax laws) matches the debts recorded by the tax authority.

The process involves the use of human resources, personnel from SUNAT and professionals appointed as representatives of state tax credits, appointed by the Ministry of Economy and Finance. Among the results achieved are the following:

- Possibility of recovering tax debts.
- Improved coordination, supervision and control over the performance of representatives of state tax credits.
- In four out of the five insolvency proceedings of soccer clubs, restructuring plans have been implemented, with a special restructuring scheme linked to the general process (options: establishing a public limited company, restructuring; and ordinary process).
- Approximately 4 million soles of tax credits have been recovered.

g. Pre-judicial intelligence

This phase is focused on the investigation of the assets of the tax debtor, with a view to preparing the necessary information to be used in the judicial phase. In addition, it is advisable to analyze all the revenue sources liable to seizure.

For this purpose, in order to have access to reliable and current information on the assets available for seizure, it is helpful to have collaboration agreements with the bodies that maintain the registers of such information, such as the real estate registry, the automotive registry, the Central Bank and the registry of natural and legal persons.

Following these procedures, if it does not receive payment the TA will be in a position to transfer the debt to the appropriate section for coercive recovery.

Pre-judicial Intelligence – Spain

Regarding the process of gathering information for the recovery process, the Spanish AEAT has sufficient authority to oblige individuals or corporations, public or private, to provide the TA with all sorts of information, reports or prior records that have tax implications, both related to compliance with tax obligations and derived from economic, professional or financial relations with third persons.

Under this authority, the TA periodically receives information from financial entities, notaries, public registries and social security. Hence the recovery services have access to:

Public deeds of property sales.

Information from financial entities regarding bank accounts in the debtor's name.

Information from the property registry regarding asset ownership.

Information from the Department of Transport regarding vehicles in the debtor's name.

Information from the Treasury and Bank of Spain regarding currency trading.

Information, from income and expense statements, of sales and purchases with a value of more than 3,000 euros.

List of clients and suppliers of the debtor.

Property rentals.

Electricity bills in the name of the debtor, so that his/her electrical energy consumption and the property related to such consumption is known.

Businesses where he/she is partner or administrator or in which he/she participates.

Businesses in which he/she participates or holds shares.

Transactions in PIN pads,¹³ showing credit card sales to customers—Visa, American Express, etc.

¹³ PIN pad: device connected to a telephone line that, in public establishments, allows for the payment of a purchase with a bank card.

3. Coercive or Enforced Recovery

Once all avenues to achieve voluntary compliance by the tax obligors with their tax obligations have been exhausted, it is necessary to turn to coercive recovery by the TA. Coercive recovery recovers less debt when there is intensive administrative recovery than when there is not or it is applied sporadically.

Considering the various standard recovery models, a possible procedure for the circuit of debt under judicial administration is described below. This procedure consists of a minimum of three stages through which the debt moves within the TA, until it reaches the enforcement officer who deals with the judicial recovery. He/she can be an agent reporting to the TA or be external to it. First, the debt will be identified in the system with the label “judicial administration.” The next step is the issuance of the “enforcement deed” or “tax bill.” The final step is the debt allocation to a specific “enforcement agent” or “representative.”

When the debt is before an enforcement officer, they will have certain tools at their disposal to carry out their functions, including precautionary measures (seizure of assets, freezing of funds, general injunction on assets) and the possibility of collecting through payment plans. They can also count on the collaboration of the TA, which can increase the risk perception and publish information on its webpage to encourage payment.

It is also important to highlight those cases in which coercive recovery does not take place within the framework of a judicial process but rather within an administrative one.

Below are examples of coercive measures that can be applied in Bolivia

Coercive Measures – Bolivia

As stated in Law N° 2492 (Article 110), the coercive measures applicable towards the recovery of tax debts enforced in favor of the state are as follows:

- Intervention in the management of the debtor's business. The TA intervenes in the management of liable taxpayer's business. It is merely a financial intervention on the taxpayer's income and expense flows with a view to a sustainable recovery of the tax debts through the taxpayer's management and responsibility over the business.
- Prohibiting the transfer or sale of certain assets of the debtor. That is, limiting the liable taxpayer's ability to dispose of assets and properties in order to guarantee the recovery of the tax debt, including through mortgages and seizures.
- Withholding payments due from third persons, in the amount strictly necessary to ensure recovery of the tax debt. That is, the seizure of credit from the liable person or the liable third party that is to be carried out by individuals or legal entities that are not financial intermediation bodies. The Coercive Recovery Unit requests information from public or private institutions regarding amounts to be cancelled from the liable person or liable third party because of contracts with them.
- Prohibiting participation in procedures to acquire goods or contract services. That is, the limitation that is imposed on debtors so that they cannot be hired by the state to provide services or goods in accordance with the Supreme Decree that regulates the System of Administration of Goods and Services, the same as with tax insolvency.
- Other measures contemplated by the law, directly related to the enforcement of debts, among which the following are applied. withholding of funds in financial bodies, withholding of payments due from public bodies and companies, and closing establishments, premises, offices or storage facilities of the debtor until the tax debt is paid.

As a result of the modification of Law N° 2492 (Article 110, numeral 6), closure measures can be carried out when the tax debt has not been paid after the application of the coercive measures described above or if such measures cannot be applied.

3.1 Portfolio management

The “portfolio” is made up of all the debts owed to the TA recorded as enforceable debt instruments that comprise payable monetary obligations. Therefore, the debts that have not been previously settled in a sworn statement by the taxpayer or in a properly enforced administrative act following an assessment procedure would not be part of the portfolio. Only these debts can be the object of a process of coercive recovery.

The enforcement agent or the representatives must have real and up-to-date knowledge of the state of their portfolio. For example, among other issues, it is important to properly identify debtors. To this end, it is best practice to classify the portfolio on the basis of different optional criteria, including:

- The nature of the debt.
- The age of the debt, its amount or its current stage of procedure.
- The debtor’s profile.

In order to implement this classification and have an organized portfolio that includes clearly identifiable debt and correct information, it is helpful periodically to clean up the portfolio. This involves an analysis of the possibility of debt enforcement—if the debt is recoverable—such as, for example, the location of the debtor, the existence of assets and other matters that can help clean up current accounts and consequently the TA’s credit portfolio.

A selection of examples of possible portfolio segmentations is described below:

Portfolio Segmentation

Bolivia

In order to proceed with the portfolio segmentation, the SIN in Bolivia has established the following criteria:

- Differentiated treatment for each segment.
- The application of measures to the public sector will be subject to conditions and restrictions.
- The enforcement and application of measures to the payment plans will be given priority, and merit control over the enforcement of guarantees.

Spain

Spain’s TA applies segmentation or classification of portfolios, with special or differentiated treatment for five groups of debtors:

Group 1: object of automated management.

Group 2: with outstanding debt of between 0.01 and 150,000 euros that does not belong to the first group.

Group 3: total outstanding amount between 150,000.01 and 1,000,000 euros.

Group 4: with debt of more than 1,000,000 euros.

Group 5: object of specialized monitoring.

Peru

Peru's TA has differentiated treatment:

For those taxpayers involved for the first time in a process of coercive recovery, the portfolio under coercive recovery is classified in terms of amount, age and number:

Amount. This criterion refers to the value of the enforceable debt being collected.

Age. This criterion refers to the tax period of the enforceable debt, which is divided into current and non-current debt.

Number. This criterion refers to the set of tax debtors undergoing recovery processes (current and non-current).

The Lima Administration is in charge of collecting the most liquid and recent debt.

Portugal

Portugal has a system for portfolio segmentation. The set of strategic debtors is the following, with non-cumulative requirements:

- Taxpayers with global debt, in a Regional Bureau of the TA (there is one per district), of more than €500,000.
- Taxpayers with global debt in more than one Regional Bureau of the TA, of more than €250,000.
- All main debtors, not included in the above criteria, which represent 80 percent of the debt portfolio of a Regional Bureau of the TA.

The methodology used is strategic at the national level, not only because it aims to improve the TA's efficiency in terms of collecting from the major debtors, but also because of its importance in terms of revenues, fiscal justice and equity.

This methodology requires the promotion and guarantee of timely interaction between the different departments of the TA, in two ways:

- Horizontally (coordination between the different functional sections) and
- Vertically (coordination between the central, regional and local levels).

The main actor is the Office for Management of Strategic Debtors (GDE). This office has the authority to investigate the debtor's overall situation, make an evaluation, devise a plan for concerted action, monitor it, and safeguard its practical application.

Hence the GDE integrates all the functional sections and acts as the pivot of horizontal and vertical coordination. Its mission consists of:

- The use of information systems and of the links between the different sections and levels of the TA to coordinate and supervise the implementation of a recovery strategy.
- This examination covers all functional sections of the TA—for example, analysis of the stated compliance of the “group,” the alleged offenses, tax litigation, auditing procedures, refunds pending payment in criminal cases and all types of procedures.

There is a specific computer application to manage these debtors: Integrated Management of Strategic Debtors (SIGIDE). A report analyzing the results is prepared quarterly (BAGIDE).

This system called “SIGIDE” or “MSD” (Integrated Management of Strategic Debtors) is used to collect all the information (past and present) on the debtor, which is later used as the basis for the development of a strategy to recover the debt. This system combines, in an integrated fashion and with a shared vision, all available information on the debtor, such as clients, suppliers, assets, debts, auditing, administrative and litigation procedure, as well as relations with other taxpayers and the identification of administrators when the debtor is a corporation.

3.2 Identification of the debt in the judicial or enforcement stage

To transfer debt classified as “delinquent” to debt classified as “under enforcement” or “judicial,” the first step is to identify it as such in the registers of the current account of a particular tax with a system code (ID) that labels it as debt under “coercive recovery” or “judicial.” This is possible given that currently and in general the taxpayers’ debt registers are stored through information systems that allow for the easy consultation of the taxpayer’s register and current account.

When a computerized system that allows for the identification of debt through a certain code—as debt under coercive or judicial recovery—is not available, it is important to keep an updated register of the status of the debt.

The identification of the debt with the code for “judicial stage” is relevant to the way it will be processed. With the new identification, recovery management enters a new stage and is generally managed by a different section of the TA, one that has the tools to deal with the debt through certain keys that let it access the register system, or other mechanisms in the case of manual registers.

The debt that can be enforced is defined by a rule, and in most cases refers to levies, interests and fines derived from final resolutions, sworn statements, advance payments, administrative liquidation of taxes without a sworn statement.

In many cases—as will be addressed later—a minimum amount is established before the debt can go on to the coercive or judicial stage. This is related to the TA’s assessment of the helpfulness of initiating a judicial process, with all its related costs, if the debt is for a small amount. Generally, a specific amount is established for each tax below which the debt incurred will not be transferred to judicial hearing.

Once the debt is identified as being in the enforcement or judicial stage, a debt circuit is initiated, starting with the issuance of a tax bill and the assignment of the debt to an enforcement agent or representative. They will be the ones to proceed with the recovery by initiating the

tax enforcement, which they will manage in line with procedures as instructed by the TA and with the aim of achieving payment of the debt.

3.3 Implementation of debt under enforcement or judicial recovery: enforcement order

An important phase of the recovery procedure is the issuing of an enforcement order or tax bill in which the debt to be collected is turned into an enforceable instrument. The instrument must include a series of elements in order to qualify legally and withstand a plea to disqualify it. Usually, those elements are as follows.

a. Extrinsic requirements

The tax certificate qualifies as an enforceable instrument when it meets all the extrinsic requirements that qualify it as such. These requirements are related to the formal content of the instrument—that is, the information it must include.

Under such conditions it is enforceable, self-sufficient and is properly integrated, given that it was produced by means of an administrative process that gave a concrete format to the existing amount claimed.

Some TAs rely on specific requirements established in the regulations applicable to this procedure. Others, nevertheless, do not have specific requests included in the legal text, so they have established them through jurisprudence.

Acknowledging the particularities of each TA, we can list certain extrinsic requirements that are usually considered necessary for the order to be considered complete:

- Place and time of delivery.
- Signature and stamp from the appropriate administrative judge (authorized public official).
- The debt must be for a fixed amount and enforceable, an essential requirement of the judicial process, without which a lawful order would not exist.
- Specification of the levy and the diverse concepts included in the amount claimed, such as sworn statement, compensatory interest, advances, as well as the

expiry date and the corresponding tax period.

- Name of the taxpayer or person responsible or legal entity.
- Identification number of the taxpayer for tax purposes.
- Tax residence of the taxpayer in debt, if an alternate tax residence exists it is useful to include it—for notification purposes—and even the email address when electronic notices are used.
- Certification of the person acting as authorized tax agent for the recovery of the debt through the judicial process. This information can be included in the order or confirmed through a special power of attorney.

As regards the content of the tax bill, there are good examples in the OAS-IDB Model Tax Code and CIAT's Model Tax Code, the latter having been updated in 2015.

b. Intrinsic requirements

In addition to the formal content requirements of the order, the information included must be reliable and the procedures to assess the debt must comply with the law.

These requirements rest on the substantive—for example, to demonstrate such substance the TA must have access to the documentation that is the basis for the information included on the debt bill.

In this situation it is important to interpret the issue correctly, as the above considerations might lead to the interpretation that what is under analysis is the debt cause, which is not the case within the framework of a judicial enforcement. Nevertheless, there could be cases—especially in judicial proceedings—in which taxpayers question compliance with certain steps before the determination of the debt.

In addition to the legality of the administrative procedures that led to the issuance of the tax bill, the defendants in a tax enforcement process could—in accordance with the regulations—resort to a plea that the order is defective so as to introduce other issues that the regulations do not consider as possible objections. This is the case, for example, of the lack of standing—that is, when the person designated in the order as responsible for the

debt claims that they are not the bearer of the tax debt.

Within the framework of a judicial process, the instrument is usually considered unlawful when the debt is manifestly nonexistent and the situation is not included in any of the other exceptions or objections to enforcement provided for in the regulations.

c. Issuing the tax certificate

There are different possibilities for issuing a tax certificate. In general, they are issued periodically, systematically and automatically by the system—that is, on a mass basis. But they can also be issued through an administrative proceeding that transfers the debt to trial—that is, on an exceptional basis.

Issuance on an exceptional basis has the advantage of permitting greater control over the debt. It also allows for the validity of the debt to be checked before it is assigned to an enforcement agent. In other words, before assigning the debt to the representative who will initiate the enforcement procedure it is advisable to analyze once more the current account of the debited tax. It is important to take this preventive measure because the debt might have been paid, in which case it could lead to a challenge to the payment on the part of the debtor in the enforcement process. It also allows for the analysis of census, ownership, address and other relevant information to ensure a positive result in the framework of tax enforcement.

Issuance on a mass basis, on the other hand, can provide debt documentation in the short term. It is very useful in the case of debt that is close to its time limit for recovery (that is, close to prescription), as a more detailed analysis in such cases would require more time than available for the purpose.

The debt originating from a mandatory assessment or a penalty is normally issued as a bill on an exceptional basis, through an administrative proceeding. In the case of settlements of the levies in general, the issuance of the bill can be on a mass or exceptional basis, depending on the amount of time the TA has to initiate the enforcement relative to the date of prescription.

3.4 Assigning the debt

Assignment is the procedure whereby the debt is allotted to a specific agent or representative so that he/she can access it, and take over the judicial management of its recovery. The debt assignment methodology generally consists of an automatic draw that is defined with prior consideration of certain criteria, such as a certain number of hearings for each enforcement agent or the amount of each hearing so that the fees they receive are balanced. Although this is the most common method, there are cases in which a different approach is taken.

Apart from the method used, it is important to ensure an equitable distribution of the hearings, so as to obviate the possibility that they might be concentrated in the hands a few agents or representatives. This is important because if the amount and quality of the debt being transferred to the recovery agent is not taken into account, some might end up being overburdened while others might be left with little work.

If the distribution is not equitable it will not only be harmful in terms of efficiency in the management of recoveries (for example, if certain agents have too many hearings assigned to them, they may neglect some), but also in terms of remuneration, given that if the fees earned depend on results, some agents may complain if they do not have sufficient hearings on which to collect.

3.5 Treatment of debt at the enforcement or judicial stage

As was made plain at the outset, the management of coercive debt recovery can be outsourced to third parties (agents) or run by professionals from the TA. This will depend on the human resources available to the TA.

Whether one model or another is applied, what is important is the optimal use of the tools available for effective recovery. We will analyze some of the tools that have proven useful in recovery processes, such as precautionary measures, different strategies to increase risk perception, publishing information on the TA's webpage, and the possibility of regularizing the debt through payment plans. In addition we will refer to the new systems of electronic recovery, the establishment of minimum

amounts for coercive recovery, and the various means of dealing with non-collectable debt.

3.5.1 Seizure request

The possibility a preemptive attachment order on the debtor's assets is an important tool in ensuring the recovery of debt that has been transferred to the judicial stage. It involves freezing certain assets of the debtor who will be or has been prosecuted, with the aim of ensuring the effectiveness of the sentences eventually passed.

Among the basic presumptions to take into account for the viability of such a measure are legal plausibility and the real risk of default. This is why it is necessary to certify that the debtor has the intention to alienate, hide or transfer assets or that his/her responsibility has been compromised.

Some TAs have been granted extensive authority by the regulatory framework, including the authority to attach preemptive orders without having to make a request to the judiciary. This is the case of the TAs in Peru, Chile and Ecuador.

In other countries the TA does not have such authority and a request for the measure must be made to the judiciary. Within this group there are some cases where the need to impose such a measure must be justified and others where the request must be granted by a judge within hours.

Both in the cases where the TA has ample authority and those in which it does not, it is necessary to be cautious in the application of this type of measure, especially given that taxpayers can claim that their fundamental rights are being breached, and make a judicial appeal that will be counterproductive for the TA.

Seizures comprise an important tool to restrain a debtor who is constantly moving assets in order to avoid enforced debt recovery, but it is also tempting to use it without proper precautions. For this reason, in countries where the TA has to make a request for such a measure from a judge, systems have been put in place to expedite both the request and the consent. This has come about through agreements between the TA and the judiciary in

order to expedite the process, with the use of networks of electronic documents through which the judiciary and the TA communicate.

The above reference to electronic systems that increase the efficiency in the application of the measure does not imply omitting the analysis that all precautionary measures require, but rather simply expediting communications so as to avoid delays.

The order of precedence of assets to seize will depend on the regulations of each country or, in their absence, on the prevailing jurisprudence in each of them. As an example, a possible order is described below:

- Cash or current accounts of any type.
- Loans, short-term credits, stock, securities or financial instruments that can be traded on a secondary market.
- Jewelry and art objects.
- Cash and in-kind income and interest.
- Personal property or livestock (animals that may have a certain value because of their characteristics, stock, etc.), shares, stock or securities not officially priced and company shares.
- Real estate.
- Wages, salaries, pensions and income from professional activities and independent commercial activities. In this case it is important to take into consideration that the salary, pension, remuneration or equivalent cannot be seized and generally have a percentage, even discounting family dependents.
- Medium- to long-term loans, credits and marketable securities.

Likewise, in some cases, there are certain limitations to attach an order on certain assets that cannot be seized; among others, we can mention:

- Furniture and household wares, clothing belonging to the debtor and his/her family that are not considered superfluous. Goods such as food, fuel and others that are essential to the subsistence of the debtor and his/her dependents with reasonable dignity.
- Books and instruments necessary to carry out the profession, art or trade of the debtor, when their value is not proportional to the amount of the debt claimed.
- Sacred items and those used for worship in legally registered religions.

There are specific situations that are dealt with differently, as established in the regulations. For example, in some cases, if the debtor whose assets are being seized is the beneficiary of more than one imbursement, these are accrued in order to levy the total amount all at once. Or in cases in which the debtor is under a joint property marital regime, sometimes the remunerations or equivalents of the spouses are accrued.

In Peru there is a system of automated levy; its main characteristics are described below.

New System for Automated Levy – Peru

This development was implemented progressively in operational departments starting in November 2013 and was fully implemented by July 2014.

Since the implementation of the System for Automated Levy (SEMT) in 2014, electronic levies led to an improvement in the efficiency of the recovery efforts of the coercive sections of SUNAT. The system was a great improvement over the physical distribution of paper documents to the banks and financial bodies, which involved many obstacles and delays.

Since it was possible to issue and notify many more attachment orders, the total number of bank levies multiplied several times over. It became the most used seizure measure by the coercive recovery sections nationally.

Nevertheless, of all the activities involved in the process of bank withholdings, it was only possible at the time to optimize the notification of the seizure ruling, the response from the banks, the resolution for the funds turned over and subsequent removal of the seizure order. Although manual activities related to the management of intermediate communications are now handled by email and not with physical documents, in practice certain manual tasks were still in place and had to be carried out by personnel from the Sections of Coercive Recovery of each department regarding the electronic process of bank withholding:

- Verifying the enforceability of the debt, using specific enquiries or mass-basis cross-checks with different databases.
- Enquiries or cross-checks to select the taxpayers to be served.
- Sending emails to the banks notifying of the attachment order on the accounts.
- Receiving and directing the emailed responses

from the banks to the appropriate coercive assistants.

- Registering the responses in the RSIRAT (recovery system).
- Issuing resolutions for the funds turned over.
- Issuance of checks by the banks.
- The recovery of the checks by the assistants.
- The return of checks for amounts greater than the outstanding debt.
- Issuing the record of payment.
- Sending emails regarding removal of attachment orders.
- Managing relations with the Banco de la Nación (collecting bank) for the deposit of payments.
- Sending notices of resolutions with the original debt bill to the taxpayers.

To this, we must add the contingency of emails not received by the taxpayer due to restrictions from anti-spam servers, both of SUNAT and the banks, which hamper communication in both directions—that is, of the resolutions from the coercive agent to the banks or the banks' response to the agent.

For their part, the banks and other companies within the SEMT system were unable to verify, through a single platform, the validity of the attachment order, the amounts paid and those still due. Neither were they able to monitor the situation after the order of attachment.

The banks turned over the amounts withheld by certified or cashiers' checks, which are issued one by one. Because of the lack of a system for controlling and monitoring, SUNAT's public officials periodically had to reiterate the attachment notices to the banks, which only withheld and responded to the tax authority once, after having received the coercive resolution. This caused an unnecessary and heavy administrative burden.

Since there was no option available to generate and download the resolutions on the removal of attachments on a mass basis, it was not easy to attend to the timely lifting of seizures. This led to dissatisfaction among the tax debtors who in some cases sent their complaints to the Taxpayer's Advocate Office or the Tax Court with adverse consequences for the TA, whose officials additionally had to deal with the inconveniences of the procedures described.

In this context, the complete automation of the process would allow it to be managed centrally, since the information necessary to issue Coercive Resolutions of Electronic Bank Withholdings can be processed and managed with the banks in a centralized manner and be monitored by an section at the central level with coercive agents who have national authority. This would improve management and make the process more efficient. It would also free up resources for recovery tasks in the field (seizure of property, intervention in recovery, etc).

Some of the most important characteristics of this development are:

- Automatic debt verification. Automatic suspension of seizure orders.
- The centralized coercive agent gives approval through an automatic process and monitors the process.
- Attachment rulings are issued and sent to the banks with a digital signature.
- Notices are managed automatically (banks and tax debtor).
- Communications regarding amounts withheld are channeled through the SUNAT's virtual platform (SUNAT online operations–SOL).
- The funds are turned over electronically and validate the debts online.
- Verification of balances: daily process for removal of the seizure.

Its main objectives are:

- Increasing the effectiveness of the seizure measures (improving the economic efficiency of the measures).
- Reducing the stock of debt at the coercive stage.
- Broadening the coverage of set of debtors (proper segmentation by channels of action as a result of the selection of debtors based on a risk model).
- Improving the chances of recovery.
- More efficient organization of agents.
- Freeing up human resources that were previously assigned to manual tasks related to bank seizures.

The following results were achieved by December 2014:

- An improvement in the average recovery per bank seizure measure in SUNAT departments at a national level, without taking into account the Lima Office. The average recovery per order increased from S/: 202 to S/: 608.
- A significant improvement in the percentage of bank responses to measures issued by SUNAT. The total percentage of responses to such measures increased from 10.4 percent to 92.6 percent.
- The average ratio of the funds turned relative to the amount of the seizure notified to the bank over the period analyzed increased from 10 percent to 48 percent, revealing an improvement in the management of the process.

The new SEMT has significantly simplified the work of the civil servants involved in the process of coercive recovery. Manual tasks have been eliminated and replaced with computerized processes, such as the response to the banks and electronic payments that eliminate the need to manage check payments. On the other hand, the process has included the figure of the centralized coercive agent who is responsible for monitoring and managing the process, and has national jurisdiction. In the previous system, the banks had to send emails responding to the agent (who had to manually manage the notice of levy) and physically issue checks, which affected the timeliness of the debt

recovery. In addition, the coercive agent had to manage the pick-up of the checks at the bank, manually fill out debt bills and make the payments at the counter of the Banco de la Nación, a process that could take up to 40 days, during which period the debtor's account was frozen.

3.5.2 Increasing risk perception

Risk is expressed as a negative consequence of non-compliance, but taxpayers must perceive that negative consequence as a real possibility, because only then will they try to avoid it.

The TA's efficiency regarding tax enforcement is directly related to taxpayers' perception of the risk they run in not paying the debt and allowing the hearing to reach the enforcement stage.

When taxpayers perceive an ever-present TA, which not only regulates and calculates debt but also enforces it, they realize the possible consequences of non-compliance. If this risk perception is increased through more efficient and effective actions, we will achieve better results both in terms of coercive recovery and pre-judicial recovery.

3.5.3 Publishing on the TA's website

In Argentina, the practice of publishing certain relevant information on the webpage in order to let indebted taxpayers know the consequences of their non-compliance has contributed significantly to increased payments of judicial debt. This practice feeds into the strategy for increasing the risk perception analyzed in the section above, because if taxpayers believe that there will be negative consequences if they do not comply with their obligations and that some of their assets might even be affected, they will be more willing to comply and at the

very least will not let the process reach the enforcement stage.

The information published is related, among other issues, to:

- Opening hearings, especially for big taxpayers.
- Seizure orders.
- Taxpayers considered to pose a high tax risk.
- Enforcement cases involving real estate auctions.

It is also advisable to publish the different options the debtor has to cancel or regularize the debt, such as the payment plans available, the list of enforcement agents or representatives with their contact information (address and telephone number) and all new information that could aid recovery.

The enforcement agent provides the information published. He/she informs the TA on the hearings that have started in order to analyze and select the cases to be published.

In this regard, the TAs have adopted different policies towards the publication of debtor cases on their websites.

Policies on the Publication of Tax Debtor Information

Brazil

Certain cases are published. They are “Consolidated Publications” with common timeframes and simplified on a monthly basis by tax region.

Spain

Does not publish debtors at present. Nevertheless, Spain is working on an amendment to the tax law to consider the possibility.

Mexico

Publishes the name and the NIT (tax identification number) of delinquent debtors.

Portugal

Publishes the names and tax identification numbers (NIF) of debtors. Debtors are classified according to the amount of debt, but it is not possible to find out the exact amount of debt owed from the information published.

It is possible to select between “tax” and “social security” debts. The tax debts appear tiered. A certain tier is selected first and then one can access the NIF and name of the debtors with debts within that specific tier.

Individuals are tiered as follows (in euros):

From 7,500.00 to 25,000.00
 From 25,001.00 to 50,000.00
 From 50,000.01 to 100,000.00
 From 100,001.00 to 250,000.00
 From 250,001.00 to 1,000,000.00
 > 1,000,000.00

Corporations are tiered as follows:

From 10,000.00 to 50,000.00
 From 50,000.01 to 100,000.00
 From 100,001 to 500,000.00
 From 500,001.00 to 1,000,000.00
 From 1,000,001.00 to 5,000,000.00
 > 5,000,000.00

<http://www.e-financas.gov.pt/de/pubdiv/de-devedores.html>.

The following criterion is applied to publications:

1. Publish only tax debts, customs debts and those from special taxes and social security contributions.
2. The debt must be in the tax enforcement process, after the summons and once the deadline for objections has passed.
3. It will refer to the debt principal (value of the debt payable), without including legal expenses.
4. Only those debtors that have been summoned personally, and have a date set for their hearing will be published. They will be determined periodically by the Director General.
5. Those jointly liable/severally liable.
6. There must not be any installment agreements in place with the tax authorities or social security.
7. The processes must not be suspended.
8. The debtors must not have requested to make payments in kind.
9. They must not be undergoing insolvency procedures or out-of-court settlements.

The list of debtors is updated and published monthly, on the last day of the month.

3.5.4 Electronic recovery

Electronic recovery methods can be a useful tool. In Peru, for example, an electronic procedure is used for recovery. The method combines two processes: recovery from suppliers and bank withholdings.

Electronic Recovery – Peru

Through the system of Recovery from State Suppliers enabled within SUNAT's extranet, state bodies inform of upcoming payments to suppliers. The system verifies in real time the existence of payable debt in coercive recovery processes. If such debt does exist, the state body suspends payment for a period of 24 hours while SUNAT makes the withholding by issuing a coercive resolution where applicable, and sending an electronic notice of it. If, after 24 hours, the state body has not received any communication from SUNAT, it may pay its supplier in full.

In the case of the process of "Electronic Bank Withholdings," when a taxpayer has payable debt in the process of coercive recovery, SUNAT requests the withholding of accounts from various bank entities by issuing the relevant coercive resolution and sending an electronic notice of it. Bank entities respond to SUNAT by certified email. Once the coercive recovery section has done its evaluation, it issues the coercive resolution requesting the amount withheld or lifting the withholding and sending an electronic notice of it. ¹⁴

¹⁴ Source: Webpage of the Network of Electronic Government of Latin America and the Caribbean.

In Argentina there was an electronic procedure that placed attachment orders on bank accounts, such that once a debt bill was sent the measure was requested from the Banco Central de la República, which issued—through the same electronic process—the order to attach the order to other banks until reaching the amount that would cover the debt and interest. The judiciary, however, declared that in order to enforce measures that affect the fundamental rights of individuals—such as their property, freedom, work and others—an order must be issued by the judicial authority. Since then, the TA has adapted the system by making a request to the judiciary, which—after analyzing the measure’s admissibility—orders the seizure of accounts in the debtor’s name. Once ordered, the measure is implemented in the same way as before a judicial order was required.

3.5.5 Regularizing the debt

As explained in the section on administrative recovery, the debt can be paid in installments. This option is also available in the enforcement stage.

This type of debt settlement in a judicial stage is an alternative that facilitates debt recovery and avoids continuing with a very long proceeding that often, even when there is a final judgment, is difficult to enforce.

It is important to highlight that installment agreements in the judicial stage have to be accredited in the judicial record so that they can be approved, and lead to the suspension of the proceeding until all the installments in the plan have been paid.

Some TAs grant benefits in cases where the taxpayer makes an upfront payment for the total amount. These benefits can be a proportional haircut on late interest, or their reduction. Nevertheless, there are no known cases in the region of punitive interests charged for the start of the hearing.

The haircut on interest could be challenged on the grounds that it offers a benefit to the non-complier, but it is a fact that the TA resorts to this alternative when confronted with a debt that is hard to enforce.

As mentioned earlier, Portugal has established a system of installment agreements during the enforcement proceeding. Below is a description of the process.

Installment Agreements – Portugal

The applicable regulation in this phase is article 196 of the Tax Procedure and Proceedings Code, which makes provision for installment agreements for the debt.

The rule is that it can be applied to all taxes, except debts on the Community's own resources and debts derived from the failure to submit, within the legal deadlines, the tax withholding at the point of origin or from third parties, except in the case of death of the debtor.

In the case of debts of more than €2,500 for individuals or €5,000 for legal entities, a guarantee is required—for example, a bank surety, bank collateral, mortgage, surety insurance or bond. For debts of less than these amounts a guarantee is not necessary. Nevertheless, advances or initial installments are not required.

Regarding payment periods the rule is that they cannot exceed 36 months and the monthly payment cannot be less than €102.00. If the debt is for more than €51,000.00, in the case of financial hardship, it can be extended to up to 60 months and each payment cannot be less than €1,020.00.

In case of non-compliance:

- Debts of more than €2,500.00 (individuals)/€5,000.00 (legal entities): default on three successive or six alternate installments affects the expiration of the other installments if the debtor has not paid the missing installments within 30 days of being notified of their default. In this situation the tax enforcement proceeding continues to its conclusion.
- Debts of less than €2,500.00 (individuals)/€5,000.00 (legal entities): non-compliance with one of the payments affects the expiry of the rest and the tax enforcement proceeding continues to its conclusion.

Debts on Community resources and debts derived from the failure to submit the tax withholding at the point of origin or from third parties within the legal deadlines can only be paid in installments in exceptional and very specific cases: when there is exceptional financial hardship and grave economic consequences, or if the taxpayer has accepted an economic recovery plan—which is what makes the measure essential.

3.5.6 Establishing minimum amounts

One of the policies related to recovery is the establishment of minimum required amounts to engage in a recovery process. For amounts below the established minimum, treatment varies by country and according to the end goal in establishing such minimum amounts. Below are descriptions of some experiences.

Establishing Minimum Amounts

Bolivia

Below the established minimum amounts a group enforcement is carried out.

Brazil

- The following minimum amounts are established:
- Less than R\$10.00: exempt from payment.
- Between R\$10.00 and R\$1,000.00: it is not registered as outstanding debt but is registered in the defaulter's registry (Cadin).
- Between R\$1,000.00 and R\$20,000.00: it is not enforced.
- In order to implement precautionary measures the debt minimum must represent 30 percent of the known assets and there must simultaneously be 2 million in debt.

Spain

An Order of the Treasury regulates that the TA cannot use coercive recovery measures for any government receipts whose settlement is the responsibility of different bodies of the public administration, when the amount is less than 6 euros. The aim of this regulation is to avoid certain recovery acts that will not benefit the treasury nor aid in compliance with the goals entrusted to the public authorities, and that at the same time lead to greater costs than the income derived from their enforcement. Six euros are considered insufficient to cover the costs of exaction and recovery. In addition, the TA must not liquidate debts for amounts under 6 euros, as this is the minimum amount estimated by the treasury as sufficient to cover the costs of exaction and recovery. Finally, a joint resolution between the Directorate General of AEAT and the General Comptroller of the State

Administration establishes that, on an annual basis, an agreement can be reached on the cancellation and accounting reduction on liquidations corresponding to treasury receipts that have an outstanding debt of an amount of less than 3 euros, if they meet the requirements established by the aforementioned resolution.

Peru

If the taxpayer's total enforceable debt is less than the minimum amount necessary to issue the REC, the debt is kept on hold until there is a new process of REC issuance. By then the minimum amount might be exceeded either through accumulated interest or because of the enforceability of new debts by the same taxpayer.

Minimum for enforced recovery: from S/.150.00 to S/.5,000 according to the local office.

Minimum for the application of precautionary measures: S/. 250.

Uruguay

Minimum amounts are established, below which certain actions are carried out—for example, the taxpayer's certificate of good standing with tax obligations (CVA) is suspended, but no judicial measures are initiated. The minimum amount required to engage in recovery activities is currently \$100,000. There is no minimum for the application of precautionary measures.

3.5.7 Uncollectable debts

In some countries, in accordance with certain criteria, debts are considered uncollectable. In Spain, Colombia and Peru, for example, certain criteria are applied so as to operate more efficiently and effectively towards the recovery of delinquent debt. For this purpose, it is necessary first of all to determine what percentage of the active debt qualifies as uncollectable and, secondly, how to treat such debt.

Among the arguments made for the TA to adopt such a policy are the following:

- Lack of actual fiscal damage. Given that, if enforcement recovery measures on a certain debt have not had any positive results, its inclusion or not in the register will not make a difference in revenue terms. When the application of recovery tools helps detect that the debt will not be collected—due to the lack of assets in the name of the debtor, his/her disappearance, bankruptcy, etc.—it would be detrimental to insist on its recovery.
- Need to purge the credit portfolio. This is an important reason, since for the process of recovery to be carried out efficiently it must focus on debt for which there is certainty as to its recovery. Otherwise, the effort is doomed to frustration. This task seeks to optimize resources by focusing on active debt that is potentially collectable.

Various countries have different policies on uncollectable debt. In some cases the concept of uncollectable debt does not exist.

Concept of Uncollectable Debt

Bolivia, Brazil y Uruguay

The concept of uncollectable debt does not exist. In Uruguay, enforcement is upheld and the general seizure measures are maintained.

Spain

In Spain it is regulated by the General Tax Law. It is a way of dating the debt. For this purpose, it is necessary to have carried out all procedures of coercive recovery without being able to collect the debt. The debtor is declared in default and the debt uncollectable. A report is required, as well as the approval of the relevant higher body. The debt that is declared uncollectable can be rehabilitated in four years if the debtor's situation improves. Electronic tools exist to alert of a debtor's sudden solvency (presence of new assets on the database, reimbursements, etc). Review campaigns for the rehabilitation of debtors in default are also carried out. Once a debtor is declared

in default and his/her debts uncollectable, the debts are "dated" and are "provisionally" cancelled in the computer applications. The debtor is never notified of this declaration.

Honduras

The concept of uncollectable debt does not exist in the tax code. Nevertheless, debts become uncollectable once the prescription period has expired, as established in article 136 of the tax code.

Peru

Debts are deemed uncollectable or of doubtful collectability once the coercive recovery phase has been effected through the implementation of the enforcement measures available towards precautionary action on the tax debt.

Once the debt is thus classified it is extinguished.

Portugal

Article 48 of the General Tax Law applies. The debt and legal costs will be declared “delinquent” by the tax enforcement body when:

- a) The lack of seizable property of the debtor, his successors and those jointly or severally liable is demonstrated.
- b) The debtor is unknown and it is not possible to identify the property when the payable debt refers to a tax on real estate.

- c) The debtor whose credit is seized is absent, when he/she does not have seizable assets.

The enforcement of the debt declared “delinquent” continues, without the need for a new summons, until it prescribes or until the identification of assets of the debtor, his/her successors or other individuals responsible that can be seized, or once the debtor or the building is identified.

4. The Enforcement or Recovery Process

Each recovery process has its own peculiarities. The judicial procedure is carried out by means of an enforcement hearing, which in general is marked by a curtailment of knowledge compared to an ordinary process in which both parties can contend the litigation in a vast arena of debate and evidence.

The goal of the enforcement proceeding is not to acquire a judicial pronouncement declaring the existence or otherwise of an uncertain substantive right, but rather to ensure the settlement of a credit that the law assumes to exist by virtue of the particular nature of the document that corroborates it. In contrast to what generally occurs with contestations of knowledge, the immediate effect of the enforcement claim is a formal notice (notice to pay) and a coercive notice covering the debtor’s property (seizure).

This proceeding broadly consists of three stages: demand and notice to pay, appeal and evidence, and ruling and enforcement. The countries that have a judicial enforcement proceeding include Argentina, Brazil, Honduras, and Costa Rica.

In countries where the procedure is administrative the stages are similar, although in those cases a judge does not intervene. The enforcement officer proceeds to take the measures necessary to enforce collection of the arrears following a procedure that generally has the following stages: enforcement order; requirement

that payment be made or that proof be offered that payment has been effected; seizure; determination of the value of the seized goods; notice of auction; auction; adjudication and application of the proceeds of the auction.

The countries that have coercive recovery by means of an administrative procedure include Peru, Mexico, Bolivia and Spain.

We address the procedure in general terms below, dealing with the judicial procedure and making parallel reference to cases of coercive administrative recovery. Note that the final stage of enforcement shares steps with the procedure of auctioning goods, and then adjudicating and applying the proceeds of the auction.

4.1 Demand and notice to pay

The demand is what the enforcement proceeding brings about. Usually, the demand must be accompanied by the tax bill and a certified copy of the authority that grants representation to the enforcement agent. The demand details the object, the legal status, authority, requests for precautionary measures and list of claims.

Because of the collaboration agreements between the TA and the judicial authorities, as soon as the allocation of the debt to a particular enforcement agent is entered into the system, the chamber that

handles the rulings can see the upload and assign a tribunal with a particular judicial case number.

With a case number and a tribunal to process the case, the judge issues the first order requesting that the respondent be served with a notice of enforcement. The notice takes the form of a court order, although in some cases it can be effected by means of a writ, that sets out a deadline for payment (generally, five days), including the notice.

Within the established period the debtor has the option of making the payment or objecting to the enforcement by means of an appeal. If neither of these options are chosen, the process continues with the ruling and enforcement. In the event of appeals, the process moves to the second stage, which is analyzed below.

If the demand gives rise to legal proceedings, when coercive collection is enforced by means of an administrative procedure it is the enforcement agent's notice to pay that gives rise to that procedure.

4.2 Appeal and evidence

The appeals available to the debtor in the enforcement proceedings include documented payment, documented waiting time, time limitations on debt recovery, and defective claim. Payment is important because it is asserted in order to bring about the end of the enforcement procedure, be it administrative or judicial. Documented waiting time suspends the payment or gives rise to a negative ruling for the TA, in the event of an open judicial proceeding. The wait consists of a period granted by the TA for the payment of the debt, without it having expired yet. It is similar to a payment facilities plan whereby the debt situation has been regularized. Both payment and documented waiting time have to occur before the start of a legal procedure; otherwise it cannot be contested as an appeal. Nonetheless, payment is taken into account to bring the enforcement process to an end. As regards administrative procedures, the filing of both situations brings an end to the procedure when payment is made before the onset of legal proceedings, and its continuation remains open when the payment is made afterwards, either leading to the same procedure or to a new one.

If a challenge is raised it must be transmitted to the enforcement officer who lodged the filing so that he may proceed to counter it, issuing an opinion with regard to the issues raised by the respondent. Having reacted to the challenge, the contention is established in the procedure, giving rise to the evidentiary phase—always in the context of a proceeding of limited awareness, solely to establish what is set out in the appeals and the response—in which the evidence deemed relevant is produced.

While there is freedom as regards the forms of evidence—and they must be accepted or rejected by the judge, who has to argue the case for his decision—in the context of the enforcement proceeding such freedom is limited to the possibilities of production, relying on documentary, informational and expert evidence.

a. Out-of-time exception

The time limitation on debt recovery is one means of terminating obligations. This is a mechanism based on the passage of time and the inactivity of whichever institution has the right to demand compliance with a particular obligation. As with any obligation, tax is affected by a statute of limitations. In any case, it is considered that what is lost when the period has passed is the option to demand compliance, although it remains a natural obligation, and thus its payment does not amount to a right to repetition on the part of the taxpayer.

It is important for the TA to consider the time limits when starting a coercive recovery proceeding because that—in the case of a judicial procedure—interrupts the time limitation. For its part, in an administrative procedure the interruption arises from a notice to pay. Usually, an agreement on payment facilities plans also interrupts the limits.

The schedule is established by each legal system and generally it sets a period of five years. In some cases it is ten years—for example, social security resources in Argentina. The means of calculating this period is also established by means of a regulation, but generally the period begins on the date of expiry of the obligation or the next day.

It is good practice for the TA to announce the time limitation so as to purge its coercive recovery portfolio. That helps the TA to avoid diverting resources to recovering unenforceable debts.

b. Credit guarantee to conduct a defense

Not all countries require a credit guarantee to conduct a defense in the enforcement proceedings. For example, Bolivia, Portugal and Mexico do not demand a credit guarantee for such purposes. Below, we mention some experiences in which a guarantee is required:

Credit Guarantee to Conduct a Defense

Brazil

To conduct a defense it is necessary to apply guarantees that make it possible to ensure the legal proceeding (guarantee with goods, deposit, bond). An incidental defense is accepted, it being the exception of pre-enforcement before initiating the legal proceedings, when the tax does not meet all the legal requirements.

Spain

If an effort is made to stay the enforcement of the contested measure, the debt has to be guaranteed. Otherwise, enforcement is not stayed even though it is being contested. The means of credit guarantee is a bank surety. If the surety cannot be funded it has to be guaranteed. In such a case, the authorities allow guarantees such as real estate mortgages, chattel mortgages or non-possessory pledges. In exceptional cases the tribunal may allow suspension without a guarantee.

Honduras

The credit has to be guaranteed by means of a sworn statement of assets.

Peru

Payment orders require prior payment before a defense can be conducted, and in the case of assessment decisions or fines, when the period to lodge an appeal expires, payment is also required. In these cases, if payment is not made a guarantee letter must be submitted.

Portugal

A credit guarantee is not necessary to conduct a defense, but a guarantee can be provided to stay the enforcement proceedings.

4.3 Ruling and enforcement

Usually, once the evidentiary measures have been produced or the deadline to produce them has passed, the judge submits the case for a ruling. In the event that the appeal is allowed, an unfavorable ruling would be issued that orders payment of the costs of the proceedings. Nonetheless, if the appeal is denied, generally the continuation of the enforcement is ordered until the debt is paid in full, plus the interest, and the procedure then moves to the actual enforcement.

In the event of an unfavorable ruling, in most cases there is the possibility of an appeal on the part of both the debtor and the TA. If this option is not taken, the ruling is definitive once the deadlines to do so have passed.

When the sentence is favorable for the TA, commonly the enforcement continues using coercive measures for full payment of the debt. When there is an encumbered lien, this becomes an enforceable attachment order. If the lien has not been encumbered the attachment order is applied directly.

4.4 Auction of assets

Once there is a definitive ruling that orders continuation of the enforcement, or there is a writ of seizure, the proceeding continues to transfer the funds to the treasury accounts or to a subpoena for an auction.

The debtor taxpayer can first designate the goods to be sequestered and/or auctioned as long as those goods can be easily realized or sold. The enforcement order on the goods generally covers the following:

1. Cash or bank deposits.
2. Stocks, bonds, immediately and easily recovered credits held by public agencies or institutions or companies of acknowledged solvency.
3. Other types of moveable property.
4. Real estate.

If a debtor taxpayer does not designate goods, if those designated are insufficient, or if they cannot be easily realized or sold, the right to nominate goods passes to the enforcement agent, who must indicate goods that can easily be sold but is not obliged to follow an order to nominate them.

Here, it is worth pointing out a good practice followed in Portugal—**electronic auctions**

Electronic Auctions – Portugal

Article 126 of Law 55-A/2010 of 31 December substantially modified the regime governing the sale of goods subject to a tax enforcement ruling and changed the wording of article 248 of the Tax Procedure and Process Code (CPPT). Establishment of electronic auctions as a rule in the sale of goods subject to enforcement proceedings.

Before the electronic auction was introduced, the sale of seized assets was effected by means of a proposal in a sealed letter, or alternatively through private negotiations.

The need to find and implement a method of sale that offers greater transparency, accelerates the sale procedure, and helps asset appreciation lies at the root of the introduction of the electronic auction as a means of sale.

The new regime, in force since 2011, is essentially based on:

- Establishing the electronic auction as a means of selling goods, together with sale by means of a proposal in a sealed letter, as long as there are no ongoing first attempts to sell by means of electronic auction.
- The procedures' greater simplicity.
- The possibility of interested parties submitting proposals and following the auction in real time through the TA's website.

The main goals were to:

- Ensure the greatest transparency throughout the sale process.
- Create conditions to maximize the sales value of the goods, so as to safeguard the rights of the tax creditor and others interested in the sale.
- Enable more people to have the opportunity to acquire the goods being sold, by giving wider publicity to the sales through the Internet, and the possibility of bidding and following the process through the TA's website.

An initial investment was needed to develop and implement the instruments and the support platforms for the electronic auction. This was amply offset by the significantly lesser need for human resources in selling the goods using this method, with attendant efficiency gains. SIGVEC managed the entire electronic sales procedure, not only the electronic auction but all the methods set out in law for coercive sales by the TA.

The benefits include the following:

- Complete transparency in the sales process.
- Simplification of the bidding process and oversight of the sale by interested parties.
- Increasing the number of citizens who can make an offer for goods on sale.
- Greater visibility of sales subject to tax enforcement.
- Human resources savings.

Bolivia has the “process for the Disposition of Goods in the Tax Enforcement Stage.”

Process for the Disposition of Goods in the Tax Enforcement Stage – Bolivia

This was implemented on March 21, 2014 following reforms instituted by Law 2492 (article 110, section 6) and Supreme Decree 27310 (article 36).

The procedures for the disposition of goods are direct adjudication and public auction. As regards direct adjudication, the following applies.

Adjudication before public auction: This seeks the 100 percent monetization of the base price established for the good to be disposed of, with a view to recovering tax debts in the most effective manner and reducing the arrears portfolio. To that end, invitations are issued to potential interested parties to submit written expressions of interest for the adjudication of the goods to the first proposal that meets the established requirements.

Adjudication after public auction: This happens when the good to be disposed of has not been sold by the end of the third session of a public auction, and thus is offered at 25 percent of the initial base price. The call for proposals is published just once in a medium that allows it to be made known widely, and permanently on the website of the National Tax Service (SIN) until the adjudication is made.

Adjudication of goods received in lieu of payment: This makes it possible to monetize those goods that the SIN received from taxpayers as a form of response to the tax enforcement. For this purpose the base price can never be less than the amount for which the SIN received the in-kind payment.

Direct adjudication of goods that are perishable or hard to preserve. The base adjudication price arises from the average of three (3) quotes obtained in the market and the goods may not be awarded for an offer below 50 percent of the lowest market value.

The public auction mechanism makes provision for three (3) public bidding sessions.

First: The public auction starts at 100 percent of the base price.

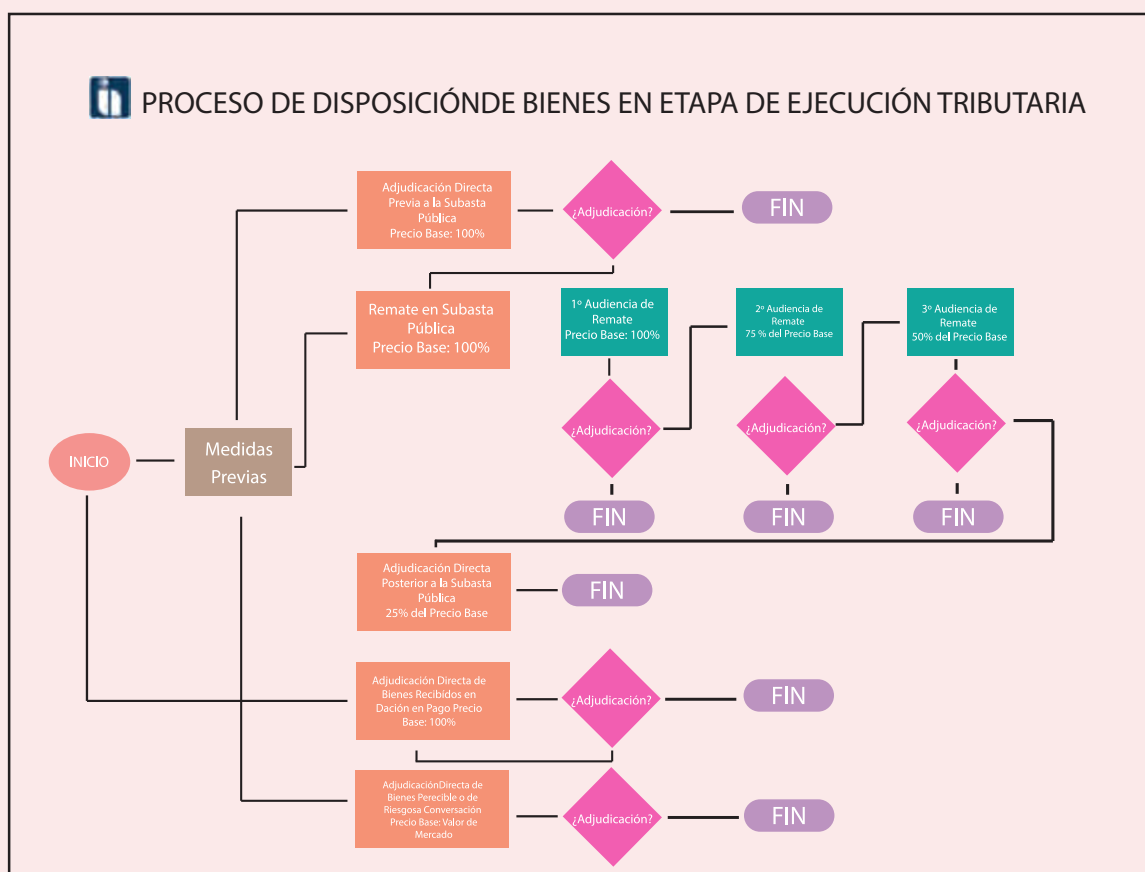
Second: If the first session is declared null because the minimum number of offers is not made or the right has been resolved or the successful bidders for non-payment of the base price within three (3) days, an administrative act sets a new date and time for a second auction session with a price reduction of 25 percent of the initial base price of the goods to be auctioned.

Third: If the second session is declared null or the successful bidders fail to comply with full payment of the base price, an administrative act sets out a new date and time for a third auction session with a 50 percent reduction of the initial base price.

The sections responsible are the legal and administrative areas. The SIN's website has a section devoted to the publication of goods over which the TA has the power of disposition.

This development increased the recovery of tax debts and risk awareness among taxpayers. Since it began to be implemented, this instrument has recovered 40,563,090 bolivianos. At present, many indebted taxpayers whose goods are in the disposition phase opt to submit their debt to payment facilities so as to avoid an auction.

Below is a flow diagram of the foregoing.



4.5 General injunction on goods

A general injunction on goods is a precautionary measure that prevents the ownership movement of assets belonging to the debtor. It is a subsidiary measure since it applies in the context of unawareness of the goods or when the known goods are insufficient to pay the debt. When the measure is encumbered the debtor may not dispose of the goods enumerated in the various registers. It applies in a supplementary fashion to the seizure and thus it is assumed that the necessary conditions for a seizure apply, but the goods that make it effective are unknown.

The importance of this measure lies in the fact that the TA does not always hold the information on goods registered in the debtor's name when the seizure order is issued, given that the agencies that handle the registers sometimes report to local administrations and not to the central TA.

It should be kept in mind that the general injunction on goods is a tool the TA uses as a last resort. The TA's interest is in ensuring payment of the debt as fast as possible, and if this measure has to be applied it is because there has been no positive outcome in pre-litigation intelligence, or the TA is late in starting enforcement and seeking the encumbered lien

5. Control of Representatives or Enforcement Officers

It is important that there be due control of the activities arising from tax executions so that the legal proceedings take place on schedule and deadlines are met. The taxpayer is duly asked for his objections, and instructions are issued so as to make the TA's criterion uniform.

When the enforcement officers report to the TA, control is part of its structure and organization of work since all activity is undertaken within the TA and under its constant supervision. In these circumstances, attention must also be paid to particular situations to be subject to control.

When the legal proceedings are entrusted to agents or representatives that handle tax executions on behalf of the TA outside its structure and organization, the activities of those representatives must be duly controlled by means of regulations issued by the revenue agency or some other institution that exercises such control.

5.1 Enforcement handbook or procedural handbook

To ensure that control of agents or representatives and/or internal enforcement officers takes place within objective and regulated parameters, it is important that whoever is responsible for managing revenue collection has a procedural handbook.

This contains all the steps to be taken to manage recovery on the part of the agents or officers taking forward the legal proceedings. It covers the obligations of such officers in relation to recovery, as well as all internal regulations established for that purpose by the TA or the judicial recovery section.

The handbook is a guide for whoever is tasked with recovery, and also the regulation whereby the TA controls the activities of those who apply it. When users comply with the steps set out in the handbook it can be shown that the established procedures were followed in pursuing judicial recovery, and responsibilities can be assigned for any harm caused by non-compliance.

It contains a compendium of instructions—generally in the form of a resolution, provision or circular—issued by the TA authorities. The substance of the instructions will depend on the collection policy and on all the general regulations with particular application to the activities of the enforcement officer.

At the same time, the handbook contains all the details on the sections of the TA that have recovery responsibilities as regards the issuing of the tax bill and the assigning of that to the enforcement officer, which will require information to be stored and analyzed for its publication, as well as that which will collaborate in the management of the debt, and the general activities of the enforcement officer.

5.2 Internal and external audits

The TAs establish working groups or specialist departments to control the activities of enforcement officers, and all the more so if the judicial collection service is outsourced—that is, if those to be controlled are independent of the TA. The control structure is generally within the TA, be it of the revenue agency or of some other government institution such as the attorney general's office.

Control is effected by means of general audits of the enforcement officer, such as attending to taxpayers, compliance with working hours and other conditions, as well as performance in the enforcement process.

In general, control in all matters related to taxpayer services—as regards physical space, presentation and the timetable—is carried out by the TA, since the enforcement agent and his representatives are acting on the TA's behalf.

At the same time, control of judicial activity, especially as regards submitting the demand, notices, response to a demand, supplying and producing evidence, as well as what is termed the enforcement stage of a favorable ruling, is undertaken by an oversight section and/or a control institution external to the TA but reporting to the central government.

In some countries the judicial recovery service or control of legal proceedings can be undertaken by the attorney general's office or the institution that oversees state judicial matters in general, in the latter case being unconfined to tax debt issues. In countries where the TA has greater autonomy, the TA itself discharges all these duties.

The audits are internal or external, depending on which institution has the control function—that is, if the TA does it and recovery is managed within the TA, these are internal audits; and if the judicial proceedings are handled by an agent outside the TA, external audits are required.

5.3 Out-of-time measures and other disqualifications

CWhen the agent responsible for taking proceedings forward does not act diligently, fails to meet the judicial schedules and allows the proceedings to lapse because of unmet deadlines, not only is the debt unrecovered but often this causes greater harm to the TA because, depending on the authority or stage of the judicial proceedings, this can generate costs that have to be borne by the TA.

One of the parameters for controlling revenue collection officers is precisely that of compliance with judicial schedules and the number of legal proceedings that are stagnant because of a lapse of time previously established as negligence. The TA's greater efficiency in detecting such irregularities on time will not only avert a failure to collect, but also the outlays attendant on the irregularities.

Moving forward with this type of control requires a registration system for tax executions that shows the information relevant to the proceedings. The TA consults the procedural steps taken in each judicial case, and there are applications that make it possible to automatically extract the cases in which there has been no movement for a certain period.

Moreover, attention must be paid to responses to the objections raised by the debtor, especially as regards the evidence provided, since if it cannot be produced the enforcement officer is accused of negligence and the TA might be adversely affected by an unfavorable ruling or, at least, might be burdened by unnecessary costs.

As regards the system of control, the countries have adopted different criteria and procedures. For example, some countries do not implement a control system by means of audits.

Control System

Bolivia

Control is established in the application of the Handbook of Coercive Recovery Procedures.

Spain

The AEAT has an Internal Audit Service comprising Inspectors of Services that control the officials' activities in oversight actions, as well as in recovery and collection. This audit service has drawn up a risk map in each area.

Peru

The Debt Recovery Procedures are carried out by the TA's Coercive Enforcement Officer and in these cases a judicial agent is not required.

6. Other Matters To Be Considered

Some particular matters merit attention as regards coercive recovery. These include pre-hearing notices of the debt before enforcement begins, the jurisprudential criteria that establish doctrine in the realm of tax law, and training human resources so that they can engage efficiently in recovery duties.

6.1 Pre-judicial notices

Before applying certain liens or penalties, it is important to control whether the taxpayer has been given fair notice so as to avoid future objections of nullity in the judicial branch, giving rise to appeals on the grounds of defective claim because this requirement was not met as an intrinsic condition.

In particular, a pre-judicial notice is demanded when what are to be enforced are taxes that, before being assessed, require that the taxpayer be notified of the need to submit sworn returns, present rebuttal evidence to a mandatory assessment, and so on.

6.2 Jurisprudence

Apart from the regulations, doctrine and jurisprudence are increasingly crucial sources in tax law, and thus it is highly important to study advances in these fields so that the TA can update its criteria, instructions and proceedings. This will obviate the danger of moving forward with litigation that might be deemed void, and which thus raises the costs of judicial recovery. Constant updating makes possible analysis to refresh the TA's positions in dealings with the judiciary, such that from the start of the process—as regards the requirements to avoid pre-notice measures, objections that are generally accepted, requirement that judges apply certain cautionary measures, and other basic matters such as time limits, correspondence of the levy and so on—will be analyzed for their consideration.

As regards prominent jurisprudence, the experience of Bolivia's TA is an example of good practice. The TA has a law library that brings together and classifies the existing jurisprudence on tax matters.

Law Library – Bolivia

This initiative, implemented in October 2014, consists of an online research tool that aims to facilitate and foster consultation of legal sources as an underpinning of the TA's administrative acts. This gives the SIN's public officials a useful and constantly updated instrument that is easy to consult, since each ruling is presented on a record sheet that identifies the dispute and thus the issue of the consultation can be identified very practically.¹⁵

Institutional email is used to make national-level public officials in the judicial sections aware, on a daily basis, of new, tax-related rulings issued by the judiciary.

As regards the causes of declarations of nullity in the enforcement process, the experiences of several countries are outlined below.

Causes of Nullity

Bolivia

Causes of nullity of the process:

- Defective notification
- Nullity of the administrative act that assesses the debt

Avoidance measures implemented:

Informar y capacitar a las Áreas de Fiscalización y Jurídica sobre las nuevas líneas y tendencias jurisprudenciales asumidas por los órganos judiciales con relación a la determinación de la deuda. Análisis por la instancia nacional respecto a los aspectos que motivaron las nulidades declaradas por el órgano judicial o Autoridad de Impugnación Tributaria a efecto de establecer lineamientos o políticas institucionales al respecto plasmadas en normativa interna para su consiguiente aplicación por el personal.

España

Causes of nullity of the process:

- Defective notification
- Annulment of the proceeding assessing the debt

¹⁵ For details of this practice, see the annex to the section on recovery herein.

Avoidance measures implemented:

Obligatory electronic notification system guarantees the notification of administrative procedures.

Perú**Causes of nullity of the process:**

Article 109 of the tax code indicates that the TA's proceedings are null in the following cases:

1. They are dictated by a non-authorized institution with jurisdiction in the matter. For that purpose, authorized institutions are understood as those set out in Title I of Book II of the current tax code.
2. Those dictated wholly outside the established legal procedure, or that are contrary to subordinate laws or regulations.
3. When, by means of administrative provision, infractions are established or penalties applied that are not contemplated in the law.
4. Proceedings that arise as a consequence of automatic approval or affirmative administrative silence, thereby acquiring authority or rights, when they are contrary to the legal order or they fail to comply with the essential requirements, documentation or procedures for such acquisition.

Note that in Article 110 of the same body of law, in any stage of the administrative procedure the TA may declare the ex officio nullity of any proceedings that have been dictated or their notification, as the case may be, under the tax code, as long as there is no definitive ruling on such proceedings by the tax court or the judiciary.

Tax debtors may argue for the nullification of proceedings by means of the Tax Dispute Procedure stipulated in Title III of the present Book or the claim provided for in Article 163 of the code, as the case may be, with the exception of the nullification of seized assets in the coercive recovery procedure, such objection being raised in that procedure. In this latter case, the nullification must be deduced within three days of the auction of the seized assets.

Finally, as regards the coercive recovery procedure, Article 117 stipulates that coercive recovery is initiated by the coercive enforcement agent through a notification of the coercive enforcement resolution to the tax debtor. This notification contains an instruction to cancel the payment orders or resolutions in seven business days, under warning of cautionary measures or the onset of enforcement measures in the event that such have been dictated.

The coercive enforcement resolution must contain, at pain of being nullified,

1. The name of the tax debtor.
2. The number of the payment order or resolution subject to collection.
3. The amount of tax due or the fine, as the case may be, as well as interest and the total amount of the debt.
4. The tax or fine and the corresponding tax period.

Nullification shall only refer to the payment order or resolution subject to collection with regard to which some of the above-mentioned requirements were omitted.

Avoidance measures implemented:

Purge filters are applied through each subprocess of debt recovery, with a view to avoiding nullification of collection proceedings.

To that end, the following measures have been put in place:

- messaging service validated by GPS; and
- electronic notification of payment orders and other administrative procedures through the SOL mailbox and various asset-freezing measures in the form of withholding by electronic means.

Portugal**Elements that determine the nullity of the enforcement process:**

- absence of notification when it compromises the taxpayer's defense;
- the enforcement claim's lack of essential requirements of documentary evidence cannot be supplied; the nullity of the administrative act that assesses the debt is the cause of the termination of the enforcement process.

Avoidance measures implemented:

A result of the computerization of the whole procedure, the process moves to the next stage only after it has been verified that all legal formalities have been fulfilled.

Uruguay**Causes of nullity of the process:**

- defective notification and/or
- Nullity of the administrative act that assesses the debt.

Avoidance measures implemented:

- Processes are analyzed in the interests of correcting them.

6.3 Personnel training

The staff engaged in recovery duties, both administrative and, even more so, enforcement and judicial officers, must have the aptitude and professionalism to surpass the models and make the processes more efficient.

By human resources we mean not only those who take forward the enforcement process but also those who provide services to the debtor taxpayer, those who analyze the issuing of tax bills, those who review the legal criteria, those who resolve the administrative cases, and all those who in some way intervene in the circuit of debt or control by means of audits.

Hence the public official engaged in collection must have knowledge of the different circuits handled by the TA, staff management, use of resources and so on. The recovery agent must be fully knowledgeable about recovery techniques, and know how and when to apply them. Similarly, it is advantageous if the official has qualities such as honesty, responsibility, integrity, creativity, initiative and patience, among other traits.

In their turn, the agents engaged in tax debt enforcement in the judicial area, as well as being legal professionals, must be specialists in tax matters and have sound experience in enforcement procedures.

Although this is not something focused precisely on training, SUNAT has a “knowledge management” strategy that can be taken as a reference. The details are outlined below.

Knowledge Management – SUNAT

This initiative was implemented in November 2014 because information was isolated, not integrated, and because acquired knowledge was not being retained. Knowledgeable professionals leave or change positions, and do not leave such knowledge documented so that later it can be processed and consulted. This causes a loss of time in gathering information.

The knowledge management strategy makes it possible to:

- consolidate internal, administrative, regulatory and process-related information;
- structure and classify the information;
- publicize and disseminate, on a daily basis, information related to regulatory, administrative and process-related changes.

The main goals:

- to plan, implement and control internal or external, administrative, regulatory and process-related information that is of use in the integrated management of intellectual capital (knowledge);
- to ensure that the information is transferred to new colleagues from the place where it is generated to the place where it will be used;
- to optimize problem-solving capacity and thereby enhance the outcome of operational processes; and
- to incentivize the management of a common language.

The results were:

- a reduction in the time needed to find information;
- increased capacity to administer information; and
- greater problem-solving capacity

6.4 Disciplinary procedures

The penalties applied as part of disciplinary procedures seek to sanction objectionable conduct but also have general and particular prevention goals. Their aim is to penalize practices that amount to disciplinary offences and that may be sanctioned by criminal law. They also seek to discourage other officials from engaging in the same conduct. As regards controlling and regulating the behavior of officials involved in revenue collection, Portugal has had the following experience.

Disciplinary Procedure – Portugal

These matters are regulated by the General Law on Public Service Employment, approved by Law 35/2014 of June 20, 2014, which incorporates the disciplinary rules of the civil service and the criminal code. Article 161 of the Tax Procedure and Process Code (CPPT).

In cases of misappropriation of public funds, or when officials engage in misconduct of commission or omission in tax execution procedures in order to avoid collection, the TA's Director General, following a proposal from the DSCJC, orders the application of the corresponding disciplinary procedures against the officers involved.

Employees involved in the misappropriation of public funds may be dismissed (articles 187 and 297, section 3, paragraph I). Apart from disciplinary responsibility there is also criminal responsibility, since the crime of embezzlement is provided for and penalized in article 375 of the criminal code.

Officials involved in the enforcement process shall be subsidiarily responsible, given the significance of the debt that cannot be recovered, if they intentionally (article 161 of the Tax Procedure and Process Code):

- a) begin the enforcement process late and for that reason there are insufficient assets;
- b) issue documents affirming that there are no seizable goods, when they know that such goods do exist;
- c) fail to report in proceedings that were declared as delinquent that later the debtors acquired seizable goods and thus make possible a new state of insolvency.

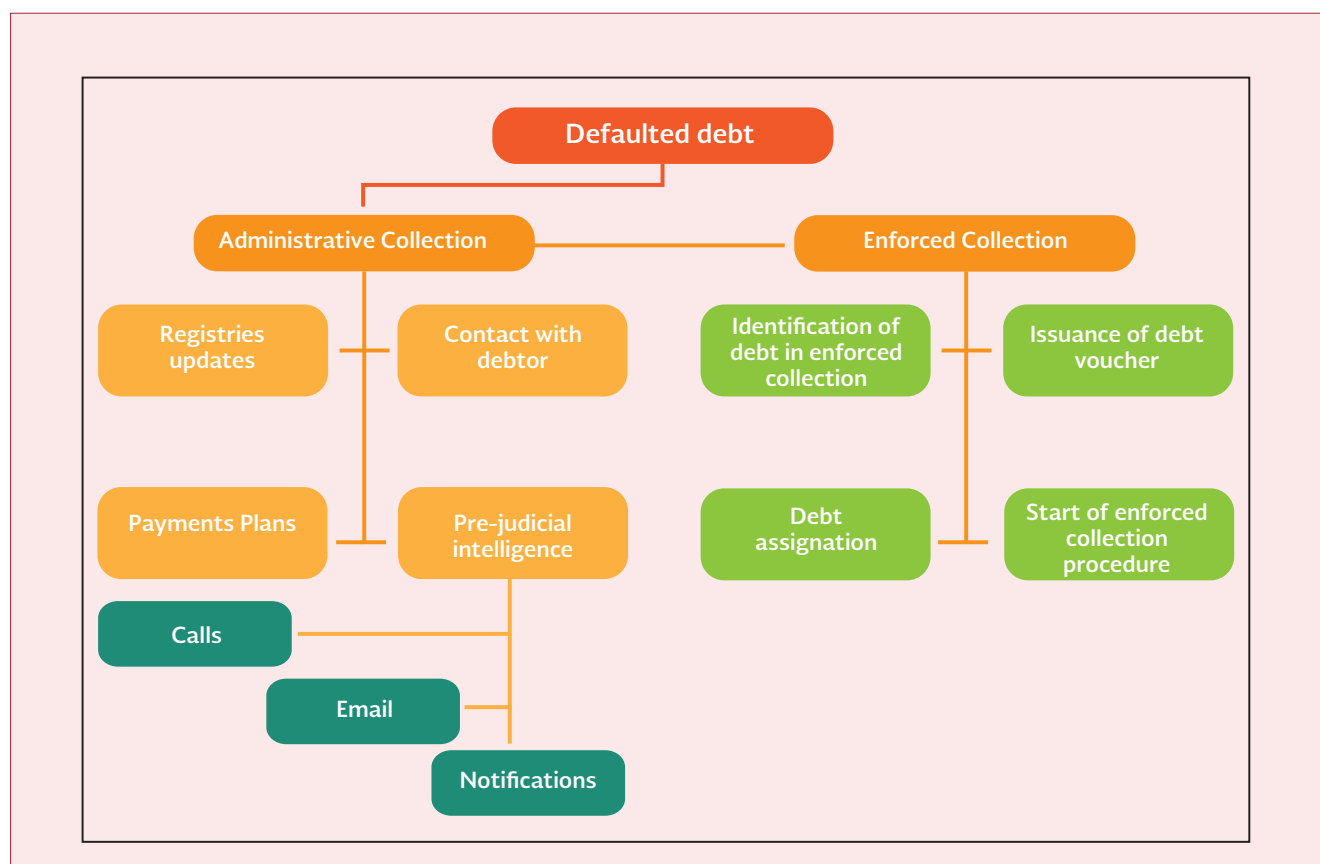
Hence when the actions contemplated in article 161 of the CPPT, as long as they were intentional, as well as being subject to disciplinary measures, also entail subsidiary financial responsibility for the indebted amounts that cannot be recovered, or that occur following conviction in a disciplinary procedure.

Portugal's TA has 13 instructors to train officers in disciplinary and research procedures.

7. Collection Circuits: Country Experiences

The figure below illustrates the collection circuit mentioned earlier in this section, and can be considered a typical administrative and coercive collection circuit.

Administrative and enforced collection (regime corresponding to a judicial collection, for instance)



Source: CIAT.

There are some differences between the countries of Latin America, or rather they have their particularities. In Brazil, for example, the Federal Revenue Department has an initial phase of “amicable collection” in which the taxpayer can pay the tax debt. If the taxpayer fails to do so, the credit amounts are reemitted to the Office of the Attorney General of the National Treasury to be registered as an outstanding debt. The outstanding amount is registered among the debts and the taxpayer is notified. If it is not paid, enforced collection begins. For its part, Mexico’s SAT is in the process of implementing persuasive collection and coercive collection is undertaken through judicial bodies.

Spain’s collection circuit has the characteristics outlined below.

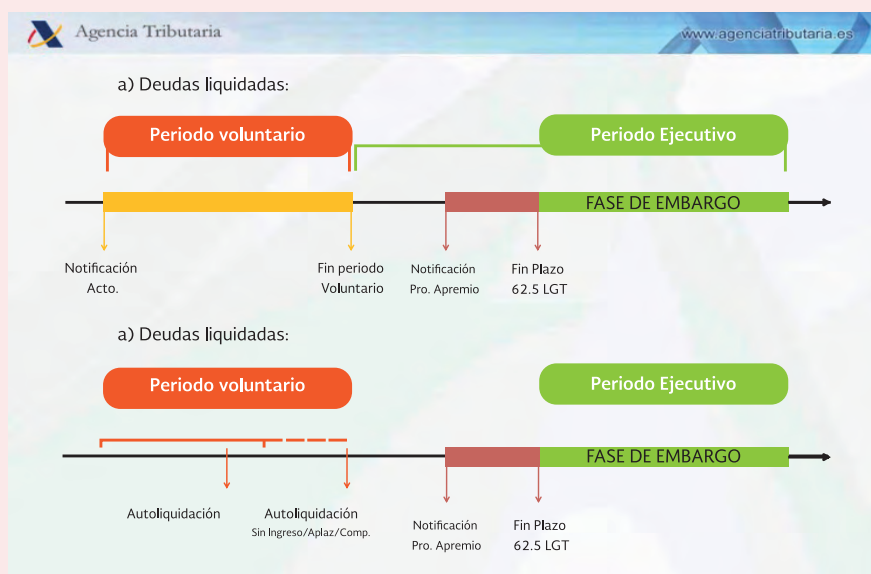
Collection Circuit – Spain

The debt recovery order is a notification from the TA that initiates the recovery procedure.

It mandates a recovery procedure against the debtor’s assets, and thus has the same enforceability as a judicial ruling to proceed against the debtor’s assets and rights. The debt recovery order must contain the necessary information to identify the debtor and the debt correctly.

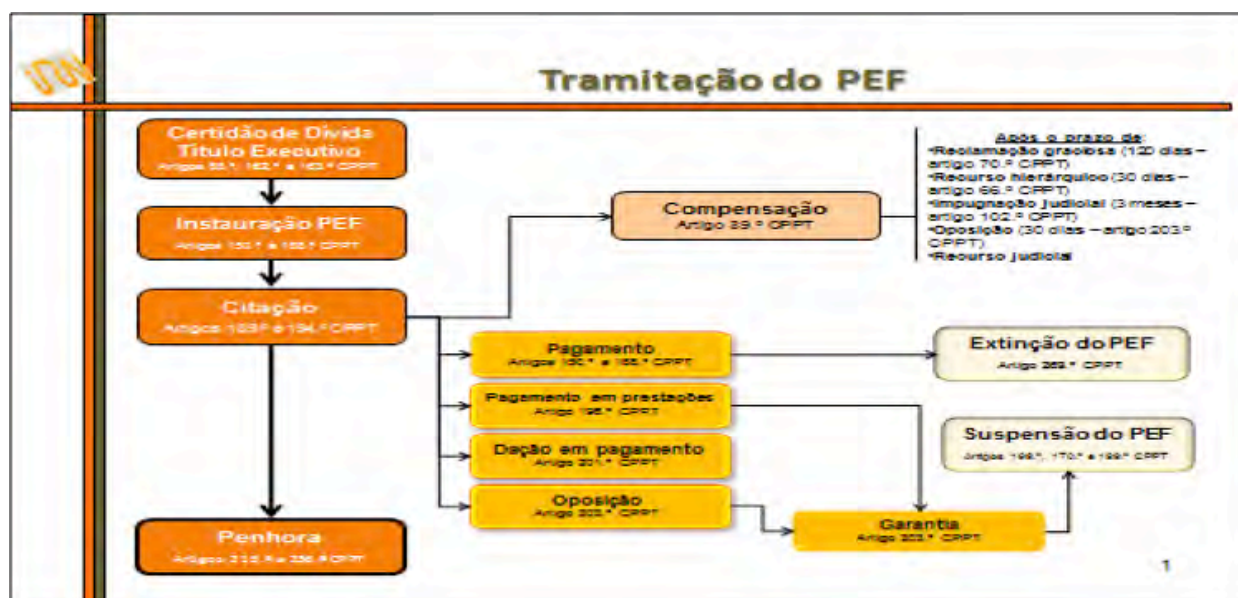
In general, debt recovery is enforced broadly once the payment period has passed. The debt recovery orders are issued by the competent collection institutions but the timeframes to issue them are set at the central level so as to ensure uniformity throughout the national territory. In other words, a collection institution cannot decide when to pursue the debts held by debtors within their its boundaries. All of those that are non-compliant on a particular date have recovery orders issued against them on the same date.

Additionally, it is always possible to issue a debt recovery order on an individual basis, though this is not the general rule.



Source: AEAT Spain.

In Portugal, the enforcement process in the collection circuit responds to the following figure.



Source: TA of Portugal.

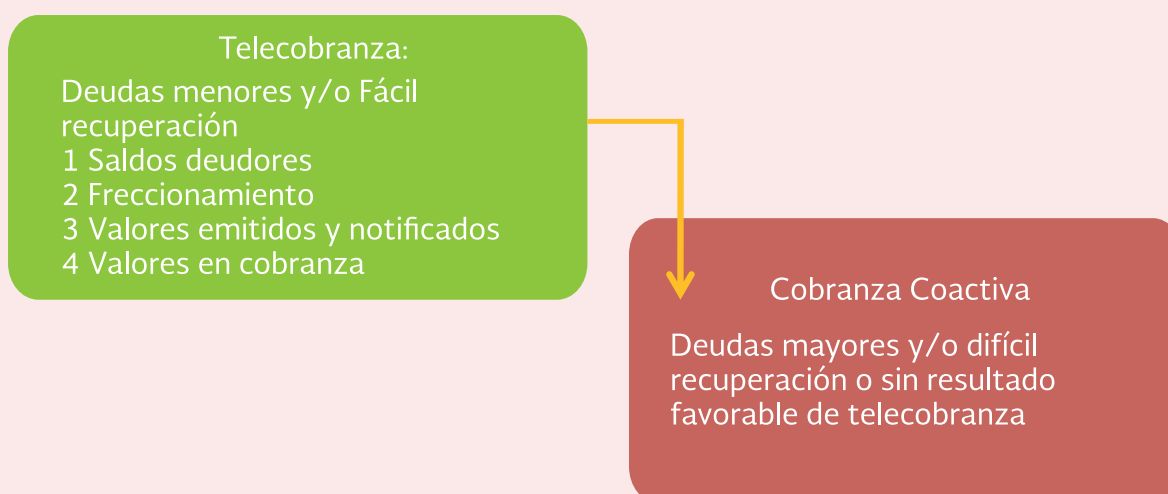
In Peru, the collection circuit has the characteristics outlined below.

Collection Circuit – Peru

Coercive recovery is organized at the national level in the following way.

1. The Operational Management Department has a centralized enforcement agent that issues notifications of the sequestration measures in the form of withholding in the businesses in the system.
2. The Department of Leading National Taxpayers, the Lima Department and the regional departments have coercive recovery officers to undertake the other activities of enforced collection within their sphere of competence.

Proceso General de Cobranza



Source: SUNAT, Peru.

In Bolivia, the collection circuit has the characteristics outlined below.

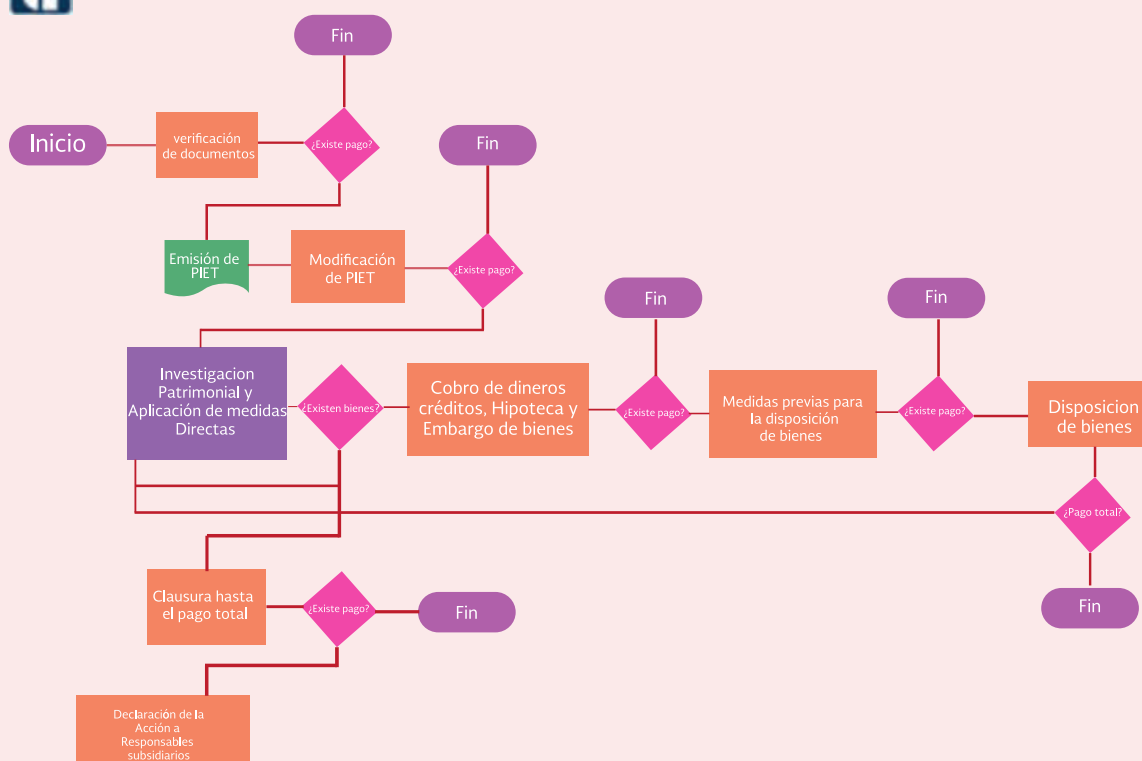
Collection Circuit – Bolivia

Tax execution or coercive recovery is wholly administrative and begins with notification of the Court Order to Initiate Tax Execution (PIET) for the claim of tax execution to the debtor taxpayer or responsible third party, being able in the context of non-payment of the tax debt to apply the coercive measures set out in law as of the third day of the issuing of the PIET.

The PIET is an administrative procedure following the tax execution claim or debt document, and seeks to enforce payment on the part of the taxpayer before the application of coercive measures.



PROCESO DE EJECUCIÓN TRIBUTARIA



Source: SIN, Bolivia.

8. International Tax Cooperation in the Field of Coercive Recovery

The international exchange of tax information is a crucial tool in the current environment. It is hard to imagine a tax administration that can effectively control multinational companies or high-income taxpayers, which are those that usually undertake the most important international operations, without access to international sources of information. It is important to point out that the risk of international tax avoidance or evasion is not exclusive to these taxpayers because, thanks to technological progress and a decline in the cost of logistics services, in many countries anyone can gain access to international transactions.

As long as a given country has appropriate legal bases, a tax administration can use information from abroad for different purposes, such as tax intelligence, research, oversight, recovery and/or collection in both civil and criminal cases.

Independently of the knowledge acquired about a taxpayer's operations and their legal consequences, regulatory and legal procedures are confined within national borders, constraining any action against the taxpayer or the success of such action.

These circumstances raise the following question: what is the use of knowing what has happened or what is happening if it is impossible to take concrete and effective action? This is where it becomes important to have international assistance in notification of proceedings, collection, and the application of injunctive measures. This is the highest form of cooperation in terms of "tax cooperation," since it allows tax administrations to deploy some of their powers beyond their borders.

The most internationally widespread instruments, which make provision for coercive recovery procedures and the application of injunctive measures, are article 27 of the OECD's Model Double Taxation Convention and articles 11 to 16 of the UN's Multilateral Convention on Mutual Administrative Assistance in Tax Matters (hereinafter, the Multilateral Convention). Article 21 of the Andean Community's Decision 578 also makes provision for

such assistance. Some countries, such as Uruguay, have adopted an article similar to that of the OECD, while the Andean Community countries have article 21 of Decision 578, but Latin America has no practical experience in these matters

The practice is not new. The first convention on mutual assistance in tax collection was signed by Germany and Czechoslovakia on December 31, 1921, while the first multilateral study was the 1925 report of technical experts in the League of Nations, although it continued to propose bilateral cooperation. On May 9, 1952, Belgium the Netherlands and Luxembourg signed the Benelux Mutual Assistance Treaty (Benelux Convention) for the recovery of taxes. This was one of the earliest examples of multilateral cooperation, since it made possible the recovery of all direct and indirect taxes, including those levied by local authorities in the three countries and some social security agreements.

Assistance on notification of proceedings is set out in article 17 of the Multilateral Convention. Notification measures seek to facilitate the taxpayer's voluntary compliance with tax obligations in the requesting state, or the normal development of that state's settlement and collection procedure. This includes all clauses designed to facilitate the serving of the requesting state's administrative documents within the requested state by means of the latter's administrative apparatus.

Provisional injunctive measures are designed to ensure recovery of the tax debt by means of the seizure or sequestering of certain assets or rights in the other state, with a view to ensuring effective recovery of the tax debt, or to avoid an offshoring of assets and rights that hampers settlement of the debt.

In order to incorporate these methods of assistance, the states must consider at least the following factors:

- the scale of crossborder investments, flow of imports/exports and people;
- capacity to offer reciprocity;
- operational capacity, which determines the ability of the respective administrations to provide assistance;

- similarity in the level of legal standards, especially as regards the protection of taxpayers' rights and, in the broader sense, human rights.*

It is to be expected that assistance in international tax collection, given its characteristics—procedurally complex, costs, regulatory differences and so forth—is not something to be carried out systematically and in all cases. It is mainly a tool to inculcate taxpayers with a perception of risk, and it should target significant cases in which the procedure's cost-benefit ratio is positive. For that purpose, it is important to define thresholds beyond which an amount is considered significant enough to request assistance, as well as to reflect on the characteristics of the case and other criteria. At present, the member states of the European Union have the most experience in this regard.

The main issues to be considered when considering this type of assistance are as follows:

- competent authority
- taxes covered
- taxpayers covered
- items for which provision is made
- law in effect
- conditions under which a request can be made
- time-related considerations
- the priority rule
- obligation to provide assistance
- limitations
- measures to gather information
- rights and safeguards
- confidentiality
- procedure in cases of litigation
- payment facilities
- injunctive measures
- documentation accompanying the request
- minimum amounts
- currency and exchange rate
- calculation of interest
- timeframe for acceding to a request
- communication between competent authorities
- cost of collection and transfer of money
- non-recoverable claims
- changes to the request
- withdrawal of a request
- language
- dispute settlement mechanism

Below, we describe those matters considered most important for the purposes of the present Handbook.¹⁶

8.1 Issues to Consider before Deciding to Submit an Application for Assistance

Before making a request for assistance in tax collection, it is necessary to consider the protection of taxpayers' rights, such as:

- That the tax claim be enforceable in accordance with the regulations of the applicant State. Hence the taxpayer will not be able to take measures to avoid collection.
- That the debtor be an individual that, at that point in time and in accordance with the laws of that State, cannot prevent its collection. This is the case when the State has the authority, in accordance with its internal legislation, to collect the debt and the debtor cannot resort to any judicial or administrative laws to prevent its collection. The paperwork submitted by the applicant State will help the requested State determine if these conditions have been satisfied.

Some countries can agree to provide assistance in collection when a tax claim can be collected in the applicant State, independent of the validity of the right of appeal, even when the internal regulations of the requested State prevent collection under that circumstance.

In accordance with section 2 of article 11 of the Multilateral Convention, and unless otherwise agreed between the parties concerned, requests for collection of claims of the residents of the applicant State can only be submitted when the claims have not been contested.

¹⁶ All these issues are described in detail in the "Handbook on the Implementation of Tax Collection Assistance," approved on January 26, 2007.

In the case of provision of assistance based on the Multilateral Convention, when a tax claim is demanded from a person who is not a resident of the applicant State—who, consequently, might be worse informed—article 11 introduces an additional requirement in order to provide further guarantees to the taxpayer. In order to request assistance in collection, it is not enough for the claim not to have been contested, but it is also necessary, unless otherwise agreed between the parties, that the claim may no longer be contested before any court. The States that use the regulations of the Multilateral Convention as a legal base must subscribe to these procedural limitations.

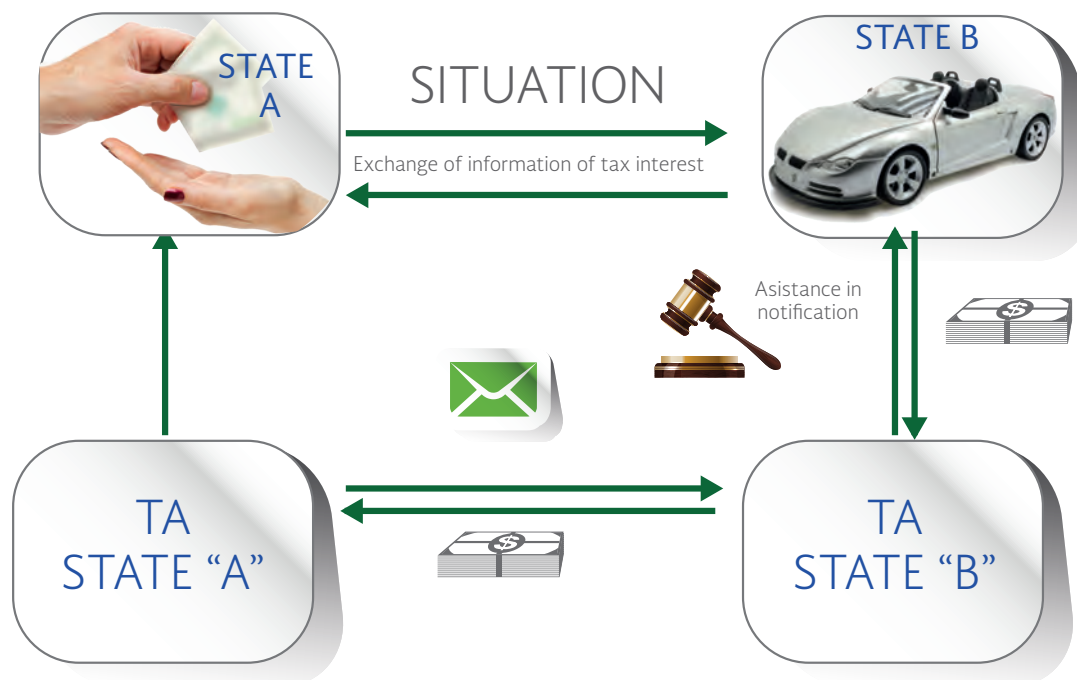
8.2 Main aspects of the procedure for assistance in international coercive recovery

Independently of the legal base used or the regulations of the countries involved, usually this assistance mechanism works as follows.

Example of Exchange of Information, Notification of Proceedings, Application of Injunctive Measures and Collection

1. A taxpayer in debt with the TA in Country A declares himself/herself insolvent.
2. As a consequence of the exchange of information with Country B, the TA of Country A knows that the taxpayer has sufficient assets abroad to cover his/her debt.
3. Since the TA of Country A cannot locate the taxpayer, but knows his/her address in Country B (where he/she resides), the TA of Country A asks the TA of Country B to notify the taxpayer of the settlement and payment claim.
4. Simultaneously, as a consequence of Country A's request to Country B, injunctive measures are applied to the respective assets in Country B, to prevent the taxpayer from transferring the assets held abroad.
5. If the taxpayer does not honor the payment, after a request from Country A, Country B will carry out coercive recovery measures to collect the tax claim and transfer the resources collected to Country A.

The following graph illustrates the procedure from the previous example:



Although a priori the procedure appears relatively simple, in reality it proves to be complex. Some relevant questions and answers are raised below.

How does the **competent authority** operate?

Usually, the competent authority is under the aegis of the finance ministries, which normally have authority over everything related to the application and interpretation of tax conventions. For practical reasons, authority in everything related to exchanges of information and administrative cooperation is usually delegated to the tax authority, which at the same time delegates authority—if it is allowed to do so—to a more operative civil servant.

The competent authority is the only person authorized to send and receive official correspondence, and to validate the information and procedure in general. A competent authority does not have the obligation to address 100 percent of the requests. It will only deal with those that fulfill the pre-established requirements, and only if the party making the request can demonstrate that all

other possible internal resources have been exhausted, or can make the case that for reasons of proportionality it makes sense to request assistance. Among others, the issues to consider when attending to a request are the following:

- internal operational possibilities;
- legal and administrative possibilities;
- existence of assets and/or sources of income;
- other limitations defined in the regulations.

Which are the most common **limitations** within the framework of this practice?

Limitations represent a “non-obligation to cooperate,” not a prohibition. This is why it is important to define clearly the extent of the limitations among the parties. Some cases that could lead to the rejection of a request for assistance are detailed below.

- Lack of reciprocity: nevertheless, its rigorous application could frustrate effective assistance. It must be interpreted broadly and pragmatically.

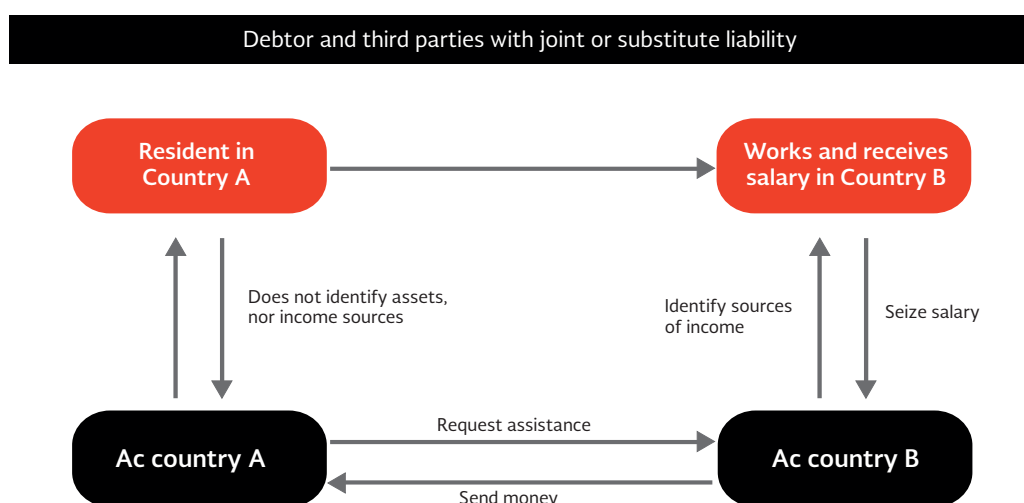
- Affects public order.
- The taxation is contrary to generally accepted taxation principles.
- The administrative burden related to dealing with the request for assistance is disproportionate.
- All reasonable legal and administrative measures have not been applied prior to the request for assistance.

Which **individuals** can these procedures apply to?

In accordance with the model instruments and their comments, there should be no restrictions, and countries should be able to request assistance regarding debts in the name of residents, nationals or others that might

be jointly and severally liable. For example, responsible third parties could fall under this cooperation mechanism when Country A has debts from an insolvent taxpayer that is a resident of Country A but works every day in Country B, where his source of income ultimately lies. In this case, if an instrument that allows for it exists, Country A would send a request to Country B, which could put in place a measure to withdraw periodically from this source of income (salary) the portion that is permitted by its internal regulations—respecting the minimum for subsistence—towards the owed tax, until reaching 100 percent of the debt.

The example is graphically represented below.



To which **taxes** can this cooperation mechanism be applied?

It depends on the legal basis used. The current versions of Article 27 of the OECD and UN Model Tax Conventions do not place limitations on the type of tax. The Multilateral Convention limits its application by excluding custom duties.

What **concepts** can fall under this assistance mechanism?

Usually it includes the tax, the late interest, the fines and penalties, to which the recovery costs are added.

Regarding the tax, no further explanation is necessary. It is important to be aware that this type of cooperation is only relevant to debts considered enforceable.

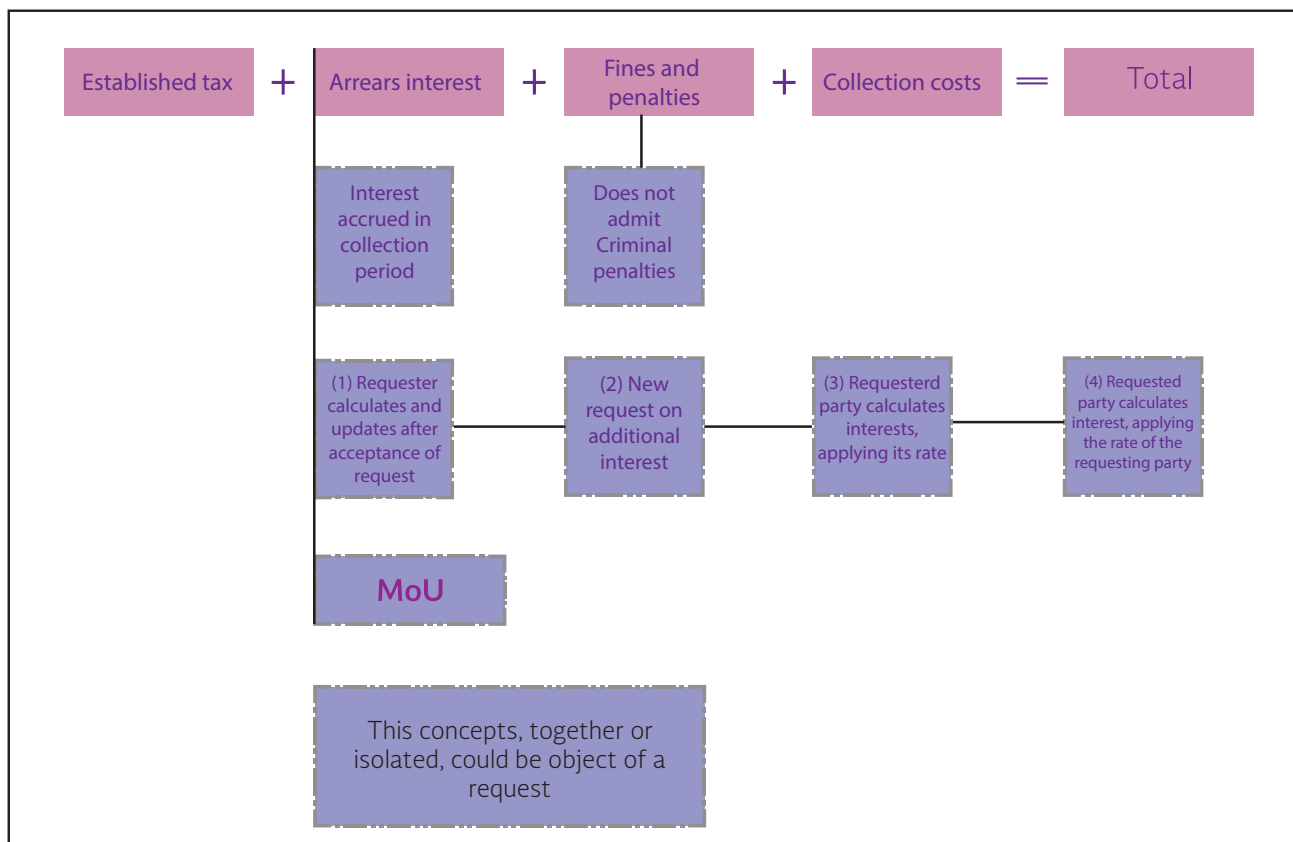
As regards late interest, these refer to the interest accrued during the recovery period. According to past international experience, they can be calculated in several different ways:

- Once the request has been accepted, the applicant State calculates the interest and requires updates in accordance with its own rules.
- The applicant State periodically issues new requests, taking into account the respective interest that has accrued.

- The requested State calculates the interest applying its own rules.
- The requested State calculates the interest applying the rules of the applicant State.

The recovery costs of a tax claim are charged to the taxpayer, but it is necessary to establish which State will bear the costs if they cannot be charged to the taxpayer. Usual practice in this respect establishes that, in the absence of a specific agreement, the requested State will bear the ordinary costs incurred while providing assistance to the other State.

The above concepts are illustrated in the following graphic.



What **regulation** prevails within the framework of this cooperation mechanism?

The criterion usually accepted is to consider as regulation the laws and administrative procedures of the requested State. Nevertheless, if there are doubts regarding the claim initiated by the applicant State towards the taxpayer and the proper application of the regulation that makes the debt enforceable, the regulations and procedures of the applicant State will be applied.

Among other exceptions to the general rule are the following:

- Issues related to regulations on prescription will be treated according to the regulations and procedures of the applicant State.
- A claim does not benefit from the priorities and privileges that domestic claims have in the requested State. In this particular case, therefore the regulations of neither State apply.

What does the “**priority rule**” imply?

Once a request for assistance has been accepted, the tax claim must be dealt with by the requested State as if it were its own. In other words, it is necessary for the requested State to carry out all the procedures at its disposal to collect the claim; this will always be the case as long as dealing with the request does not involve a disproportionate administrative burden.

Taking into account the best known international instruments, the States should not benefit from any priority established by the law of the requested State. This is the case for the following reasons:

- Usually, the residents of a State are well informed and advised regarding the taxes in force in their country and the existing priorities related to a tax claim. In general, it is more difficult for non-residents to be informed of the privileges that a claim may have in a particular country. Hence taxpayers’ rights are protected, avoiding placing at a disadvantage those that might not be aware of the particularities of the local legal framework.

- The fact that the same privileges are awarded to tax claims from abroad can cause disputes in certain particular circumstances (for example, when the local TA and the foreign TA have to collect from the same taxpayer and the assets available are less than the debt). In this way competition between States regarding the priorities in force in each of them is avoided, and consequently so is the need to devise complex special rules for these cases.

Some tax collectors have certain powers or privileges, considering that tax claims are not the result of a voluntary agreement and are not ensured by mortgages or liens established in relations among private individuals. These privileges can include the power to enforce a tax claim without the extensive use of judicial orders that ordinary claims might require—for example, applying injunctive measures or liquidating assets without a judicial order. The priority rule would not restrict the possibility of applying these special procedures.

How are **costs** distributed?

This issue is decided by mutual agreement among the parties. Nevertheless, the general rule is that the requested party assumes the ordinary costs and the applicant party the extraordinary costs. Different criteria are admissible if the parties so decide when, for example, the claim is suspended or withdrawn, or when the costs must be dealt with in accordance with other instruments.

An extraordinary cost would be one that originated in a particular procedure, not a usual or indispensable one in the requested State or costs from additional experts, interpreters or translators. Some States consider costs linked to judicial or bankruptcy proceedings as extraordinary.

8.3 Measures to gather useful information to apply this procedure

To request assistance in this matter, it is first necessary to have information that certifies the existence of assets. In this respect, the tax administration interested in requesting support must carry out enquiries in order to reach the desired level of certainty. For this purpose, a

tax administration can check public information sources or agree to an exchange of information among States. The relevant information for this purpose would be:

- General information on the taxpayer.
- General information on other relevant persons.
- The taxpayer's address.
- Assets or sources of income.
- Information on other persons responsible for the tax payment or third parties that have assets that belong to the indebted taxpayer.

Depending on the information obtained, different actions can be carried out:

- Establish that it is not possible to collect the debt abroad.
- Apply procedures to encourage voluntary payment if there is a belief that this is possible and convenient in terms of cost/benefit.
- Make a request for assistance.

8.4 Confidentiality

Confidentiality is a “key” aspect of the process. The information that is exchanged within the framework of the application for assistance in recovery must be considered as “secret” in accordance with the confidentiality regulations of the countries involved. In addition, the applicant State must observe the special requirements that the requested State might suggest when it is sharing some information.

The principle of specialty, which implies that the information can only be used for tax purposes as established in the legal bases, is in effect in all cases. Nevertheless, some legal bases allow for the information to be used for other non-tax-related purposes if the internal regulations themselves allow it and there is an authorization from the requested party.

Basically, those that can access the information are the persons in charge of calculating, collecting and demanding taxes (including the courts, administrative bodies and, in some cases, supervisory authorities). These persons can only use the information for the purposes outlined in the agreement

8.5 Rights and safeguards

In order to understand and respect the taxpayers' rights, the contracting States must mutually and periodically inform each other about their respective legislations or administrative practices relative to said rights and guarantees. This information must include rules on notification prior to the act of enforcement, on the right to appeal the tax claim and the enforcement measures adopted by the requested party, on the right of the taxpayer to retain a minimum to subsist, etc.

In this respect, it is important to mention that the principle of reciprocity acts as a safeguard protecting the taxpayer's rights by preventing a State from taking advantage of the broader rules that another State might have, with the intention of collecting debts that, according to its own internal rules, would not be collectable. Nevertheless, this principle does not imply that the requested State is not authorized to adopt measures that allow for assistance in tax collection, even when the applicant State would not be able to adopt them under similar circumstances.

Given the way the clauses of the best known international instruments are written, it is understood that there is an obligation to deal with all the requests for assistance as long as they meet the necessary requirements. Nevertheless, with a view to protecting taxpayers' rights, certain exceptions are established according to which a State could justify denying a request. For example, section 8 of article 27 of the Model Convention, as well as articles 19 and 21 of the Multilateral Convention, address these exceptions. They refer mainly to the legal and procedural possibilities of the countries, and also to other issues sensitive for governments (public order), or when the principle of “proportionality” is not met (when the administrative burden is disproportionate in relation to the claim to be collected), or “subsidiarity” (when one State cannot prove that it made its best efforts and exhausted all possible avenues to recover the claim in its territory).

8.6 Litigios e impugnaciones

A taxpayer may not agree with a certain tax and decide to contest the existence of the claim, the enforcement order, or the enforcement measures applied.

If this situation occurs within the framework of a request for assistance among States, with the claim originating in one State and the enforcement procedure in another, where should taxpayers lodge their appeal?

When the enforcement measures adopted in the requested State are the object of an appeal, in accordance with international experience, the procedures can only be appealed before the court or authorities of the requested State. This criterion is considered to be the most logical, as it would be too difficult to litigate a tax claim abroad. For example, if a taxpayer contests the existence, validity or amount of the claim, the procedures will be appealed before the courts or administrative bodies of the applicant State. This is the case because that State knows the legislation from which the claim originates in more depth and can adequately argue criteria, rulings and decisions.

In this respect, it is worth reiterating that assistance in international collection is based on enforceable debts, and it is not in the spirit of this practice to lead to appeals on the tax claims that are the object of the assistance.

If the applicant State receives an appeal from the taxpayer, it will inform the requested State, which will suspend the collection procedure. The consequences in terms of the procedure of assistance in collection will be those that the parties mutually agree upon.

8.7 Payment facilities: installments and deferrals

Within the framework of assistance in collection, it is possible for a taxpayer to want or request a payment facility. Most countries contemplate the possibility of granting these types of benefits.

The best known instruments make provision for the requested State to allow these types of benefits if the laws or domestic administrative practices allow it under similar circumstances. In this situation, the requested State must inform the applicant State before reaching an agreement with the taxpayer (for example, installment agreement or deferral).

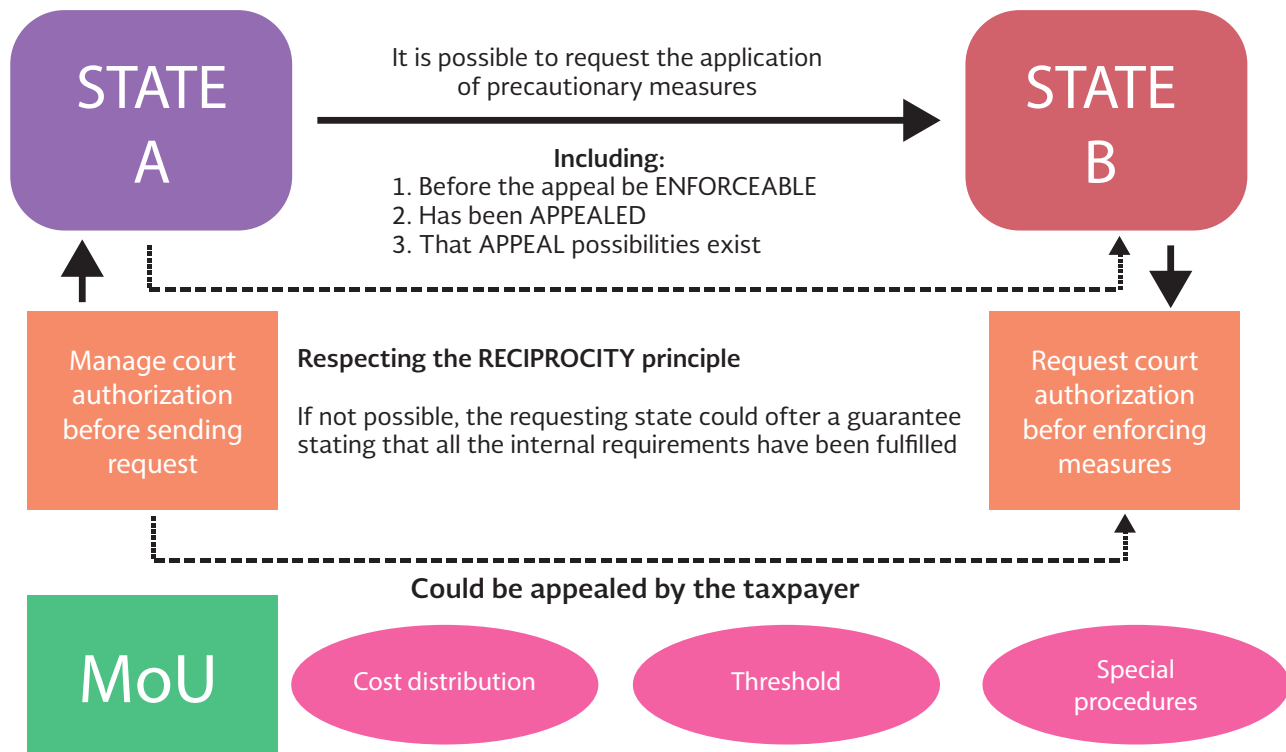
Once the requested State has agreed on a payment mechanism, it can only be modified under special circumstances—for example, if the taxpayer has received a substantial amount of additional assets or if hidden assets have been discovered.

8.8 Injunctive measures

In order to protect tax claims, under certain regulative bases it is possible for the States to assist each other in the application of injunction measures. These measures can be requested before the claim is totally enforceable, it has been appealed by the taxpayer, or if the possibility of an appeal exists but the taxpayer has not initiated actions.

Some States require orders or judicial authorization to apply injunction measures. For example, if the applicant State has the judicial order before it sends the request, it is clear that the requirements to apply the injunctive measures in the requested State are met. Nevertheless, it is also possible that the requested State might need to request a judicial order in its own territory in order to carry out the procedure. In this respect, if requesting a judicial order is not a requirement in the applicant State, it is possible that the requested State might need a document confirming that all necessary procedures to apply for assistance were carried out in the applicant State. In this situation, the requested State could accept a document that serves as proof to these effects.

It is advisable, in these cases, to previously agree on a Memorandum of Understanding (MoU) that deals with issues related to the distribution of costs, the thresholds beyond which an amount is considered significant enough to request assistance, and special procedures.



8.9 Statistics on these procedures

As previously mentioned, this tool's role is to generate a greater perception of risk among taxpayers more than to have a significant impact in tax recovery as a result of its direct application. In other words, the result of effectively implementing assistance in international coercive recovery and applying injunction measures is expected to be an increase in collection as a consequence of greater voluntary compliance.

Having said this, some data from the European Union on the application of this practice is presented below. This gives an idea of the results that can be achieved. The countries of the European Union are those that most use this tool.

Tax claims recovered as a result of requests for assistance, in euros:

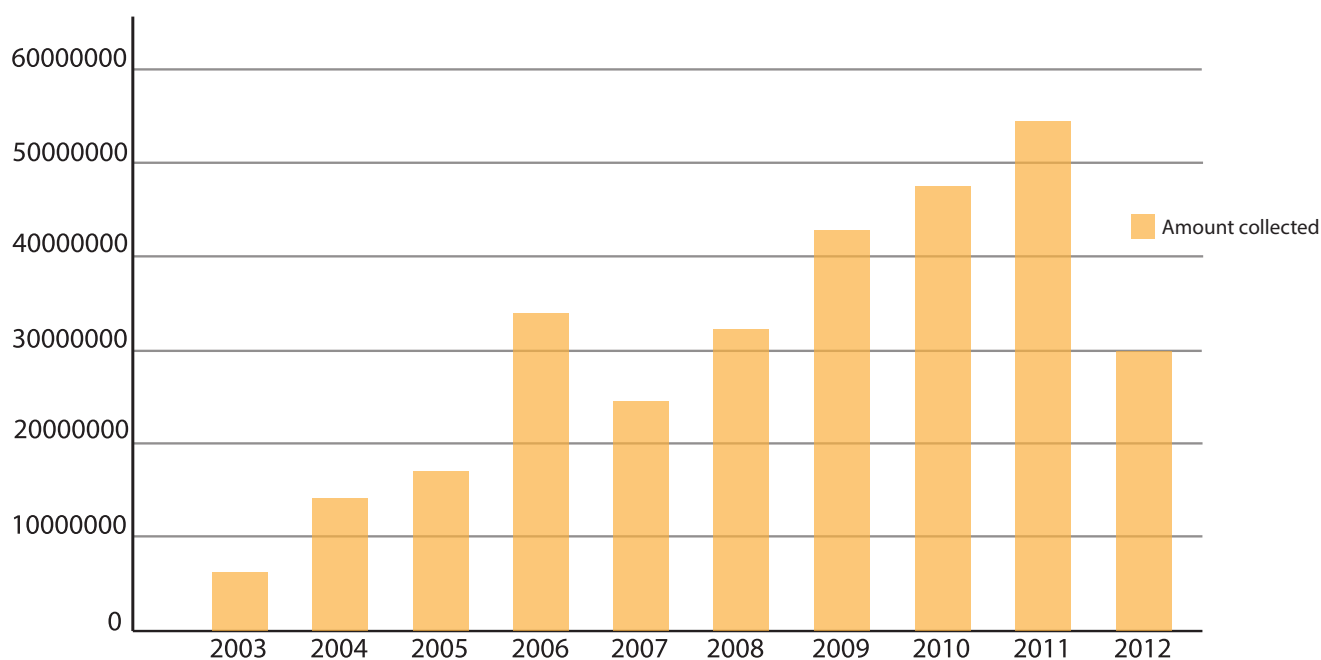
Year	Amount
2003	5,050,091
2004	13,857,041
2005	17,027,300
2006	33,879,553
2007	24,953,432
2008	32,413,847
2009	42,345,612
2010	44,320,323
2011	54,031,822
2012	30,641,451

Source: Statistics on assistance in the recovery of taxes provided by European Commission officials to CIAT's Executive Secretariat.

The amounts in the table do not include those related to cases where the tax claim was recovered as a result of voluntary payment by the taxpayer to the applicant State, after being notified of the debt and before the start of the process of coercive recovery.

In 2003, 2,800 requests for assistance were handled and in 2010, 8,500. This shows that the practice is growing exponentially among the countries of the European Union.

Below is a graph of the values in the table.



8.10 Experiences of countries in Latin America

There are already several countries in Latin America that have the regulatory bases to carry out assistance in international recovery. For example, Uruguay signed tax conventions that have clauses similar to Article 27 of the OECD and UN models; the Andean Community countries have Article 21 of Decision 578; Mexico, Portugal and Spain also have instruments that allow for this type of assistance. Nevertheless, the experience has only been capitalized on in Spain and Portugal, mainly within the framework of the European Union.

The experiences of Spain and Portugal are described below.

International Recovery of Taxes – Spain

Spain has a network of conventions, agreements and Community rules that allow for international coercive recovery:

- The Convention on Mutual Administrative Assistance in Tax Matters (OECD Convention) and its amending protocol. To date, however, in practice mutual assistance only exists in collection with Norway.
- Double taxation agreements containing a clause for mutual assistance in collection (France and Belgium)
- Council Directive 2010/24/EU of March 16, 2010 on mutual assistance for the recovery of claims relating to taxes, duties and other measures.

In addition to the international instruments mentioned, there are memoranda of understanding that express the assistance procedure for collection in a particular State. Spanish experience shows that it is effective to have these agreements expressed electronically, both in terms of the exchange of information and transmission of the procedures carried out. It is also necessary to have a required standard model, as well as a common standard model for the notification of the procedures and decisions regarding the claim, in order to avoid recognition problems of acts arising in the applicant State.

In accordance with the current rules and practice in Spain, administrative cooperation among States for the purpose of coercive collection can refer to the following issues:

- Requests for information.
- Requests for notifications concerning debts or other enforcement actions.
- Requests for recovery.
- Requests for the adoption of injunctive measures.

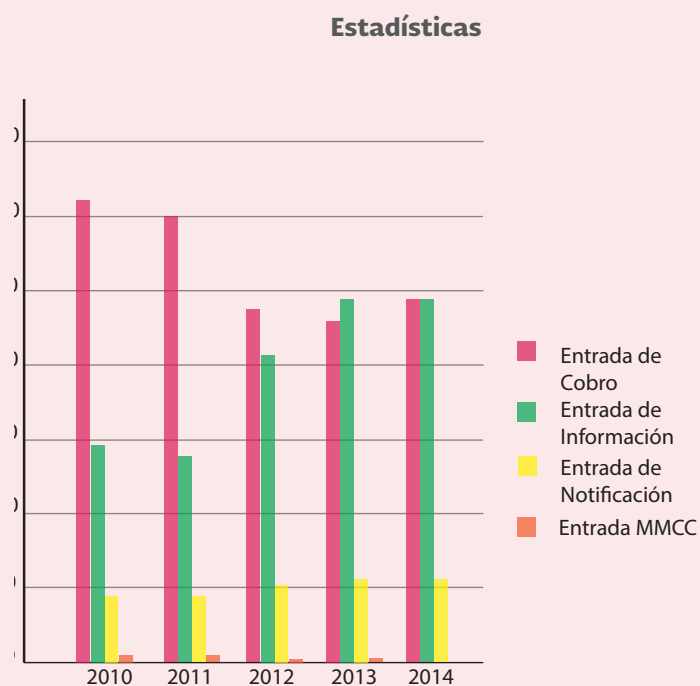
The sections that have direct responsibility for this practice are the TA's recovery sections. The main users of this tool are the recovery offices.

The graphics below offer statistical information on Spain's use of this cooperation tool.

Number of requests received and sent between 2010 and 2014:



Level of recovery, information, notifications and injunctive measures entered in the period 2010–2014.



Source: Spanish AEAT.

International Collection – Portugal

Portugal's accession to the European Community on January 1, 1986 made it necessary to adapt national legislation to Community law, such that the laws currently covering the issue are:

directive 76/308/EEC;
 directive 2008/55/EC
 decree-law No. 504-N/85
 D. L. No. 296/2003
 directive 2010/24/EU
 D. L. No. 263/12

In Portugal, the authority for this practice resides with the Treasury, the Ministry of Agriculture, the State Secretary for Tax Affairs, the Tax and Customs Administration (AT), the Department of Tax Claim Management Services (DSGCT) and the Inter-Ministerial Commission for Mutual Assistance in Debt Recovery (CIAMMCC). The latter's mission is to implement a plan for mutual assistance in debt recovery between Portugal and the rest of the Member States of the European Union. It has led to greater efficiency in the collection of debts. Its success was reflected in the increased number of applications for assistance sent to and received and addressed by Portugal.

The TA carries out this task through its local offices, which are the enforcement bodies. The procedure for assistance is exclusively electronic:

- Electronic form (e-forms) with automatic conversion into any European Union official language.
- Email at the national level and CCN - mail between the focal points of the other member states.
- "Sefweb" database – national system of tax enforcement.
- All the databases available in the TA necessary to obtain and process the information available at the national level.

In line with Portugal's experience, the results of this tool have been very positive, especially in terms of the exchange of information, avoiding requests for collection when the debtor does not have assets. Portugal's TA also claims that the benefits are reflected most of all in the prevention of tax fraud and evasion. Assistance in the recovery of claims is a very effective tool. Its impact on the debtor is increasingly felt, which ensures the perception of risk. As a preventative measure, mutual assistance has a great impact and is effective because the debtor cannot avoid the seizure of assets (mainly commercial claims) located outside the country.

The movement of resources as a result of this practice has also increased, reaching an amount close to 4 million euros. The percentage of success in recovery is between 5 percent and 10 percent of the total.

Source: TA of Portugal.

ANNEX

9. Annex of Contributions

This annex brings together the experiences of 13 Latin American countries in the areas of tax revenue and collection. The experiences were reported by their TAs in 2015, in response to a 140-question survey. The purpose of the annex is to make known comparative experiences and thus to facilitate analysis and the identification of good practices, supplementing information in the substantive sections of the Handbook.

Following the logic of the Handbook, the annex is divided into two sections, one focusing on collection procedures and the other on recovery procedures.

In order to make it easier to identify issues in each section, we provide a table of references that allows readers to identify each issue quickly by number.

Tax Administrations' Experiences in the Area of Collection

The information provided is presented in line with the issues outlined and referenced below.

Ref	Issue
1	Institutions connected online for the purposes of supporting the process of taxpayer registration
2	Level of data integration
3	Configuration of the tax identification number
4	Institutions with which there are interactions using the tax identification number
5	Does your country assign personalized access codes to taxpayers for online procedures?
6	Security mechanism used for those procedures
7	Do taxpayers update the register online?
8	Data that can be updated online
9	Are there mandatory updates? In which cases?
10	Checks when the taxpayer requests cancellation of registration
11	Institutions with which information is exchanged for the purposes of closing registration
12	Cases in which registration is blocked
13	Institutions with which there are agreements to share information for the purposes of exchanging data
14	Registration procedures subject to a special process that requires analysis by specialist back-office staff
15	Is there a penalty system for non-compliance with registration obligations?
16	Is this penalty system applied?
17	Approximate penalties applied per year
18	Penalties provided for by the regulations
19	Setting the default values of the forms used
20	Are there support programs to help with completion of tax returns?
21	Operation of these programs
22	Is the electronic submission of returns obligatory?
23	Means used for submitting returns

24	Cases in which pre-prepared returns are used
25	Does the TA supply information provided by third parties so that taxpayers may consider it when they submit returns?
26	Information supplied
27	Forms of payment
28	Is electronic payment widespread?
29	Do you still collect revenue at the TA's own counters? For what kinds of revenue?
30	Apart from banks, are there other companies that collect tax payments?
31	System used to pay for this service
32	Is payment to banks for this service included in calculating the costs of revenue collection?
33	Have you systematized control and conciliation of collection between the banks, the TA and the treasury?
34	Institutions or external agencies in the area of collection that audit bank collections
35	Indicate the system of written procedures and whether the responsibilities of the banks involved in tax collection are defined
36	Is there a preliminary assessment of the requirements or conditions to be a revenue-collecting bank?
37	Have there been problems because of non-compliance?
38	Is there a current account system?
39	Functions of the current account system
40	Are pre-set fields established only for returns and payments?
41	Are transactions arising from administrative procedures registered in the current account?
42	Ways of registering debits and credits related to administrative procedures
43	Administrative procedures that affect current account balances
44	Processes aided by the current account system
45	Is there an interface between the current account and revenue accounting?
46	Does the current account help reconcile inconsistencies of information?
47	Is the revenue section tasked with consolidating tax revenues for accounting purposes?
48	Are the revenues of other state institutions recorded?
49	Is there an information system that generates the balances to be included in the accounting records?
50	Data included in tax revenue accounting
51	Are the accounting balances of debts to be recovered cross-collated with overdue balances in the current account?
52	Types of refunds that fall under the competence of the collection section
53	Is there a risk analysis model for VAT refunds?
54	Information on which the refund procedure is based
55	Types of non-compliance subject to mass controls
56	Which of these are assigned to the collection sections?
57	Is there an annual plan of extensive control or compliance control?
58	Does collection have a component in this plan?
59	Type and number of actions in the years 2010–2014
60	Is there a mechanism to certify good standing? In which cases is it requested?

61	Can non-compliant taxpayers be registered on the roll of state suppliers?
62	Is there some other, similar mechanism?
63	Restraint measures applied to those who are non-compliant
64	Scope of the powers of revenue authorities to make a determination in the case of delinquencies, or to make corrections in the event of inconsistent or inaccurate returns
65	Have standard periods been defined for the time needed to handle cases of non-compliance?
66	Duration of these periods

Argentina

Ref	Contribution by issue
1	Yes (social security collection is part of the AFIP) ANSES (National Social Security Administration).
2	Asynchronous transmission of batch data, other provincial and municipal tax administrations and reciprocal access to data.
3	Has 11 digits, the first two distinguish between individuals and legal entities, and men and women (this last differentiation was necessary because at one time identification documents were different depending on the gender and the numbers assigned were duplicated), the eight remaining digits include an identification number for individuals and a correlative value assigned by the TA for legal entities. The eleventh digit is for verification purposes; it is determined by the application of an algorithm to the other 10 digits and its purpose is to prevent mistakes in the transcription of the code.
4	Banks, Social security, public property registry, public Register of the population or voter rolls, vehicle registry, insurance superintendency, health services superintendency, ANSES (National Social Security Administration), other provincial and municipal administrations, other national bodies (Treasury, Ministry of Industry, etc).
5	Yes
6	There are four levels of security, defined in Annex II of RG 3713. A minimum level of security is required, depending on the service being accessed. The level of security assigned depends on the manner in which the fiscal code is obtained: Levels 1 and 2 electronically; Levels 3 and 4 in-person at the offices of AFIP.
7	Yes
8	<ul style="list-style-type: none"> - Those of the legal representative and other third parties - Address and telephone numbers - Responsibilities - Commercial establishments - Economic activities - Registration in special registers - Registration as self-employed

9	<p>Yes.</p> <ul style="list-style-type: none"> - Information updates regarding an address (when it has not been possible to notify a taxpayer at the tax domicile address listed) - Registration/deregistration of taxes due to appeal, failure to pay, not submitting a tax return. - Registration and deregistration in information schemes. - CUIT (tax identification code for legal entities) cancellation. - Issue CUITs for individuals with CUIL (tax identification code for working individuals) who submit a sworn return on personal assets or income tax with a fixed tax. Eventually mandatory updates were applied to economic activities in accordance with R.G. AFIP No. 3537/2013 (new terminology for activities), categorization of those taxed under the simplified regime (January/2010).
10	No additional checks are carried out
11	In the case of death of an individual, information on the date of death is exchanged with the social security bodies (ANSES).
12	<ul style="list-style-type: none"> - Blocked due to delinquency. - Blocked due to a missing tax return. - Inactivated for not submitting returns for two years or more. - Suspension due to improper use of receipts. Different types of restrictions apply depending on the taxpayers' type of non-compliance. R.G. AFIP No. 3358/12 applies to legal entities. It establishes the cancellation of the CUIT for companies that have been inactive for a certain period of time. Individuals and legal entities will be de-registered for consecutive failures to submit sworn tax returns (VAT, income, personal assets) Decree 1299/98 or Social Security RG AFIP No. 3402/12. - In terms of taxpayers in the simplified scheme, failure to pay 10 consecutive months will lead to de-registration in accordance with Decree 806/04.
13	<ul style="list-style-type: none"> - Financial bodies, information on the addresses provided to banks is obtained and they are recorded as "alternative addresses." - Public service providers. - Public registry bodies. - Other local administrations, in the unified tax return corresponding to the tax on gross provincial incomes. In the provinces that use this system, the code for national and provincial activities is validated, with an obligation to declare the national activity when it differs from the one declared in the province.

14	<ul style="list-style-type: none"> - Mergers, take-overs and spin-offs and other types of company reorganizations. - Procedure for exemption from income tax.
15	Yes
16	Is not applied on a mass basis
17	Information was not provided
18	<ul style="list-style-type: none"> - For not registering - For not updating - For erroneous information
19	<ul style="list-style-type: none"> - Field formulas - Control of maximum and minimum limits for fields - Inclusion of annexes and the system applies a summation to complete the field - Different versions of the forms for different categories of taxpayers They vary by form
20	Yes
21	Both methods online and off-line.
22	It is obligatory for all taxpayers and types of taxes.
23	Electronic, pre-drafted by the TA
24	Social security, system for sworn tax return submission (OANET)
25	Yes
26	At the drafting stage the Unified Return on Gross Income and VAT (submitted online) attempting to reconcile both settlements and advise the taxpayer of any differences.
27	<ul style="list-style-type: none"> - In person at the bank offices with paper receipts. It is issued by the system and prints a barcode that is read by the banks. - Electronically, without paper - System of automatic debit
28	Yes.* In some cases coexisting with non-electronic payments
29	Yes. The payment at the TA counter is minimal and only available for certain taxes or custom services the travelers pay at posts where there is no other means of payment and the traveler does not have a credit/debit card. Examples: tax for excess luggage, extraordinary custom services.
30	<p>Yes.</p> <ul style="list-style-type: none"> - Service providers acting on behalf of and for banks that offer easy payment facilities and with longer opening hours than the banks. - Credit/debit card administrators with funds transferred through a bank entity. Payment by telephone, automatic debit or in person at customs to receive the payments mentioned in question 35.
31	A fixed value plus a percentage of revenues collected, with a maximum limit for each transaction.

32	Yes
33	Yes
34	<ul style="list-style-type: none"> - Internal controls - Conciliation of bank accounts from the budget and finance sections - General audit
35	Yes
36	Yes
37	<p>Yes.</p> <ul style="list-style-type: none"> - Differences due to amounts credited outside the contractually established time-frames. The system automatically settles interest for amounts that are credited between three (3) and thirty (30) days late and automatically debits the corresponding amounts. Outside this range, settlement is automatic but it is requested administratively, in order to give the bank the chance to present liability exemptions not considered in the interest settlement. - Funds not credited due to the insolvency of the collecting body. This problem has not arisen for many years, but did happen more than 10 years ago. This led to the promulgation of a law to establish the “intangibility of collection,” which has not had a favorable track record to date.
38	Yes
39	<ul style="list-style-type: none"> - Calculates debit and credit balances - Normalizes returns and works with the normalized return - Automatically credits payments according to the entry order - Controls/monitors balance carry-overs between periods - The tax accounts system is a system of internal controls
40	No
41	Yes
42	Automatically when they are confirmed
43	<ul style="list-style-type: none"> - Compensation and refund resolutions - Resolutions on the use of incentives - Payment in kind - Resolutions imposing fines or penalties - Tax assessment resolutions (auditing)

44	<ul style="list-style-type: none"> - Customer support - Management on a mass basis - Collection - Refunds - Tax registry
45	No
46	Yes
47	No
48	No
49	Yes
50	Only the amounts collected
51	No
52	<ul style="list-style-type: none"> - Undue payment - VAT refunds - Refunds for excess income withheld - Refunds as incentives for specific sectors or economic activities. - VAT refunds to tourists
53	No information was provided
54	<ul style="list-style-type: none"> - Current account - Tools for horizontal and vertical analysis of tax returns - Information crosschecks
55	<ul style="list-style-type: none"> - Missing returns - Missing reports - Delinquent debtors - Fines charged for late submission - Late interests, late payments to Social Security
56	All of them
57	Yes
58	Yes

59	<p>Year Type of mass basis action Number of actions</p> <ul style="list-style-type: none"> - 2014 Missing submissions 5.570.79 - 2013 Missing submissions 2.841.15 - 2012 Missing submissions 3.351.14 - 2011 Missing submissions 3.213.37 - 2010 Missing submissions 4.788.31 - 2014 Missing payments 6.308.87 - 2013 Missing payments 5.219.04 - 2012 Missing payments 5.053.73 - 2011 Missing payments 4.673.00 - 2010 Missing payments 3.751.62 - 2014 Fines 5.561.17 - 2013 Fines 2.833.13 - 2012 Fines 3.343.87 - 2011 Fines 3.210.55 - 2010 Fines 4.785.739
60	Yes. Contracts and usufruct from licenses granted (transport, energy, etc.) by the State.
61	No
62	No
63	<ul style="list-style-type: none"> - Blocking the register - Publishing the list of non-compliers on the webpage - Denial of certificate of good standing or certificate of tax compliance - Denial of refund - Denial of import or export processing - Suspension of issuance of receipts (partial authorization)
64	<ul style="list-style-type: none"> - Requests in the voluntary period - Proposal of fines - Tax assessment of missing contributors
65	Yes

66	<ul style="list-style-type: none">- One (1) month: according to an operational management calendar- More than one (1) month and less than three (3) months: according to operational an management calendar- Between (3) and six (6) months according to an operational management calendar <p>Indefinite: timeframe may vary on the basis of the tax relevance of the taxpayer or of the missing obligation when its amount can be determined.</p>
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Bolivia

Ref	Contribution by issue
1	General Service of Personal Identification (SEGIP)
2	Information from SEGIP is accessed through assigned user accounts to confirm the identity of the individual in the process of being granted a tax identification number (NIT) and verify the information on the registered taxpayer.
3	<p>The tax identification number (NIT) is the only code with which to unequivocally identify taxpayers and it is configured, depending on the case, as follows:</p> <ul style="list-style-type: none"> - For individuals, owners of single-person enterprises and undivided estate, the identification number plus three (3) control values assigned by the TA. - For legal entities and foreigners, by a number and control values assigned by the TA.
4	The National customs of Bolivia registers external trade operators using the NIT.
5	Yes
6	<p>The MASI card is issued to access the services provided through the website called “Virtual Office.” The card is associated with the taxpayer’s NIT.</p> <p>The taxpayer or responsible third party must scratch the security strip of his/her MASI card in order to obtain his/her PIN. Then he/she must go to the SIN webpage (www.impuestos.gob.bo), to the link “Oficin@Virtual” and register his/her NIT, card code and PIN. They will be automatically assigned the category of “User Administrator” and be able to establish a user name and password.</p> <p>The “User Administrator” determines the level of access for new users, restricting the options available for procedures and/or enquiries, according to his criterion, establishing a user name and password.</p>
7	Yes

8	<p>The taxpayer, agent or responsible third party in the case of legal entities, can modify the information that he/she has registered in the Biometric Digital National Taxpayer Registry (PBD-11) in the following cases:</p> <ul style="list-style-type: none"> - Activation: procedure by which the taxpayer or responsible third party can activate his/her tax identification number. - Inactivation: procedure by which the taxpayer or the legal representative of the legal entity declare that they are no longer involved in a taxable economic activity. - Basic information on the individual: procedure by which the taxpayer can modify his/her personal information. - Basic information on the legal entity: procedure by which the legal representative or the responsible third party registered in the system, can modify the registered name, acronym and nature of the entity. - Economic activities: procedure by which the taxpayer can modify his/her main activity, register or deregister secondary activities. - Tax attributes: the taxpayer or responsible third party can modify the special attributes, depending on the economic activity that he/she carries out—for example: activities are partially carried out in the country or remittances are made for activities partially carried out in the country. Individuals hired by the public sector (with terms of reference) or hired by international organizations, foreign official institutions or foreign governments. Only carries out export activities. Carries out both import and export activities. Others. - Information on the legal representative: procedure by which the taxpayer or responsible third party can modify the information on the legal representative, both by substitution and by addition. - Domicile of the legal representative: procedure by which the taxpayer or responsible third party can modify the information on the legal representative's domicile. - Taxpayer's tax domicile: procedure by which the taxpayer or responsible third party can modify the information on the tax domicile within the jurisdiction to which he/she belongs or to a different jurisdiction. - Taxpayer's main domicile: procedure by which the taxpayer or responsible third party can modify the information on his/her main domicile. - Branch/warehouse/workshop: procedure by which the taxpayer or responsible third party can modify the information on the domicile (branch/warehouse/workshop), both by substitution and by addition.
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	<ul style="list-style-type: none"> - Partners/heirs: procedure by which the taxpayer or responsible third party can modify the information on the partner/heir, both by substitution and by addition. - Agents: procedure by which the taxpayer or responsible third party can modify the agents, both by substitution and by addition. - Replacement of a disclosure document: procedure by which the taxpayer or responsible third party requests the replacement of the disclosure document. - Modification to undivided estate: procedure by which the taxpayer or responsible third party changes to an undivided estate, as well as the addition of heirs. - Replacement of the virtual office card: procedure by which the taxpayer or responsible third party requests a replacement virtual office card because it has been lost or stolen. - Affiliate(s) to labor unions and vehicle(s): procedure by which the taxpayer or responsible third party modifies his/her affiliation information and/or vehicle, both by substitution and by addition. - Switch from special to general scheme: procedure by which the taxpayer or responsible third party switches from a special (simplified tax scheme, integrated tax system, unified agriculture and livestock scheme) to the general scheme.
9	<p>Yes.</p> <p>The National Taxation Service can carry out the mandatory update when it detects that a taxpayer is not registered in the proper tax scheme; and mandatory registration is applied when the taxpayer is not registered in the national taxpayer register.</p>
10	<ul style="list-style-type: none"> - Outstanding obligations on tax returns - Outstanding payment obligations <p>For taxpayers that have not updated their information in the new Biometric Digital Registry (PBD-11), verification of their tax obligations is carried out in order to proceed with the deactivation. But taxpayers that have updated their information or are registered in the PBD can deactivate their NIT through the virtual office without the need for verification.</p> <p>These two actions do not inhibit the TA's authority to determine and collect taxes for time periods that have not prescribed.</p>
11	None

12	<ul style="list-style-type: none"> - Check marks: criterion used by the TA to identify certain attributes of the taxpayer in the computer system of the Biometric Digital National Taxpayer Registry (PBD-11), for control purposes. - Non-existent domicile: this check mark is assigned when the declared tax domicile is found to be non-existent, because either the number, address or characteristics declared do not correspond (floor number, office number, property number, etc.) - Pending proceedings: this check mark can be assigned when the taxpayer has pending notices or proceedings have begun and are at any stage, after having carried out an internal evaluation and procedure. - Mark for deceased: this check mark is assigned upon the notification of death of the NIT holder, individual, single-person enterprise or legal representative of a legal entity. When the register entry of a taxpayer has any of the previously described marks no procedures will be carried out in the systems of the tax register or billing until the mark is addressed and the situation regularized.
13	There is an inter-institutional agreement with the General Service of Personal Identification (SEGIP), through which information is accessible to confirm the identity and domicile of the taxpayer.
14	<ul style="list-style-type: none"> - Zero VAT tax scheme for international cargo transport. - Passenger transport and/or interdepartmental cargo. - Exporters - authorization of receipts without the possibility of a tax credit. - Mining sector - Supreme Decree No. 24780 – simplified tax returns. - Smelting and refining when they are “NOT” part of the production process. - Private mining activities. - Manufacturing or industrialized products based on limestone and - Others
15	Yes. The system of penalties related to the registration and updating of information on individuals, owners of single-person enterprises or legal entities is regulated by Directorate Regulatory Resolution No. 10-0037-07 of December 14, 2007.
16	Is applied regularly
17	Is applied but no information is available

18	<ul style="list-style-type: none"> - For not registering - For not updating - For erroneous information - Not registering in the taxpayer register is penalized with the closure of the establishment until the matter is regularized. - Not updating the information in the taxpayer registry, or providing false information when registering, is penalized with fines for different amounts depending on the scheme and type of taxpayer - The certificate of registration in the taxpayer register must be kept at the establishment (main office) and the sign from the taxpayer register labeled “demand your receipt” must be publicly displayed (main office and branches).
19	The Meta model allows for the inclusion of new forms or documents as determined by the tax administration which will be used by one of the systems applications. Forms are produced in the sequence: forms, sections, boxes and validations
20	Yes
21	The Virtual Office is a web portal developed by the TA to offer services to taxpayers, through which they can submit their sworn returns (original, corrective, and/or tax bill), and pay their taxes automatically online within the application of Module D-CLARO.
22	Taxpayers classified as Newton submit their returns and/or tax bills through the Newton Tax Portal of the Virtual Office. This category includes the main and largest taxpayers, those classified through a specific regulation and at the taxpayer’s request. Taxpayers classified as Newton Specific access the Newton Tax Portal of the Virtual Office to submit their tax returns and/or tax bills, but if they have to pay they may use paper forms. Newton Specific taxpayers without obligations from municipalities that do not have internet access are not required to submit their return and/or tax bills through the Virtual Office, but rather physically.
23	<ul style="list-style-type: none"> - Electronic - Paper
24	No information was provided
25	No
26	No information was provided
27	<ul style="list-style-type: none"> - In person, at banks with physical receipts - Through the system with barcodes it can read
28	No
29	No
30	There are no other companies per se, but there are individuals and legal entities called collectors that receive tax payments from taxpayers in municipalities where there are no financial entities.
31	<ul style="list-style-type: none"> - Commission for collectors - Per document received for financial entities

32	No
33	Yes
34	<ul style="list-style-type: none"> - Internal controls - Government Accountability Office - Ministry of Finance
35	Yes
36	Yes
37	Financial entities rejected some of the fines imposed on them for non-compliance with the service provision contract and refused to pay them. The tax administration had to resort to arbitration proceedings or legal proceedings that at the time of writing had not concluded.
38	No. It is being developed
39	No information was provided
40	No information was provided
41	No information was provided
42	No information was provided
43	No information was provided
44	No information was provided
45	No information was provided
46	No information was provided
47	No
48	No
49	No
50	No information was provided
51	No information was provided
52	<ul style="list-style-type: none"> - Undue payments - VAT, ICE (excise duties) and GA (customs duties) to the export sector - Action for recovery for excess payment
53	No
54	<ul style="list-style-type: none"> - For refunds to the export sector, information is crosschecked with that of suppliers and with information provided by the national customs. - For refunds to the export sector the information on the documents (commercial export receipt, single customs declaration, exit certificates, Form No. 210- DDJJ VAT exporters, aerial guide, international cargo manifest, consignment note, maritime bill of landing, in the mining sector they must also include documents on the terms agreed on the mineral and the laboratory analysis) attached to the request as per the regulations is taken into account. - In the case of refunds for undue payments or payments in excess, the applicant must process the request, with the sworn tax returns, at the place where he/she made the payment and provide documentation supporting the fact that the payment was undue or in excess.

55	<ul style="list-style-type: none"> - Missing returns - Missing reports - Delinquent debtors - Fines charged for late submission - Formal or arithmetical inconsistencies in the returns - Failure to submit the ledger of sales and purchases that rectifies the sworn return, increasing the amount established
56	All of them, except for the failure to submit the ledger of sales and purchases
57	Yes
58	Yes
59	<p>Year Type of mass action Number of actions</p> <p>2014 Missing returns (VAT, tax on transactions), February 2014 to January 2015 25,727 of 232,840 taxpayers did not submit their tax returns</p> <p>2013 No information is available</p> <p>2012 No information is available</p> <p>2011 No information is available</p> <p>2010 No information is available</p>
60	No
61	No
62	Yes. There is a system called RUPE that, for purposes of state contracting processes, can tag the contributors that have enforced tax debts.
63	It is reported through the virtual office for taxpayers. Limitation on the amount of receipts
64	<p>Requests during the voluntary period</p> <p>Tax assessments: through the production, issuing and notification of preliminary tax assessments, on an assumed basis.</p>
65	No
66	No information was provided

Brazil

Ref	Contribution by issue
1	<ul style="list-style-type: none"> - Social security - Register of persons - Property registry - Company registry - Electoral roll
2	<ul style="list-style-type: none"> - Reciprocal data consultation - Online data transmission - Asynchronous transmission of batch data - One-stop registration (for companies)
3	<p>The tax identification number is configured using the civil and electoral identification documents of individuals and legal entities, and can be registered:</p> <ul style="list-style-type: none"> - For individuals, directly online, through legal agents (banks and post offices) or customer service at the tax administration. - For legal entities, the Single Office of the Mercantile Registry with the incorporation of entrepreneurs and companies.
4	<ul style="list-style-type: none"> - Banks - Social security - Register of the population - Companies register - Commercial registry - Commerce superintendency - Vehicle registry
5	Yes
6	Two types of access codes are used, a digital certificate and the password for small taxpayers
7	Yes
8	All except for: changes in the tax domicile, the creation of new institutions and legal representatives, changes online are suspended until they are submitted to the Chamber of Commerce or the TA.
9	<p>Yes.</p> <p>For the introduction of representation for tax audit purposes or the person responsible for the tax unit in the case of irregularities on the part of taxpayers.</p>
10	Only inconsistencies in the register

11	<ul style="list-style-type: none"> - Electoral or population register - Companies registry
12	Registration is blocked because of inconsistencies in the real estate register, incorrect tax domicile and missing tax returns over a five-year period
13	<ul style="list-style-type: none"> - Financial entities - Public registry entities - Other local administrations
14	<ul style="list-style-type: none"> - Cancellation - Suspension - Reclassification
15	No
16	No information was provided
17	No information was provided
18	The record of suspension for failure to register or update information prevents compliance with tax and civil obligations
19	<ul style="list-style-type: none"> - Formulas - Control of maximum and minimum limits - Inclusion of annexes and the system applies a summation to complete the field
20	Yes
21	It is downloaded to be used and the taxpayer can modify the information before submitting it online and offline
22	It is obligatory for all taxpayers and all taxes
23	<ul style="list-style-type: none"> - Electronic - Pre-drafted
24	For individuals with a digital certificate
25	Yes
26	Income, withholdings and medical bills
27	<ul style="list-style-type: none"> - In person at banks with physical receipts - Through the system with barcodes it can read - Electronic channels, without paper
28	Yes
29	No
30	No

31	<ul style="list-style-type: none"> - By document: R\$1.39 DARF without barcode; R\$1.10 DARF with barcode; R\$0.60 electronic DARF; and R\$0.40 electronic DARF fee on income tax. - By float: 1 day
32	Yes
33	Yes
34	<ul style="list-style-type: none"> - Internal controls - Government Accountability Office - State audit court
35	Yes
36	Yes
37	No
38	Yes
39	No information was provided
40	No
41	Yes
42	Automatically when rulings are issued
43	<ul style="list-style-type: none"> - Compensation and refund rulings - Resolutions on the use of incentives - Resolutions imposing fines or penalties - Tax assessment resolutions (auditing) - Judgement on appeal
44	<ul style="list-style-type: none"> - Assistance - Management on a mass basis - Collection
45	No
46	No
47	Yes
48	Yes
49	Yes
50	Amounts collected and bills pending collection
51	No
52	<ul style="list-style-type: none"> - Refunds for undue payments - Refunds for excess income withheld - Refunds as incentives for specific sectors or economic activities
53	No

54	<ul style="list-style-type: none"> - Current account - Tools for horizontal and vertical analysis of tax returns - Analysis of income and expenses - Information crosschecks
55	All
56	All
57	Yes
58	Yes
59	<p>Year Type of mass basis action Number of actions</p> <p>Ex: delinquent</p> <p>2014 898,621</p> <p>2013 696,430</p> <p>2012 490,690</p> <p>2011 344,874</p>
60	Yes
61	Yes
62	<p>Yes</p> <p>Register of delinquent taxpayers. CADIN</p>
63	<ul style="list-style-type: none"> - Blocking the register - Denial of certificate of good standing or certificate of tax compliance - Denial of refund - Suspension of issuing invoices
64	<ul style="list-style-type: none"> - Requests during the voluntary period - Automatic calculation of fines in current account
65	Yes
66	Between three and six months. Depends on the tax return

Chile

Ref	Contribution by issue
1	<ul style="list-style-type: none"> - Register of the population - Property register - Companies register
2	<ul style="list-style-type: none"> - Reciprocal data consultation - Online data transmission - Asynchronous transmission of batch data - One-stop registration
3	Individuals and legal entities obtain their identification number in different ways. In the case of individuals, all Chileans are assigned an identification number that is the same as that used by the tax administration. In the case of legal entities, once they are incorporated, if they intend to carry out activities or investments of any kind, they must register with the tax administration so that they can be assigned an identification number. In Chile the identification number is the RUT (Single Tax Register).
4	<ul style="list-style-type: none"> - Banks - Social security - Register of the population - Companies register - Commercial register - Commerce superintendency - Vehicle registry
5	Yes
6	Both passwords and digital certificates are used. The taxpayer decides which to use unless he/she is an electronic receipt user, in which case only the digital certificate can be used.
7	All
8	<ul style="list-style-type: none"> - Home telephone number - Commercial establishments - Economic activities
9	No
10	The response contains different items to those in the question, it is unclear whether it was a mistake.
11	General Treasury of the Republic (body in charge of recovery)
12	Generally only online transactions are blocked, with the intention of contacting the taxpayer personally.

13	<ul style="list-style-type: none"> - Financial entities - Public registry entities - It is important to take into account that it is only for the purpose of checking information and does not imply a mandatory update.
14	<ul style="list-style-type: none"> - Mergers, take-overs, spin-offs - Cancellation - Reclassification
15	Yes
16	Is applied regularly
17	No information was provided
18	<ul style="list-style-type: none"> - For not registering - For not updating
19	<ul style="list-style-type: none"> - Formulas - Inclusion of annexes and the system applies a summation to complete the field
20	Yes
21	Online
22	Is optional
23	<ul style="list-style-type: none"> - Electronic - Paper - Pre-drafted
24	Yes. Always
25	Yes
26	All that is available
27	<ul style="list-style-type: none"> - Through the system with barcodes it can read - Electronic channels, without paper
28	Yes
29	Yes. For all taxes
30	By law they can be financial institutions or those that support money transfers.
31	No information was provided
32	No
33	Yes
34	<ul style="list-style-type: none"> - Internal controls - Government Accountability Office - Other department
35	Yes
36	Yes

37	No
38	Yes
39	All. It is the backbone of the General Treasury of the Republic (TGR)
40	Yes
41	Yes
42	Automatically when resolutions are issued
43	All
44	All
45	Yes
46	Yes
47	Yes
48	Yes
49	Yes
50	Declared income, amounts collected and bills pending collection
51	Yes
52	All the refunds described, for taxes as well as for subsidies and benefits
53	Yes
54	<ul style="list-style-type: none"> - Current account - Information crosschecks
55	<ul style="list-style-type: none"> - Missing returns - Delinquent debtors - Fines charged for late submission - Formal or arithmetical inconsistencies in the tax returns
56	Differences in payments
57	Yes
58	No
59	No information was provided
60	No information was provided
61	No information was provided
62	No information was provided
63	No information was provided
64	No information was provided
65	No information was provided
66	No information was provided

Costa Rica

Ref	Contribution by issue
1	<ul style="list-style-type: none"> - Register of the population. Supreme Electoral Tribunal: the electoral roll and the register of births and deaths is not online - Companies register. National Registry: the mercantile registry and legal representatives received is not online - Other: General Directorate for Migration and Alien Affairs: the database of identification documents of migration and alien affairs received is not online
2	<ul style="list-style-type: none"> - Asynchronous transmission of batch data (in flat files)
3	<ul style="list-style-type: none"> - National individuals: it is the number of the identification document, which has 10 digits. - Foreign individuals: the number on the Identification Document for Migration and Alien Affairs (DIMEX) is in the process of being extensively applied. It has 12 or 13 digits. When the foreigner, as tax obligor, legal representative or agent, does not have a DIMEX, he/she is assigned a Special Tax Identification Number (NITE) that has 12 digits. The NITE number that the system assigns starts with the code 3120 and does not expire. Irregular legal entities (for example, estates) that have to register as taxpayers are also assigned a NITE number that starts with the code 3130 and does not expire. Legal entities are also assigned by the corresponding body a 10-digit judicial document number when they register. In all of these cases, the IT systems generate an internal code that corresponds to two additional digits called check numbers.
4	<ul style="list-style-type: none"> - Banks - Social security - Register of the population - Companies register - Vehicle registry
5	Yes
6	Password
7	Yes
8	<ul style="list-style-type: none"> - Home telephone number - Legal representative - Responsibilities - Commercial establishments, branches, economic activities, national legal representatives, national and foreign RLs (limited liability entities) can be modified by TD

9	Yes. Mainly when monitoring plans, previously programmed within the annual tax monitoring plan or because of institutional priorities, are carried out. There are also mandatory registrations based on information obtained by third parties statements or through the registries of other bodies. In order to verify them, the registry is retrieved from the respective body or the information is extracted from the prior settlements generated by the module that carries out third party withholdings. Information regarding addresses and telephones of other institutions or companies that provide some public service is then added. The plan is then sent to the tax administrations. The TA first calls the tax obligor to try to persuade him/her to voluntarily comply and have the fine reduced. In the case of missing tax returns, priority cases are selected, they are visited and if there is verification of the missing return a statement of facts is issued and the mandatory registration form is completed. There is notification of both documents.
10	<ul style="list-style-type: none"> - Obligations pending submission of tax return - Obligations pending payment - Inconsistencies that lead to an audit
11	It is not exchanged
12	None
13	<ul style="list-style-type: none"> - Public service providers - Public registry entities - Other local administrations - Other: municipalities
14	<ul style="list-style-type: none"> - Mergers, take-overs and spin-offs and other types of company reorganization (it is processed as a deregistering but the current account is checked for positive or negative balances). - Registry of authorized representatives (they must meet certain requirements and they must be verified) - Vehicle dealers, printing offices, cash registers, electronic invoices - Reclassification of the tax scheme
15	Yes
16	No. To be applied starting 2015
17	No penalties are applied
18	<ul style="list-style-type: none"> - For not registering - For not updating
19	<ul style="list-style-type: none"> - Formulas - Inclusion of annexes and the system applies a summation to complete the field - Different forms for different types of taxpayers

20	Yes
21	<ul style="list-style-type: none"> - Online - It is downloaded for use, and the taxpayer can modify the information before submitting it - Online and offline
22	<ul style="list-style-type: none"> - It is obligatory for big taxpayers and other special interest groups - It is obligatory for some taxes
23	<ul style="list-style-type: none"> - Electronic - PDF
24	No information was provided
25	No
26	No information was provided
27	<ul style="list-style-type: none"> - In person at banks with physical receipts - Through the system with barcodes it can read - Electronic channels, without paper
28	Yes
29	Yes
30	Cooperatives and financial entities
31	By commission on the amounts collected
32	Yes
33	Yes
34	Internal controls Also conciliation with the Treasury and National Accounts
35	Yes
36	Yes
37	No
38	Yes

39	<ul style="list-style-type: none"> - Calculates debit and credit balances - Standardizes returns and works with the standardized return - Automatically credits payments according to the entry order (the payments have a time period) - Monitors left over balances between periods - Produces statistics of the debt balances - Feeds the collection systems - Others: crosschecks information - Registers the debts from advances of partial payments
40	Yes
41	Yes
42	Manually and there is no time period to do so
43	<ul style="list-style-type: none"> - Compensation and refund resolutions - Payment in kind - Resolutions imposing fines or penalties - Tax assessment resolutions (auditing) - Judgment on appeal
44	<ul style="list-style-type: none"> - Customer service - Management on a mass basis - Collection - Returns - Other: information to National Accounts, compensation
45	No
46	Yes
47	Yes
48	No
49	No
50	Declared income, amounts collected and pending bills
51	No

52	<ul style="list-style-type: none"> - Refund for undue payment - VAT refunds - Refunds for excess income withheld - Refunds as incentives for specific sectors or economic activities. - VAT refunds to tourists - Others: refunds for excess partial payments of income tax
53	No
54	<ul style="list-style-type: none"> - Current account - Analysis of income and expenses - Information crosschecks
55	<ul style="list-style-type: none"> - Missing tax returns (under extensive control) - Missing reports (under extensive control) - Delinquent debtors - Formal or arithmetical inconsistencies in the tax returns (under extensive control) - Recovery enforces collection of the penalty for late submission when it is enforceable. Extensive control is in charge of the penalty process - Recovery enforces the penalty process and collects the penalty when it is enforceable.
56	Yes
57	Yes
58	No

59	<p>Year Type of mass basis action Number of actions</p> <p>2014 Delinquent settled 6106 Delinquent informative 1300 Control for inaccuracies 3361 Hidden: revenue collection has this</p> <p>2013 Delinquent settled 6501 Delinquent informative 1606 Control for inaccuracies 6634 Hidden 698</p> <p>2012 Delinquent settled 529 Delinquent informative 0 Control for inaccuracies 4628 Hidden 577</p> <p>2011 Delinquent settled 7569 Delinquent informative 0 Control for inaccuracies 12364 Hidden 4832</p> <p>2010 Delinquent settled 3743 Delinquent informative 2943 Control for inaccuracies 1655 Hidden 532</p>
60	No information was provided
61	<p>Yes</p> <p>When the procedure for tax exemption is carried out, when an increase in rates is requested from the public service regulatory entities, when the renewal of a public service concession is requested</p>
62	No information was provided
63	<p>List of non-compliers and delinquent debtors whose debts have been verified are published on the webpage.</p> <p>Denial of refund</p>
64	No information was provided
65	No information was provided
66	No information was provided

Ecuador

Ref	Contribution by issue
1	<ul style="list-style-type: none"> - Superintendency of Companies - SENESCYT, National Electoral Council
2	<ul style="list-style-type: none"> - Reciprocal consultation on data - Online data transmission
3	The registration number is composed of 13 digits, without letters or special characters. The first two digits record the province where: the Ecuadoran or resident alien obtained the citizenship card or identity document, or where the non-resident alien registered, or in which the company is registered. The final three digits are zero, zero, one (001) for all taxpayers. For national and resident alien individuals, the registration number corresponds to the 10 digits of the citizenship card or identity document, followed by 001.
4	<ul style="list-style-type: none"> - Banks - Social security - Public registry office - Persons registry office - Companies registry office - Commercial registry - Superintendency of commerce - Superintendency of companies - Vehicle registry
5	Yes
6	Password
7	Yes
8	<ul style="list-style-type: none"> - Address, telephone number - Business establishments - Assumed name and means of contact
9	<p>Yes.</p> <p>When it is found that the information in the registry is different from the information that the TA has verified through other means.</p>

10	<ul style="list-style-type: none"> - Obligations still to be declared - Obligations pending payment - Cancellation of invoice numbering - Inconsistencies that give rise to an audit - Existence of enforceable debts
11	None
12	Only in the event of non-location
13	<ul style="list-style-type: none"> - Financial entities - Public service providers - Public registry bodies - Other local administrations
14	Reclassification of tax regime
15	Yes
16	It is regularly applied
17	Years: 2011: 44,071 2012: 30,858 2013: 37,698 2014: 48,321 2015 to Sep: 26,061
18	<ul style="list-style-type: none"> - For non-registration - For failure to update information
19	<ul style="list-style-type: none"> - Formulas - Control of maximum and minimum amounts - Inclusion of annexes and the system applies a sum amount to fill out the field - Versions of forms for different types of taxpayers
20	Yes
21	Downloaded to be used; the taxpayer can modify the information before sending
22	Obligatory for all taxpayers and all taxes
23	Electronic
24	N/A
25	Yes
26	We have the Fiscal Data consultation that provides information reported by employers on form 107 and by financial institutions for the matter of financial gains. Additionally, the TA has its own information from returns reporting VAT and inheritance income.

27	<ul style="list-style-type: none"> - In person, in banks with physical receipts - Paperless, electronic channels
28	It is available to taxpayers but there is still the option to make an over-the-counter payment at IFIS
29	Yes. Payment can be made with a credit card at the TA's collection offices through POS, where the taxpayer can pay only debts; this service has made it possible to reduce the amount of outstanding debt and has made payment easier for taxpayers.
30	<ul style="list-style-type: none"> - Savings and loan cooperatives, - Credit cards
31	Per document received
32	No
33	Yes
34	<ul style="list-style-type: none"> - Internal control - Comptroller
35	Yes
36	Yes
37	No
38	No
39	It is in the process of being built
40	Returns are reconciled with payments, payments by other means (using cards in the office and transfers or deposits arising from coercive enforcement)
41	It is in the process of being built
42	Currently from its being issued in the collection management system
43	It is in the process of being built
44	It is in the process of being built
45	It is in the process of being built
46	It is in the process of being built
47	Yes
48	Yes
49	Yes. The Finance Ministry uses a system for the accounting records
50	Only the amounts collected
51	No information provided

52	<ul style="list-style-type: none"> - Refunds for undue payment - VAT refunds - Refunds for excess withholding - Refunds as incentives to specific economic sectors or activities - VAT refunds for tourists - Others: refund of the tax on foreign exchange outflows that cannot be used as a tax credit on the income tax return - Public sector VAT. - Refund of sureties in legal proceedings
53	Yes. There is a process of verifying the consistency of the information before the reimbursement of any tax. This process takes account of issues such as historical information, injunctive measures to withhold credits, cases under investigation, enforceable debts, and so on.
54	It is based on administrative or judicial procedures that make provision for reimbursements.
55	Mass controls for differences and penalties for non-compliance with formal duties
56	They are the responsibility of the control departments, not the revenue sections
57	Yes
58	It is part of the National Revenue Directorate's National Collection Plan
59	No information provided
60	The certificate of good standing with the tax authorities can be obtained at the taxpayer's request either online or as a hard copy
61	It is possible; the regulations make provision for taxpayers with outstanding enforceable debts to be considered ineligible to serve as a state supplier
62	Individual indebted taxpayers cannot join the civil service or be appointed to public office. Prohibition on exporting and importing
63	<ul style="list-style-type: none"> - Publication on the web - Denial of a certificate of tax compliance - Compensation with refunds - Prohibition on importing and exporting - Suspension of authority to issue sales receipts - Prohibition on holding public office - Coercive enforcement (injunctive measures)
64	<ul style="list-style-type: none"> - Determining interest owed, 20 percent surcharge on the amount of tax owed, fines - Offering payment facilities - Coercive enforcement

65	In the Annual Tax Control Plan
66	The duration depends on whether the control process is intensive or extensive

Spain

Ref	Contribution by issue
1	<ul style="list-style-type: none"> - Individuals: General Directorate of the Police, Ministry of the Interior When the following bodies report to us the identity documents of individuals who are not on our register, they are automatically assigned a tax identity number (NIF): Financial entities, the National Statistics Institute, other regional administrations (known in Spain as autonomous communities), notaries public. - “Self-registration” system: individuals who access our website with a recognized digital certificate are registered in our files. - Consulates are authorized to assign a NIF to individuals. - Notaries public: they are authorized to assign a NIF to corporate bodies. - In general, when information is received on an individual from any income-paying entity (which is obliged periodically to report on incomes paid), otherwise their registration is automatic.
2	<ul style="list-style-type: none"> - In general, Spain’s TA operates with information exchange agreements. This exchange can be non-reciprocal - Access to one-way data consultation. SVDI: Identity Verification Service: verification of identity information in the database of the General Directorate of the Police (Ministry of the Interior) through the gateway established by the Ministry of Public Administration. - There is also telematic access to the National Statistics Institute to check the information on the census roll; and telematic access to the register of roll of workers, according to the social security database - Online data transmission. Assignment of a NIF on the part of consulates. Consulates can assign NIFs to individuals. In this case, the NIFs are transmitted to AEAT’s databases. - Notaries public: creation of NIFs for corporate bodies. - Also see response to question 7.

	<ul style="list-style-type: none"> - Asynchronous transmission of batch data - National Statistics Institute, General Directorate of the Police, Real Estate Tax Registry, General Treasury of Social Security. - Informational reports from payment bodies. - Autonomous Internal Revenues Services in the Basque Country and Navarra. - One-stop registration facilities - One-Stop Business Facility: CIRCE: Information Center and Business Creation Network (CIRCE), which reports to the Ministry of Industry, is an information system that makes it possible to use information technology for the procedures required to set up and run certain companies in Spain. Electronic processing involves the different agencies that have authority in the creation of a business, fostering communication between them and accelerating the setting up of the firm. AEAT is one of these agencies and in this context the following procedures are included: obtaining the tax identification code for corporate bodies, registration for the tax on economic activities (IAE), tax register declaration, issuing the NIF card. Others that can assign a NIF: consulates (NIF L, M, N), notaries (NIF A, B, C, D, and F), financial bodies (NIF K), administrative agents (NIF K) (very early stage).
3	In general, the NIF of individual Spanish nationals is the number of the National Identity Document (DNI) followed by the corresponding verification code or character, which is an upper-case letter. It has nine characters: eight digits (the first can be zeros) and a control letter. In the case of corporate bodies, the NIF is assigned by the tax administration and has nine characters: a letter denoting the company and a random, eight-digit number plus a control letter.
4	Yes. With all. Others: General Directorate of Traffic, Registers of Moveable and Immoveable Property, other public and tax administrations, autonomous communities, notaries public.
5	Yes. Electronic signature
6	<p>They are:</p> <ul style="list-style-type: none"> - Electronic signature systems included in the National Identity Document for individuals. - Advanced electronic signature systems, including those based on recognized digital certificates, allowed by the public administrations. - Other electronic signature systems, such as the use of combined passwords in a prior registration as a user, the supply of information known to both parts or other non-encryption systems, with the terms and conditions determined for each case. It is considered proper not to demand electronic certificates or the use of the electronic DNI for certain procedures of activities in circumstances that make it advisable to allow other electronic identification systems—for example, for procedures such as providing, consulting, confirming or changing information, TA proposals and so on.
7	Yes

8	<ul style="list-style-type: none"> - Address, telephone number - Legal representative - Responsibilities - Business establishments - Others. Start of new business or professional activities, the cessation of some, request for inclusion in the register of exporters, request for a new identity card, changing tax obligations or VAT regimes, IS and so on. A request for an identity number for a corporate body must be presented in person.
9	<p>Yes. AEAT has the authority to check and correct mandatory registration. A purge target is set annually. There is a yearly campaign to purge the register at the central level, to check the coherence of the information supplied by the taxpayer on tax returns and in cross-referencing with other sources, and the subsequent requirement and processing of the necessary changes to the register. Consequently, the TA has the authority to record to correct data in the register. In that case the TA is obliged to inform the taxpayer of the change made.</p> <p>The TA may:</p> <ul style="list-style-type: none"> - require the submission of registry statements. additional documentation, the expansion and rectification of any errors detected. - Include the data that should appear in the register. <p>The TA may also cancel a NIF and determine precautionary cancellations in the Register of Economic Operators (ROI) or the monthly Register of Exporters (REDEME), removal from the index of bodies for corporate entities and so on.</p>
10	<p>The document cancelling inclusion in the pertinent public register is demanded. Certificate of cancellation or deregistration from social security and death certificate in the case of individuals. Documentation verifying cessation of operations. A demand is not made that the taxpayer be in good standing.</p>
11	<ul style="list-style-type: none"> - Register of persons or electoral roll. - Register of companies. - Other: notaries and social security

12	<ul style="list-style-type: none"> - Block for tax arrears. In the case of provisional deregistration because of default, registrations in the business register are blocked in the TA's campaigns to purge the index of corporate bodies. - Block for failure to submit. Deactivation for a failure to submit returns for two years or more (for three years). - Suspension for improper use of invoices. - Deactivation in the register of intracommunity operators under certain conditions. Precautionary cancellation in the ROI and REDEME. - Blocking of tax services. - Provision cancellation of registration. - Cancellation of the NIF when certain situations arise, with the effects entailed in such cancellation (blocking of bank accounts, notes added to public registers and so on). Formal closing.
13	<ul style="list-style-type: none"> - Financial entities - Public service providers - Public registry bodies - Autonomous communities - National Statistics Institute, social security, town councils
14	<ul style="list-style-type: none"> - Mergers, takeovers and deacquisitions, and other kinds of corporate reorganization - Register of authorized parties. In the powers of attorney for minors it is normal to ask for a report from the legal service. A posteriori cancellation. A posteriori suspension. - Back office (*) reclassification of the tax regime - Except under certain conditions, in which an ancillary document is required, there are no prior controls to check the information on the return. Before the information submitted is included in the records, we compare the return with our database and offer our officials the inconsistencies detected through a codified listing of errors linked to a system tasked with issuing, when applicable, the necessary requirements.
15	Yes
16	It is applied regularly in the form of a fine.
17	<p>Year Number of penalties</p> <p>2014 11,201</p> <p>2013 4,445</p> <p>2012 4.656</p> <p>2011 3.734</p> <p>2010 5.123</p>

18	<ul style="list-style-type: none"> - For non-registration - For failure to update information - For mistaken, inconsistent or fraudulent information in tax documents - For resistance, obstruction, pretext or refusal to comply with the activities of the TA (not meeting tax control requirements). - For failure to comply with the obligation to report their tax domicile or change of such. - For failure to comply with obligations related to the use of an request for a NIF or other numbers and codes. - For reporting false or falsified information in requests for a NIF.
19	Support programs Direct electronic submission (files, or software programs adapted to our files)
20	Yes
21	Online (the majority). Downloaded to be used; the taxpayer can modify the information before sending (in some cases) online and off-line.
22	It is obligatory for all taxpayers and all taxes. In hard copy only for formal registration statements. 036 and 037.
23	<ul style="list-style-type: none"> - Electronic - Pre-prepared (only for personal income tax)
24	<p>AEAT makes available a draft of the return. It is used at taxpayers' request, solely for personal income tax and always for income from the following sources: labor income, capital gains subject to withholding or payment on account, subsidies for the acquisition of a primary residence and earnings from real estate.</p> <p>The draft may be confirmed (and becomes a return) or, if taxpayers believe it does not reflect their tax situation, they must submit the corresponding return. Nonetheless, they can request rectification of the draft when they believe that they have to add personal or economic information, or indicate that the form contains inaccurate information. Under no circumstances can correction involve the inclusion of income different from that listed above.</p>
25	Yes. At present there is also a project for VAT returns.
26	Income obtained from informational statements of third-party payers: of personal labor income, real estate earnings (supplied by financial institutions), transfers of property made in the presence of notaries public.
27	<ul style="list-style-type: none"> - In person, in banks with physical receipts - Through a bar-code system - Paperless, electronic channels
28	Yes
29	No
30	No
31	Float

32	No
33	Yes
34	<ul style="list-style-type: none"> - Internal control - Intervention of the state administration, Court of Auditors,
35	<p>Yes.</p> <p>An office or territory may be temporarily or partially suspended.</p>
36	Yes
37	Not generally. For example, reporting dates of income different from the real dates, non-compliance with asset-freezing measures, but we have to say that they are never significant in quantitative terms.
38	<p>In Spain, the current account is at a very early stage (about 434 taxpayers). To control debtor balances there is a system for recording debts that makes it possible to determine a taxpayer's outstanding balance at any moment, broken down by item and period. The current account system is an option that taxpayers can choose if they meet certain conditions.</p> <p>The current account system allows only the calculation of debtor or creditor balances of certain tax items. The current account balance, for example, cannot include debits or credits generated by TA activities.</p>
39	<p>The balance of the tax current account is extinguished by offsetting the noted credits and debts, and every quarter there is a new tax credit or debt for the amount of the account's debtor or creditor balance.</p> <p>The current account balance is assessed every quarter.</p> <p>Balances are not carried forward between periods.</p> <p>Use of the current account system in tax matters means, in line with our regulations, that all tax credits and debits that should be included in it are calculated to settle the account, with effects from the day on which the deadline for self-assessment and payment of the tax debt expires, or the day on which agreement is reached on the corresponding refund arising from the tax regulations.</p>
40	Yes
41	No
42	They are not registered
43	N/A
44	<ul style="list-style-type: none"> - Assistance - Mass management - Collection - Refunds
45	Yes
46	Yes, albeit not exclusively
47	No; it is AEAT's Economic Administration
48	<p>No. An auxiliary register records revenue raised in the enforcement phase of credits for other state agencies.</p> <p>By agreement the credits of the Autonomous Communities are also collected but are not entered into the accounting records.</p>

49	Yes
50	Declared income and amounts collected, contingent liabilities and amounts
51	Yes
52	<ul style="list-style-type: none"> - Undue payment belongs to recovery - VAT refunds - Refunds for excess withholding - Incentives (deductions for R&D) - Tourist VAT belongs to customs - Refunds in line with the regulations for each tax - Other refunds according to the government's social policy, such as support for working women, minors and so on. These refunds are made from time to time. AEAT effects them solely for reasons of administrative effectiveness.
53	Yes
54	<ul style="list-style-type: none"> - Current account - Horizontal and vertical analysis tools applied to the returns - Cross-referencing information from AEAT's databases and the informational statements that must be submitted by income-paying institutions - Invoices, mandatory bookkeeping in line with VAT regulations, analysis of the means of paying invoices. <p>The collection bodies have the authority to analyze any information except bank accounts; in situ analysis of the company or analysis of accounting. These authorities can only be discharged by the tax control institutions.</p>
55	<ul style="list-style-type: none"> - Delinquent filers of returns - Delinquent filers of reports - Arrears is the remit of the recovery section - Collection of fines for late submission - Formal or arithmetical inconsistencies in returns. <p>Others. Inconsistency of declared information in possession of the TA or with the applicable regulations, such inconsistency becoming apparent on the return submitted or the corroborating documentation provided to support the return (invoices, VAT records)</p>
56	All of them, except recovery arrears and foreign trade payments (customs)
57	Yes
58	Yes

59	<p>Personal income tax: 469.439</p> <p>VAT: information unavailable.</p> <p>Companies: information unavailable.</p> <p>Modules. 48,551.</p> <p>Verification of periodic returns: 177,044(*)</p> <p>Reduction of monthly VAT refunds: 5,394</p> <p>Personal income tax: 521,909</p> <p>VAT:</p> <p>Companies:</p> <p>Modules: 46,293.</p> <p>Verification of periodic returns: information unavailable.</p> <p>Reduction of monthly VAT refunds: 5,348</p>
60	<p>Yes.</p> <p>To credit the tax record status, to credit the submission of returns, compliance with tax obligations, the existence or otherwise of outstanding debts or penalties.</p> <p>They are issued upon a taxpayer's request or at the request of an administrative body or any other interested person or entity requiring the certificate, as long as the law makes provision for such a request or it has the taxpayer's prior consent.</p> <p>There are several cases in which it is necessary to provide a tax certificate: to arrange a contract with a public administration, to request support or a subsidy of the central administration or a local administration, to gain a place in a public school or a state-assisted private school and so on.</p>
61	No
62	No information provided
63	<p>For corporate bodies, deregistration on the index of institutions.</p> <p>Others:</p> <p>Cancellation in the Business Register</p> <p>Blocking of tax services</p> <p>Cancellation of the NIF</p> <p>Blocking of bank accounts</p> <p>Delisting in the register of intracommunity operators</p> <p>Delisting in the register of exporters</p>

64	<p>Requirements in a voluntary period</p> <p>Automatic calculation of fines in the current account</p> <p>Fines proposal. Claims are made against those who are non-compliant, giving rise to administrative settlement proceedings.</p> <p>The revenue institutions may require taxpayers to provide case-specific information on statements, records and corroborating material with tax implications related to compliance with the taxpayer's own tax obligations or those deduced from the taxpayer's economic, professional or financial relationships with other persons, notwithstanding there having been no obligations to have provided this information to the TA in a general way through the relevant tax returns. In these cases, taxpayers must provide the information required in the form and timeframe established in the requirement itself, in line with the stipulations of the regulations. Procedures to obtain information may unfold directly in the premises, offices or residence of the person or entity in possession of the information or through the lodging of claims that such information, statements, records and corroborating material with tax implications be sent to the tax administration. The collection institutions, however, do not have the authority to examine accounting ledgers or to enter property, business premises and other establishments or places in which the activities and operations subject to the tax are carried out, in which there are taxable goods, where there are taxable events or circumstances subject to tax obligations, or when there is some evidence of same. Such authorities are conferred solely on the inspection and recovery institutions.</p>
65	Yes
66	More than one month and less than three months.

Honduras

Ref	Contribution by issue
1	Not connected to any database
2	One-way data consultation
3	<ul style="list-style-type: none"> - Individual: identity card and check digit number - Corporate body: departmental code, municipal code, code 9 identifying a corporate taxpayer, eight (8) serial numbers from the system, the last being the check digit number
4	<ul style="list-style-type: none"> - Banks - Vehicle registry
5	Yes
6	Password to enter the DEI's online module
7	No
8	No
9	No
10	<ul style="list-style-type: none"> - Obligations still to be declared - Obligations pending payment - Cancellation of invoice numbering
11	Public register
12	<ul style="list-style-type: none"> - Arrears - Failure to file - Differences found when cross-referencing information with submitted returns
13	<ul style="list-style-type: none"> - Financial entities - Public service providers - Public registry bodies - Other local administrations
14	Mergers, reclassification
15	Yes
16	In a minimum proportion of cases
17	No specific information
18	<ul style="list-style-type: none"> - Failure to update - Submitting inaccurate information

19	<ul style="list-style-type: none"> - Formulas - Control of maximum and minimum amounts - Inclusion of annexes, and the system applies a sum amount to fill out the field <p>Versions of forms are used to distinguish them when information boxes are eliminated or added as a result of changes to the tax laws.</p>
20	Yes
21	Online and off-line
22	It is obligatory for large-scale taxpayers and other groups of interest
23	<ul style="list-style-type: none"> - Electronic - On paper
24	No information provided
25	No
26	No information provided
27	<ul style="list-style-type: none"> - In person in the TA, with physical receipts - In person in banks, with physical receipts - Through a bar-code system
28	Yes
29	No
30	No
31	<ul style="list-style-type: none"> - By commission on the amounts collected - Per document received - Float
32	Yes
33	No. Currently, efforts are being made to systematize control and conciliation between the Central Bank-Secretariat of Finance (SEFIN)-Executive Directorate of Revenue (DEI).
34	Comptroller. Executive Directorate of Revenue (DEI). Central Bank (BCH) and Secretariat of Finance (SEFIN)
35	Yes
36	Yes
37	Yes. Occasionally, institutions have not met the deadline for completing electronic collection of revenue or documentation, or the amounts collected have not been entered on time. For such reasons, the penalties established in the revenue agreements have been applied.
38	Yes

39	<ul style="list-style-type: none"> - Calculates debit and credit balances - Standardization, and works with the standardized return - Automatically assigns payments in line with a pre-set order - Controls carry-forwards of balances between periods - Creates statistics on debtor balances - Supports the mass oversight systems - Supports the recovery systems
40	Yes
41	Yes
42	Automatically when they are enforceable. Once the deadline established by law has passed for them to be enforced, the system automatically passes to the current account, generating the debt.
43	<ul style="list-style-type: none"> - Refunds
44	<ul style="list-style-type: none"> - Rulings on reimbursement and refunds - Rulings on the use of incentives - Payment in kind - Rulings on the imposition of fines or penalties - Rulings assessing taxes (oversight) - Decisions on surcharges - Assignments and credit notes
45	No
46	Yes
47	Yes
48	No
49	No. Only the debtor balances are sent
50	Declared income, amounts collected and accounts receivable.
51	Yes
52	<ul style="list-style-type: none"> - Refunds for undue payment - VAT refunds - Refunds for excess withholding
53	No
54	<ul style="list-style-type: none"> - Current account - Cross-referencing information
55	All

56	All
57	Yes
58	Yes
59	<p>Year, Delinquent , Number of actions</p> <p>2014, 14,725 14,725</p> <p>2013 12,635 12,635</p> <p>2012 10,124 10,124</p> <p>2011 7,425 7,425</p> <p>2010 9,651 9,651</p> <p>Year, Arrears, Number of actions</p> <p>2014 9,800 8,822</p> <p>2013 10,125 8,115</p> <p>2012 8,520 6,434</p> <p>2011 9,171 6,358</p> <p>2010 7,585 5,873</p>
60	<p>Yes</p> <p>When they are submitting bids to the state, to seek exemption benefits, scholarships, when they win a legal claim against the state, and so forth.</p>
61	No
62	No
63	<ul style="list-style-type: none"> - Blocked from the register - Publication of non-compliant taxpayers on the website - Denial of a good standing document or certificate of tax compliance - Denial of a refund - Denial to engage in import and export procedures - Suspension of the right to issue invoices
64	<ul style="list-style-type: none"> - Rulings on reimbursement and refunds - Rulings on the use of incentives - Payment in kind - Rulings on the imposition of fines or penalties - Rulings assessing taxes (oversight) - Decisions on surcharges
65	Yes
66	<p>One month. Monthly declarations for large and medium taxpayers.</p> <p>More than one month and less than three for small taxpayers.</p> <p>Annual taxes once a year.</p>

Mexico

Ref	Contribution by issue
1	Register of persons Only a connection to validate the Population Registration Number assigned by the National Population and Personal Identification Registry, which is attached to the Ministry of the Interior.
2	Access to one-way data consultation.
3	The code for the Federal Taxpayer Registry is an alphanumeric series of 12 characters for legal entities and 13 for individuals. To guarantee that the code is unique, the final three characters are assigned by the authority.
4	<ul style="list-style-type: none"> - Banks - Social security - Public registry of property - Public register of persons or electoral roll - Economy Ministry INFONAVIT (National Water Commission)
5	Yes
6	For online procedures, the advanced electronic signature system is used for authentication purposes, or a password linked to the Federal Taxpayer Registry (RFC).
7	Yes
8	<ul style="list-style-type: none"> - Information on the legal representative and other third parties. - Address and telephone numbers. - Responsibilities - Business establishments
9	Yes. When the authorities have acquired information through third parties, as well as through a court order or administrative ruling.
10	Checks are made on the authenticity of public instruments for legal entities and the requirements for each procedure for legal entities and physical persons.
11	Public register

12	<ul style="list-style-type: none"> - Deactivation for a failure to submit returns for two years or more - Suspension from the roll of importers. - Taxpayer unlocated when the administrative enforcement procedure is carried out. - Cancellation of digital seal certificates (used for billing) and - blocking from the RFC in line with Article 17-H, section X, subsections a),b),c) and d) of the Tax Code of the Federation, as well as restraints on the measure used to issue Online Digital Tax Receipts, to wit: <p>“Article 17-H. The certificates issued by the Tax Administration Service shall remain without effect when: X. The tax authorities: a) detect that taxpayers, in a single tax period and under obligation to do so, fail to submit three or more consecutive periodic returns or six non-consecutive returns, upon request from the tax authorities that this obligation be fulfilled. b) During the administrative enforcement procedure, the taxpayer cannot be found or disappears. c) In carrying out their powers of verification, the authorities detect that the taxpayer cannot be located; the taxpayer disappeared during the procedure, or otherwise knows that the tax receipts issued were used to cover for non-existent, fake or illicit operations. d) Even without carrying out their powers of verification, detect one or more offences considered in articles 79, 81 and 83 of this regulation, and the taxpayer that is the holder of the certificates is engaged in such conduct.”</p>
13	<ul style="list-style-type: none"> - Public service providers - Other local administrations
14	<ul style="list-style-type: none"> - Mergers, takeovers, deacquisitions - Cancellation - Suspension
15	Yes
16	The oversight sections apply it
17	No response
18	<ul style="list-style-type: none"> - For non-registration - For failure to update information - For inaccurate information

19	<p>The contain field formulas, as well as control of maximum and minimum amounts. The informational statements include annexes by kind of information.</p> <p>The applications are classified by:</p> <ul style="list-style-type: none"> - Statements of provisional or final payments. - Annual statements for legal (corporate) entities and for individuals. - Informational statements. <p>There is control over the versions of the returns submitted by tax period and tax reform. Provisional and annual returns were developed almost wholly with values, bound by catalogues of rules, calculations, tariffs and so on managed by the user.</p>
20	Simulators of annual returns are available online and are used to train staff and taxpayers; for individuals' tax returns there are nationwide campaigns on submitting returns, using spaces and additional equipment for this purpose.
21	Online and off-line, and in annual returns, temporary storage in the TA's resources was made possible, and provisional payment returns will soon be included as well.
22	Electronic submission of returns is possible for all taxpayers.
23	<ul style="list-style-type: none"> - Electronic - Pre-prepared.
24	Used in individuals' annual tax returns with pre-loaded information on income and withholdings provided by withholders through returns.
25	Yes, this is contemplated for the annual returns of individuals.
26	Income to and withholdings on the income of individuals on the part of corporate bodies for: salaries.
27	Electronic transfer of funds is obligatory for all taxpayers, and optional at a bank teller's window for low-income individuals.
28	Yes
29	No
30	No
31	Per document received
32	Yes
33	Yes
34	The National Treasury's Funds Oversight Unit, the Office of the Federal Auditor General (ASF) and the Internal Control Institution (OIC)
35	The legal basis consists of authorizations for the banks to collect on behalf of the National Treasury SAT service certifications on their functioning and operating instructions.
36	Yes, by the National Treasury and the Tax Administration.
37	Very sporadic, given the strict supervision on the part of both the Treasury and the Tax Administration, and the penalties system in place.
38	No
39	N/A
40	Also the accounting system.
41	N/A
42	N/A

43	N/A
44	N/A
45	N/A
46	N/A
47	Yes
48	Yes, when they correspond to the Federation.
49	Yes
50	Only the amounts collected
51	N/A
52	No information provided
53	No information provided
54	No information provided
55	No information provided
56	No information provided
57	Yes
58	Yes
59	<p>2014</p> <p>Delinquent (oversight compliance) 44,294,672</p> <p>Inconsistencies (revenue declines) 169,061</p> <p>2013</p> <p>Delinquent (oversight compliance) 40,406,117</p> <p>Inconsistencies (revenue declines) 261,093</p> <p>2012</p> <p>Delinquent (oversight compliance) 24,166,499</p> <p>Inconsistencies (revenue declines) 231,870</p> <p>2011</p> <p>Delinquent (oversight compliance) 14,633,911</p> <p>Inconsistencies (revenue declines) 225,695</p> <p>2010</p> <p>Delinquent (oversight compliance) 10,614,620</p> <p>Inconsistencies (revenue declines) 132,250</p>
60	Yes
61	No
62	No
63	<ul style="list-style-type: none"> - Publication of non-compliant taxpayers on the website - Denial of a good standing document or certificate of tax compliance - Denial to engage in import and export procedures - Suspension of the right to issue invoices
64	<p>Requirements in a voluntary period</p> <p>Automatic calculation of fines in the current account</p> <p>Decisions on assumed assessments for delinquent filers</p>

65	Yes
66	More than one month and less than three months

Nicaragua

Ref	Contribution by issue
1	<ul style="list-style-type: none"> - Social security - Municipal authorities - Supreme Electoral Council
2	<ul style="list-style-type: none"> - Reciprocal consultation on data - Online data transmission - One-step registration
3	<ul style="list-style-type: none"> - Natural persons with an identity card: the taxpayer number (RUC) is the citizen identity number - Natural persons without an identity card: N 558 123456789 8 National/Nationality code/Consecutive/check digit - Foreign natural persons: R 355 123456789 8 Resident/Country of origin/Consecutive/check digit - Foreign natural persons: E 355 123456789 8 Foreigner/Country of origin/Consecutive/check digit - Corporate bodies: J 00 0 123456789 8 Corporate/Type of person/Nature/Consecutive/check digit
4	<ul style="list-style-type: none"> - Banks - Institutions in the business register - Superintendency of commerce - General Directorate of Customs
5	Yes
6	The system made available to taxpayers is the one-stop window; access requires a username and a password.
7	No
8	None
9	Yes When audits detect that a taxpayer's information has changed.
10	<ul style="list-style-type: none"> - Obligations still to be declared - Obligations pending payment - Cancellation of invoice numbering - Inconsistencies that give rise to an audit

11	Information is not exchanged, but in final closures because of death, a request is made for the death certificate issued by the municipal authorities. In the event of the merger or liquidation of a company, it is requested that the official documentation be recorded in the public registry
12	Deactivation for a failure to submit returns for two years or more When the taxpayer cannot be located.
13	<ul style="list-style-type: none"> - Public service providers - Public registry bodies - Other local administrations
14	<ul style="list-style-type: none"> - Mergers, takeovers, spin-offs - Cancellation - Suspension - Reclassification
15	Yes. It is applied regularly for late registration
16	No information provided
17	They are applied, but this information is not identifiable.
18	<ul style="list-style-type: none"> - For non-registration - For failure to update information
19	<ul style="list-style-type: none"> - Control of maximum and minimum amounts - Inclusion of annexes and the system applies a sum amount to fill out the field
20	Yes
21	Online
22	Obligatory for all taxpayers and all taxes
23	Electronic
24	No
25	No
26	No information provided
27	<ul style="list-style-type: none"> - In person in banks, with physical receipts: for payment of non-tax interest - Through a bar-code system - Paperless, electronic channels
28	No
29	Yes. For payments due included in payment facilities
30	No. Only revenue units of the TA and banks
31	No payment is made for the service
32	No information provided
33	Yes
34	<ul style="list-style-type: none"> - Internal control - Comptroller

35	No information provided
36	No information provided
37	<ul style="list-style-type: none"> - Sending records of payments after the deadline. - Inconsistent bank conciliation because of incomplete information sent by the bank.
38	Yes
39	<ul style="list-style-type: none"> - Calculates debit and credit balances - Standardization, and works with the standardized return - Automatically assigns payments in line with a pre-set order - Controls carry-forwards of balances between periods - Creates statistics on debtor balances - Supports the mass oversight systems - Supports the recovery systems
40	No
41	Yes
42	Automatically when they are enforceable.
43	<ul style="list-style-type: none"> - Rulings on reimbursement and refunds - Rulings on the use of incentives - Payment in kind - Rulings on the imposition of fines or penalties - Rulings assessing taxes (oversight) - Decisions on surcharges
44	<ul style="list-style-type: none"> - Assistance - Mass management - Recovery - Refunds
45	No
46	Yes
47	Yes
48	Yes
49	No
50	Only the amounts collected
51	No

52	<ul style="list-style-type: none"> - Refunds for undue payment - VAT refunds - Refunds for excess withholding - Refunds as incentives to specific economic sectors or activities - VAT refunds for tourists
53	Yes
54	<ul style="list-style-type: none"> - Current account - Horizontal and vertical analysis tools applied to the returns - Analysis of sources and uses - Cross-referencing information
55	<ul style="list-style-type: none"> - Delinquent filers of returns - Delinquencies in statements of arrears - Collection of fines for late submission - Formal or arithmetical inconsistencies in returns
56	Formal or arithmetical inconsistencies in returns
57	Yes
58	Yes
59	<p>Year Type of mass action Number of actions</p> <p>2014 Inconsistent returns 612</p> <p>2013 Management of delinquencies 6,300</p> <p>2012-2011 and 2010 Information not available</p>
60	No
61	Yes
62	No
63	<ul style="list-style-type: none"> - Denial of a refund - Denial to engage in import and export procedures - Suspension of the right to issue invoices
64	<ul style="list-style-type: none"> - Requirements in a voluntary period - Automatic calculation of fines in the current account - Proposal of fines
65	Yes
66	One month

Peru

Ref	Contribution by issue
1	<ul style="list-style-type: none"> - Social security - Register of persons - Property register - Register of companies - Other credit bureaus
2	Online data transmission
3	The taxpayer number (RUC) is unique. It has 11 digits and must be used in all returns or procedures related to SUNAT.
4	<ul style="list-style-type: none"> - Banks - Social security - Public registry office - Companies registry office - Commercial registry - Superintendency of commerce - Superintendency of companies - Vehicle registry
5	Yes
6	Password
7	Yes

8	<ul style="list-style-type: none"> - Address, telephone numbers - Temporary suspension and/or restart of activities - Applicable taxes - Deregistration in the taxpayer register of natural persons, matrimonial partnerships and undivided shares because of closure or cessation of activities - Email - Trade name - Main and/or secondary economic activity - Code of trade or profession - System for issuing payment receipts - Accounting system - Origin of capital - Whether domiciled in the country
9	Yes Deregistration because of cessation of activities, applicable taxes, mandatory registrations.
10	<ul style="list-style-type: none"> - Obligations still to be declared - Obligations pending payment - Cancellation of invoice numbering - Inconsistencies that give rise to an audit - Proof of registration of the termination of the corporate body in these registers or the public deed or agreement on merger, spin-off or other forms of reorganization of companies and businesses, as the case may be. In case of death, verifying the death certificate.
11	<ul style="list-style-type: none"> - Register of persons or electoral roll - Register of companies
12	<ul style="list-style-type: none"> - Block for tax arrears - Block for failure to submit - Deactivation for a failure to submit returns for two years or more

13	<p>There are no information-exchange agreements with private banks, only with: the Superintendency of Banks and Insurance Companies and Pension Fund Administrators and the Superintendency of the securities exchange, with the National Superintendency of Public Records (SUNARP), and with 10 municipalities of Lima and the provinces</p> <p>Also with:</p> <ul style="list-style-type: none"> - Chambers of commerce. - Association of Exporters (ADEX). - Foreign Trade Corporation (COMEX). - Credit bureaus. - Port operators. - Ministries.
14	Tax exemptions and unaffected items, Delisting in the taxpayer register of corporate bodies.
15	Yes
16	In a minimum proportion of cases
17	<p>Year Number of penalties</p> <p>2014: 25</p> <p>2013: 533</p> <p>2012: 46</p> <p>2011: 26</p> <p>2010: 66</p>
18	<ul style="list-style-type: none"> - For non-registration - For failure to update information - For inaccurate information
19	<ul style="list-style-type: none"> - Formulas - Control of maximum and minimum amounts - Inclusion of annexes and the system applies a sum amount to fill out the field - Versions of forms for different types of taxpayers
20	Yes
21	<ul style="list-style-type: none"> - Online - Downloaded to be used; the taxpayer can modify the information before sending - Online and off-line
22	Obligatory for all taxpayers and all taxes. It is obligatory for large-scale taxpayers and other groups of interest
23	<ul style="list-style-type: none"> - Electronic - Pre-prepared

24	<p>For individuals' annual sworn returns, the TA provides taxpayers with the "personalized information" that is automatically recorded in their online return (a virtual form). Taxpayers access this virtual form by using their personal password. In this sense the tax administration offers a pre-prepared (virtual) return that the taxpayer can review, add to and/or change before sending the final version.</p> <p>From around 2016, this system of providing "pre-prepared" information to taxpayers will be expanded to cover those subject to third-category income tax and that have to submit sales and income tax returns each month. In these cases, the pre-prepared return will be obtained on the basis of the information recorded in the electronic accounting ledgers.</p>
25	Yes
26	<p>Type of information Source of the information</p> <p>Calculated first-category income. Information from tenants and that submitted by taxpayers themselves</p> <p>Withholdings on second-category income. Moveable property values reported by third parties with which the taxpayer has engaged in economic activities subject to second-category tax</p> <p>Withholdings on fourth-category income. Reported by entities that contract services subject to fourth-category tax and reported through the e-spreadsheet.</p> <p>Withholdings on fifth-category income. Reported by employers' institutions through the e-spreadsheet.</p> <p>Tax on financial transactions (withholdings). Reported by financial institutions</p>
27	<ul style="list-style-type: none"> - In person in banks, with physical receipts - Through a bar-code system - Paperless, electronic channels
28	Yes
29	No. There are tellers' windows in the Banco de la Nación
30	No. There are tellers' windows in the Banco de la Nación
31	Per document received
32	Yes
33	Yes
34	The banks themselves
35	Yes
36	Yes
37	<p>Yes. Disruption of telecommunications between SUNAT and the revenue collecting banks.</p> <p>A strike in the banking institutions that centralizes revenue collection.</p>
38	No
39	No information provided
40	N/A
41	N/A
42	N/A
43	N/A
44	N/A
45	N/A

46	N/A
47	No
48	No
49	No
50	Does not include declared income. Includes the register of revenue operations, recovery settlement, issuing securities (payment orders, assessment ruling, ruling on fines and approbatory administrative ruling on part payments, challenges (claims and appeals), losses of part-payments, problems with amounts and refunds using non-negotiable checks, financial payment orders and negotiable credit notes.
51	No
52	Processing costs and administrative expenditures
53	Yes
54	<ul style="list-style-type: none"> - Horizontal and vertical analysis tools applied to the returns - Cross-referencing information - A pilot project has been implemented in Piura for refunds to exporters, taking the taxpayer's profile into account (according to risk analysis)
55	<ul style="list-style-type: none"> - Delinquent filers of returns - Arrears - Fines for late submission - Others: levying of fines for: Non-payment of withholdings and/or receipts in set timeframes. Reporting false figures or information. Submitting more than one rectifying return for the same tax and tax period.
56	<ul style="list-style-type: none"> - Delinquency in filing a return - Delinquency in payment - Levying fines
57	Yes
58	Yes
59	<p>Year Type of mass action Number of actions</p> <p>2014 Delinquent filers, general sales tax income, general regime. 585,335</p> <p>2013 Delinquent filers, general sales tax income, general regime. 325,363</p> <p>2012 Delinquent filers, general sales tax income, general regime. 507,907</p> <p>2011 Delinquent filers, general sales tax income, general regime. 466,961</p> <p>2010 Delinquent filers, general sales tax income, general regime. 528,742</p>
60	No
61	Yes
62	Yes. Reports of securities issued and pending payment, and of statements and payments requested by taxpayers to access bank credits or other personal formalities.

63	<ul style="list-style-type: none">- Delisting in the register- Publication of non-compliant taxpayers on the website
64	<ul style="list-style-type: none">- Requirements in a voluntary period.- Decisions on assumed assessments for delinquent filers.
65	Yes
66	One month

Portugal

Ref	Contribution by issue
1	<ul style="list-style-type: none"> - Register of persons - Property register - Register of companies
2	Online data transmission
3	<p>The TA assigns the tax identification number of individuals (natural persons). This can be done at any time from birth onwards.</p> <p>The identification number of a corporate body (NIPC) is assigned by the National Registry of Legal Persons (RNPC), the institution that oversees companies.</p> <p>The fact that the TA uses this NIPC and regards it as a tax identification number allows the exchange of information on all updates related to organizations during their lifetime, as well as on their termination, thus ensuring complete uniformity of the data in the common registry.</p> <p>The tax identification number has nine digits and includes a control digit.</p> <p>It is possible to distinguish the type of person (individual or corporate entity), as well as to distinguish the kind of corporate entity, simply by seeing the first digit.</p>
4	<ul style="list-style-type: none"> - Banks - Social security - Public registry of property - Register of companies - Superintendency of commerce - Superintendency of companies - Vehicle registry
5	Yes
6	Password
7	All except: organizations cannot change the address of the headquarters. This change must be made in the business register and is later updated automatically for the database.
8	All except: corporate bodies cannot change the address of the headquarters. This change has to be made in the business register and then automatically enters into the TA's databases.
9	<p>Yes</p> <p>When the TA is aware that the information in the register is obsolete. Also when there are changes to the VAT and income tax regimes and unofficial cessations of activity, when the TA detects repeated non-compliance with the obligation to submit reports indicates that activity has ceased.</p>
10	Inconsistencies that give rise to an audit
11	Social security, business registry

12	<ul style="list-style-type: none"> - Failure to file - Failure to submit a return for two years - Improper use of invoices - Other: whenever the TA detects a real risk of tax fraud
13	With the business register, the register of persons
14	Automatic changes to the VAT and income tax regimes, as well as the unofficial cessation of activities, are prepared at headquarters. The inspection section also analyzes some data related to the taxpayer register. Mergers, spin-offs and closures for liquidation are recorded on the basis of information sent by the business register.
15	Yes
16	Regularly
17	Information unavailable:
18	<ul style="list-style-type: none"> - For non-registration - For failure to update information - For delay in reporting registrations or changes to any information in the register
19	<ul style="list-style-type: none"> - Formulas - Control of maximum and minimum amounts - Inclusion of annexes and the system applies a sum amount to fill out the field - Versions of forms for different types of taxpayers
20	Yes
21	<ul style="list-style-type: none"> - Online - Downloaded to be used; the taxpayer can modify the information before sending - Online and off-line
22	<ul style="list-style-type: none"> - It is obligatory for large-scale taxpayers and other groups of interest - It is optional (with conditions)
23	<ul style="list-style-type: none"> - Electronic - On paper - Pre-prepared
24	Personal income tax
25	Yes
26	Banking data (for example, loan interest); insurance; income-paying institutions
27	All
28	Yes
29	Yes, for all taxes
30	Yes, post offices

31	Per document received
32	Yes
33	Yes
34	<ul style="list-style-type: none"> - Internal control - General Inspectorate of Finance (IGF) - Court of Auditors
35	Yes
36	Yes
37	No
38	Yes
39	All
40	No
41	Yes
42	<ul style="list-style-type: none"> - Automatically when rulings are issued - Manually when there is no deadline
43	<ul style="list-style-type: none"> - Rulings on reimbursement and refunds - Rulings on the imposition of fines or penalties - Rulings assessing taxes (oversight) - Decisions on surcharges
44	<ul style="list-style-type: none"> - Assistance - Mass management - Recovery - Refunds
45	Yes
46	Yes
47	Yes
48	Yes
49	Yes
50	Declared income, amounts collected and accounts receivable.
51	No
52	Refund of undue payment VAT refunds Refunds for excess withholding Refunds as incentives to specific economic sectors or activities: flat-rate regime for agricultural products Other institutions: embassies, religious communities, private, social solidarity institutions, armed forces and security forces, fire services and political parties
53	No

54	All, and among others: legal rulings, deferment of claims brought by the taxpayer; information from the inspections services.
55	<ul style="list-style-type: none"> - Current account - Horizontal and vertical analysis tools applied to the returns. - Analysis of sources and uses - Cross-referencing information
56	<ul style="list-style-type: none"> - Delinquent filers of returns - Delinquencies in statements of arrears - Levying of fines for late submission - Formal or arithmetical inconsistencies in returns
57	No information provided
58	Yes
59	No information provided
60	Yes. In case of non-compliance
61	No information provided
62	No
63	<ul style="list-style-type: none"> - Publication of non-compliant taxpayers on the website - Denial of a good standing document or certificate of tax compliance
64	<ul style="list-style-type: none"> - Requirements in a voluntary period - Automatic calculation of fines in the current account - Proposal of fines - Decisions on assumed assessments for delinquent filers
65	Yes
66	Depends on each type of tax

Uruguay

Ref	Contribution by issue
1	<ul style="list-style-type: none"> - Social security - Register of persons - Register of companies - Ministry of Education and Culture (for exemptions) - National Meat Institute (INAC) - Register of State Suppliers (RUPE) - Ministry of the Economy and Finance (for investment projects)
2	<ul style="list-style-type: none"> - Reciprocal consultation on information (social security) - One-way information consultation (register of persons) - One-step registration
3	<p>Taxpayer identification number: XX YYYYYY 001Z, where “XX” refers to the department in which the taxpayer registered when tax-related activities began, “YYYYYY” are serial numbers in ascending order, two zeros a “1” and “Z” is a check digit.</p> <p>NIE is the foreigners’ identification number and the taxpayer register system gives it the check digit; it starts with a “9”</p> <p>CI: identity card, on which the last number is the check digit</p>
4	<ul style="list-style-type: none"> - Banks - Social security - Commercial registry - Superintendency of commerce - Superintendency of companies - Vehicle registry
5	Yes
6	Online password or PIN for individuals. These passwords are provided at the taxpayer’s request.
7	Yes

8	<ul style="list-style-type: none"> - Information on the legal representative and other third parties - Telephone number of the residence and numbers for the registered domicile - Responsibilities (modification of taxes) - Business establishments (only for delisting of branches) - Modification of the balance date, certain conditions: for example, importers
9	<p>Yes.</p> <p>Mandatory updates arising from oversight on the part of the DGI and BPS.</p> <p>For example: modification of tax drafts (activities), taxes (obligations), tax domicile.</p>
10	Cancellation of invoice numbering
11	In Montevideo and some regional administrations where a one-stop facility operates between the DGI and BPS, the latter requests, as appropriate, the certificate of closure in the Ministry of Labor and Social Security
12	Every year there is a process of mandatory delisting for taxpayers deemed inactive. Ineligible to issue documentation for providing incorrect information on domicile and/or notifications, because of missing documentation.
13	With the credit bureau "Clearing de Informes"; used at the request and demand of the DGI. We also receive data from the Caja de Profesionales, the Caja Notarial, and the Social Security Bank (Banco de Previsión Social, BPS).
14	Purging of businesses categorized as "Others", or occasional activities such as classifying the shares of public limited companies and joint stock companies in line with information from the General Directorate of the Registry. Many of the RUT procedures are subject to prior control by a notary before being entered into the system. The notary analyzes the notarial certification or substantiating document that attests to such procedure, in conjunction with the information we have on this taxpayer (as the case may be).
15	Yes
16	It is regularly applied
17	Some 28 percent of RUT procedures entail payment of a penalty.
18	<p>For non-registration</p> <p>For failure to update information</p> <p>For inaccurate information</p> <p>Out-of-time closure, duplicate RUT card</p>
19	<ul style="list-style-type: none"> - Formulas - Control of maximum and minimum amounts - Inclusion of annexes and the system applies a sum amount to fill out the field
20	Yes
21	Downloaded to be used; the taxpayer can modify the information before sending
22	It is obligatory for large-scale taxpayers and other groups of interest
23	<ul style="list-style-type: none"> - Electronic - Pre-prepared

24	<ul style="list-style-type: none"> - Personal income tax, employed workers with more than one source of income - Social Security Assistance Tax (IASS)
25	Yes
26	Withholdings reported by third parties
27	<ul style="list-style-type: none"> - In person in offices, with physical payment receipts - In presence in collaborating recovery institutions – recovery networks with physical payment receipts - The system generates a bar code that can be printed and read in the banks. - In collaborating collection institutions – recovery networks. - Paperless, electronic channels.
28	Yes
29	Yes. For payments with credit certificates, payment of RUC fines, payment of some import taxes, payment of fees for legal proceedings and authorized payments.
30	Yes: the collaborating recovery institutions – recovery networks duly authorized to collect revenue by the Central Bank of Uruguay (BCU)
31	<ul style="list-style-type: none"> - By commission on the amounts collected - Per document received - Float
32	No
33	Yes
34	<ul style="list-style-type: none"> - Internal control, Administration Division - Economic Advisory Office of the Comptroller General - Court of Auditors
35	Yes
36	Yes
37	No information provided
38	No information provided
39	No information provided
40	No information provided
41	No information provided
42	No information provided
43	No information provided
44	No information provided
45	N/A
46	No information provided
47	No
48	No

49	No. The information on revenue is consolidated in the DGI and the accounting is done in the Office of the Comptroller General.
50	Only the amounts collected
51	No
52	<ul style="list-style-type: none"> - Refunds for excess withholding - VAT refunds for tourists
53	Yes, for income
54	<ul style="list-style-type: none"> - Horizontal and vertical analysis tools applied to the returns. - Cross-referencing information
55	<ul style="list-style-type: none"> - Delinquent filers of returns - Delinquent filers of reports - Arrears - Collection of fines for late submission (large taxpayers) - Formal or arithmetical inconsistencies in returns. Others. Control of declared amounts against paid amounts (debit-credit)
56	All
57	Yes
58	Yes

59	<p>Year Type of mass action Number of actions</p> <p>2014 Delinquent on collection 48,579</p> <p>2013</p> <p>Delinquent on collection: 43,154</p> <p>Delinquent, large taxpayers: 573</p> <p>Inconsistencies, large taxpayers: 463</p> <p>Arrears, large taxpayers: 68</p> <p>Pending payment, large taxpayers: 182</p> <p>2012</p> <p>Delinquent on collection: 35,219</p> <p>Delinquent, large taxpayers: 528</p> <p>Inconsistencies, large taxpayers: 316</p> <p>Arrears, large taxpayers: 78</p> <p>Pending payment, large taxpayers: 133</p> <p>2011</p> <p>Delinquent on collection: 33,560</p> <p>Delinquent, large taxpayers: 704</p> <p>Inconsistencies, large taxpayers: 343</p> <p>Arrears, large taxpayers: 98</p> <p>Pending payment, large taxpayers: 120</p> <p>2010</p> <p>Delinquent on collection: 35,601</p> <p>Delinquent, large taxpayers: 842</p> <p>Inconsistencies, large taxpayers: 476</p> <p>Arrears, large taxpayers: 66</p> <p>Pending payment, large taxpayers: 125</p>
60	<p>Yes.</p> <p>Procedures and receivables with regard to the State</p> <p>Imports and exports</p>
61	Yes
62	<p>Yes.</p> <p>In the stages of the procurement process there are checks to determine if the taxpayer is up to date with tax payments.</p>

63	<ul style="list-style-type: none"> - Publication of non-compliant taxpayers on the website – must be consulted by RUT number; a list is not published but there is free access on the website. - Denial of a good standing document or certificate of tax compliance - Denial of a refund - Denial of right to engage in import and export procedures - Suspension of the right to issue invoices (in some cases)
64	<ul style="list-style-type: none"> - Requirements in a voluntary period - Proposal of fines - Decisions on assumed assessments for delinquent filers (only for personal income tax and social security tax)
65	Yes
66	Large taxpayers, one month. There is an annual schedule defining the time periods to handle such cases, depending on the type of action.

Tax Administrations' Experiences in the Area of Recovery

The information provided is presented in line with the issues outlined and referenced below.

Ref	Issue
1	Your TA's recovery model
2	Is the organization of your TA marked by some peculiarity that has not been mentioned in this introduction to recovery?
3	Does the TA carry out specific functions of administrative recovery?
4	Is the structure of the TA used to carry out this function?
5	Recovery rate of debt in arrears that was settled through such recovery
6	Current statistics on recovered arrears
7	Do you have any other comment on this section, or one related to your experience?
8	Are the taxpayer registers updated?
9	Method used to update the taxpayer registers
10	Tools used by the TA to contact taxpayers
11	Results of using these tools
12	Have you used some innovative method that proved useful, and that could be shared for possible use by other administrations?
13	Have you implemented a system to settle outstanding debt by means of payment plans?
14	Do you consider it advantageous to offer some specific benefit in payment plans?
15	Do you have some particular experience in settling debt to share with other TAs?
16	Does the TA gather intelligence before litigating or enforcing collection of the debt?
17	How is this task carried out?
18	How is coercive recovery organized?
19	Is the enforcement procedure administrative or judicial?
20	Criteria used to classify the outstanding claims portfolio
21	Do you carry out purges of the portfolio?
22	Methods used to identify the debt being enforced
23	Criterion used for enforcement relative to the debt to be enforced
24	Does debt enforcement have some particular feature that has not been made plain in this point?
25	Method used to issue enforcement orders
26	Methods of distributing the debt between enforcement officers/agents
27	Do you have a particular suggestion as regards allocation of the debt?
28	Does the TA require a court order to apply an injunctive measure?
29	Criterion for applying the measure
30	Is risk perception deemed important?
31	Measures implemented to increase the taxpayer's risk perception
32	Does the TA have a website that is available to taxpayers?
33	Is the website normally used to publish information on debt that is being enforced?
34	Criteria considered in publishing this information
35	Specific information published
36	Has an electronic means been used for the enforcement procedure?
37	What particular experience can you share?

38	Do you offer payment plans to settle debt subject to a judicial procedure?
39	What are the features of these plans?
40	Procedure for carrying out coercive recovery
41	In the case of judicial enforcement, is there any particular feature of the stages of the process relative to those mentioned?
42	What are the particular features of the demand for payment in your country's legal provisions relative to those mentioned?
43	Is there communication with the judiciary regarding the start of legal proceedings?
44	Do debtors have some defense, apart from those mentioned?
45	Criteria applied in the presentation of evidence
46	Is the TA authorized to declare that the debt is beyond the time limits for recovery?
47	Frequency of out-of-time claims
48	Does your TA face difficulties in enforcing favorable rulings?
49	Reasons for unfavorable rulings
50	Criteria considered by the TA in appealing against those rulings
51	Peculiarities of the procedure for the auction of goods
52	Does the TA apply this measure?
53	For your TA, is there a particular feature of this measure that you would like to share?
54	Is there some control of the TA's agents and/or trustees engaged in recovery?
55	Regulation of the procedure for agents or representatives
56	Type of audits undertaken
57	Is there a register of expiry of tax executions?
58	Other controls
59	Have there been claims for nullification because of a lack of prior notice?
60	Do you periodically update your criteria in line with prevailing jurisprudence?
61	Composition of your TA's recovery section
62	Profile of the officials engaged in recovery
63	Training provided to personnel working on recovery
64	Have you concluded an agreement to provide assistance on information-exchange with those that have information?
65	Countries with which such agreements have been reached
66	Agreements signed in which a commitment has been made to provide assistance in notifications or delivery of documentation
67	Have you signed recovery assistance agreements?
68	Do you have a particular experience to share as regards international recovery?

Argentina

Ref	Contribution by issue
1	Mixed model (amicable and coercive recovery)
2	No
3	Yes
4	It is undertaken with TA personnel
5	Some 80 percent in 2014
6	Yes
7	<p>Recovery is carried out on the basis of an operating schedule, set for each calendar year, that responds to non-compliance, as well as on the basis of a segmentation of taxpayers for the purposes of the revenue section.</p> <p>As is evident from the significant recovery rate of balances not paid on time, administrative recovery is a very useful mechanism because of its practicality and low cost. It is not demanded by the tax legislation but it is applied, given that a taxpayer that admits a debt to the tax authorities has a willingness to pay, and thus if payment is not made within a set timeframe this is mostly because of financial issues. In these cases, to resort directly to legal proceedings would incur additional costs for the taxpayer without raising greater fiscal revenues.</p>
8	In general, updates stem from information provided by the taxpayer or specific TA actions linked to the verification of particular facts.
9	Voluntary updating by taxpayers. Oversight, information from third parties, activities of the collection section
10	<ul style="list-style-type: none"> - Notification by door-to-door mail service - Telephone calls - Email - SMS/telegrams/direct notification by TA staff
11	The results vary depending on the set of taxpayers in question; results are better with the most important taxpayers.
12	Electronic notification (customs issues)
13	Permanent payment plans are on offer; they are always available.
14	It is not considered advantageous to offer any benefit in addition to the payment plan
15	Yes: payment of 7 percent of the consolidated amount in payment plans in the first quota
16	No
17	No information provided
18	Within the structure of the TA
19	Judicial in all cases
20	Age of the debt, profile of the debtor
21	Yes, annually
22	By means of an ID—an identifier in the system
23	Minimum amounts are set
24	No

25	<ul style="list-style-type: none"> - From time to time - Individual or case-by-case basis - On a mass basis
26	Combining enforcement officers and representatives
27	No information provided
28	Yes: in all cases
29	In all cases
30	It is very important
31	General freezing of funds and securities in the financial system
32	Yes
33	Never
34	No information provided
35	No information provided
36	No
37	No information provided
38	Yes
39	<ul style="list-style-type: none"> - Quotas for capital, casual earnings and costs - Suspension of enforcement of the ruling - Lifting of injunctive measures that constrain business activity and maintenance of those applicable to goods
40	A judicial procedure carried out by agents of the TA
41	No
42	Since the legal personality of the enforcement agent is certified in the enforcement order as a legal requirement, the demand does not have to be accompanied by the power granted to the agent of the TA.
43	A computer system is used to inform the judicial branch of the start of tax execution, and the judiciary chooses and designates the tribunal, and assigns a case number.
44	No
45	Broad, free.
46	No
47	Very infrequent
48	Yes, when those subject to enforcement orders do not register their assets in their name and a general injunction has to be applied.
49	The judges allow an enquiry into the cause of the obligations by means of an appeal for defective claim.
50	Rulings based on tax execution proceedings cannot be appealed (Art. 92, Law 11.683).The only course then is an extraordinary appeal to the Supreme Court.
51	No
52	Only for uncollectible receivables
53	No
54	Yes: computer-related, judicial and administrative oversight

55	Provision 276/08 AFIP and General Instruction 3/08 (DI PICJ)
56	Internal
57	No
58	Yes: systematic control of deviation management
59	Yes. The TA argued as a defense that notification was unnecessary since it was a matter of balances in sworn returns submitted by the taxpayer.
60	Yes
61	Chief of recovery, recovery officers, notifying officials and administrative staff
62	Lawyer
63	Online and classroom courses on coercive recovery
64	Yes
65	<p>Tax information exchange agreements with Andorra, Armenia, Aruba, Azerbaijan, Bahamas, Bermuda, China, Costa Rica, Curaçao, Ecuador, Guernsey, India, Isle of Man, Cayman Islands, Ireland, Italy, Jersey, Macao, Macedonia, Monaco, Peru, San Marino, South Africa, Uruguay and Venezuela</p> <p>Double taxation agreements (which include an article on information exchange) with Germany, Australia, Belgium, Bolivia, Brazil, Canada, Chile (signed, pending parliamentary approval), Denmark, Spain, Finland, France, Italy, Norway, Netherlands, United Kingdom, Russia, Sweden and Switzerland.</p>
66	No
67	Yes, India
68	No

Bolivia

Ref	Contribution by issue
1	Mixed model (amicable and coercive recovery). Persuasive recovery in the revenue section and coercive recovery in the judicial section.
2	Yes. The Administrative Action Referral involves the TA demanding full payment of the tax debt of the taxpayer in debt from those that are severally liable (legal representative, administrators), which is very important.
3	Yes
4	It is undertaken with TA personnel
5	The 2014 administration recovered 4.4 percent of the total amount in arrears
6	Under development by means of IT systems
7	Law No. 2492 – Bolivian Tax Code, establishes that failure to pay the total amount of tax debts will lead to penalties of 100 percent for default on the payment. But before applying such a penalty, the law offers as incentive for the payment of tax debts a decrease in the penalties of between 80 percent and 40 percent, depending on the taxpayer's behavior.
8	Yes
9	Voluntary updating by taxpayers. Another method: the Tax Administration uses persuasion to induce taxpayers to update their information.
10	<ul style="list-style-type: none"> - Notification by door-to-door mail service - Telephone calls - Email - By means of the Virtual Office for Taxpayers – The system issues alarms regarding debts (failure to submit tax returns and payment default).
11	Increase in the risk perception. Immediate and timely recovery of tax debts.
12	The notices or warnings issued by the Virtual Office for Taxpayers have had very positive results in terms of persuasion.
13	For certain cases and not all taxes. Yes, in the framework of Law No. 2492 – Bolivian Tax Code, Supreme Decree No. 27310 and Regulatory Directorate Resolution, payment plans will only be available for the following taxes: VAT, IT (transaction tax) and IUE (tax on company profits). Payment plans are not available for withholdings or tax credits, for taxes on immediate transactions or taxes that must be settled and paid in order to carry out transactions that prevent the pursuit of an administrative procedure. Payment plans are always available. Currently, taxpayers can request payment plans (grouping in a single request form the tax as determined by the tax authority or as determined by the taxpayer) at the Virtual Office for Taxpayers. This makes it easier to calculate the tax debt and monitor and control each payment plan.
14	It is not considered advantageous to offer any additional benefit in the payment plan
15	No
16	Yes
17	Enquiries to government bodies that might be of interest. Exchange of information with registries of real estate, vehicles etc.
18	Within the structure of the TA
19	Administrative in all cases

20	Age and amount of the debt
21	No
22	By means of an ID—an identifier in the system
23	All debts are enforced
24	No
25	From time to time, on an individual or case-by-case basis, on a mass basis.
26	By number of procedures. By amounts from adding up the procedures.
27	None
28	No, not in any case.
29	The TA can exercise its extensive authority to apply the measure in all cases, when there is a probable risk that recovery of the established tax debt or of the amount incorrectly returned might be frustrated or impaired.
30	It is very important
31	The seizure of assets before their disposal at auction and the closure of an establishment for failure to pay the executed tax debts.
32	Yes
33	Sometimes
34	In accordance with the provisions of the Bolivian Tax Code, the principle of confidentiality prevails. This determines that the tax returns and information on individuals obtained by the Tax Administration may not be shared, transferred to or reported to third parties, except through a duly grounded court order and specific regulations to that effect.
35	The failure to pay or partial payment of sworn returns is published in the Virtual Office for Taxpayers; this information cannot be seen by third parties.
36	Yes. An software application linked to the financial system, involved in the coercive withholding of funds.
37	Immediate and timely recovery of executed tax debts; Information provided by the financial system.
38	Yes
39	The payment plans available to the taxpayer are flexible, given that in order to take advantage of them, an initial 5 percent installment is required and a 10 percent guarantee which can be a bank or mortgage bill, cash and/or tax credits.
40	An administrative procedure carried out by the TA
41	The coercive recovery procedure is only administrative, which is why the judicial process is not used; it does not apply.
42	None
43	No
44	Yes. Appeal the administrative procedures issued by the Tax Administration through administrative and/or judicial channels.
45	Specifically determined by the regulations
46	Yes
47	Partially recurrent, there are no statistics
48	Yes. When there are no assets, or the debtor is declared insolvent. The appropriateness of initiating an Administrative Action Referral of legal entities is considered.
49	Mistaken application of tax regulation

50	Violation of principles of due process and legal certainty
51	Yes. Before entering an auction, the Tax Administration can allocate directly
52	Very frequently
53	None
54	The TA does not have external agents and/or trustees. Only through its own personnel does it periodically carry out inspections in the field and monitor the administrative recovery procedures.
55	Supreme Decrees, regulatory directorate resolutions, manuals, notices and communiqués
56	Internal audit. Government Accountability Office
57	No
58	No
59	No
60	Yes
61	The Coercive Recovery Unit includes the Supervisor and Recovery Officers. This unit depends on the Legal and Coercive Recovery Departments of operations management of the Tax Administration.
62	Professionals in the fields of law, economics and finance
63	Updates to the tax regulations
64	No
65	None
66	No
67	No
68	None

Brazil

Ref	Contribution by issue
1	Mixed model (amicable and coercive recovery).
2	Coercive recovery is undertaken by the Attorney General of the National Treasury
3	Yes
4	It is undertaken with TA personnel
5	No information provided
6	No information provided
7	No information provided
8	No information provided
9	Voluntary updating by taxpayers
10	Notification by mail, email, telephone calls
11	No information provided
12	No information provided
13	Yes. In all cases and for all taxes. Permanent (ordinary installment payment plan)
14	No additional benefit is considered beyond the payment plan
15	No information provided
16	Yes
17	Enquiries to government bodies that might be of interest.
18	Within the structure of the TA – Office of the Attorney General of the National Treasury
19	Judicial in all cases
20	Amount of the debt. Profile of the debtor.
21	Annual
22	By means of an ID—an identifier in the system
23	Minimum amounts are set
24	No information was provided
25	On a mass basis, automatically and monthly. From time to time for specific cases.
26	Combining both
27	No information provided
28	Yes, in all cases
29	Specific criteria established by the relevant regulation (amount, unknown whereabouts of the debtor, decrease in the estate)
30	It is very important
31	No information provided
32	Yes
33	Always
34	Disclosure of those in debt with the TA and guidance for those that want to settle their debts. Guidance on taxpayer service procedures.
35	Information on delinquent debtors is published as well as guidance on payment or installment plans for debts under administrative or judicial recovery
36	No
37	Only the judge can authorize the freezing of the debtor's accounts.
38	No

39	The TA cannot offer installment or payment plans. They can only be provided for by legislation.
40	A judicial procedure launched by agents of the TA
41	No
42	As a general rule, the debtor can only submit a challenge after a guarantee is provided for the full amount of the debt. Initially he/she is called in to pay or provide a guarantee for the debt.
43	No
44	No
45	Broad, free.
46	Yes
47	No
48	No information provided
49	No information provided
50	No information provided
51	No
52	No information provided
53	No information provided
54	Yes. There is a group for internal affairs that analyzes the actions of the lawyers.
55	Minimal regulations, by subject. There is no single handbook for procedures.
56	Internal
57	No
58	No
59	Yes
60	Yes
61	Coordination at the central level, the regional sections and the local units.
62	Auditors, analysts and administrative aides
63	Public competition, training course and annual training programs (PROEDUC)
64	No information provided
65	No information provided
66	No information provided
67	No information provided
68	No information provided

Chile

Ref	Contribution by issue
1	Mixed model (amicable and coercive recovery).
2	Yes. Coercive recovery has two stages, an administrative one that covers up to the seizure of assets, and a judicial one that allows auctioning the seized assets.
3	Yes
4	It is undertaken with TA personnel
5	In 2014, the share recovered was 34 percent of the debt of taxpayers that were contacted through this recovery method.
6	Yes
7	The process of electronic administrative recovery on a mass basis was introduced in 2010. The different channels for contacting taxpayers have gradually expanded since then. In addition, it has been established that the success of this process in terms of debt recovery depends in great measure on the relevant information provided by the rest of the services of the tax administration, with the aim of keeping effective account of the debtors handled.
8	Every year
9	Voluntary updating by taxpayers. Another method: mechanisms for updating registers are used with public and private bodies.
10	<ul style="list-style-type: none"> - Notification by door-to-door mail service - Telephone calls - Email - Others: SMS/telephone messages.
11	Increase the recovery results, through a less expensive channel, with a massive reach, which is more relevant and less invasive for the taxpayer.
12	Additional use of the multichannel platform to implement special campaigns linked to the dissemination of a payment mechanism; incentives related to the decrease in legal surcharges, among others. A portfolio that does not necessarily correspond to early delinquency, but rather includes a wide range of debtors that might even be under judicial recovery.
13	Permanent plans are offered – they are always available, for all taxes but not in all cases (some taxpayers that have been under criminal investigation are excluded, for tax offences).
14	Not to apply late interests or to apply a haircut on late interest for cash payment on account.
15	Our legislation has established on a temporary basis longer installment periods for payment of debt obligations (periods of over two years), which does not necessarily imply a greater recovery, given that it has been proven that the greater the number of installments the greater the percentage of non-compliance with payments.
16	Yes
17	Enquiries to government bodies that might be of interest. Another method: stratification of debtors, devising several strategies or campaigns directed towards each debtor stratum.
18	Within the structure of the TA
19	Administrative and in some cases judicial. The coercive recovery process develops in two stages, an administrative one that covers up to the seizure of assets and a judicial one to auction the seized assets.

20	Nature, age and amount of the debt. Recovery management stage. Profile of the debtor. Other: estate, tax timeframes in specific situations (deceased debtors, bankrupt debtors).
21	Yes. Annually.
22	By means of an ID—an identifier in the system.
23	Minimum amounts are set
24	No
25	Combining both methods (from time to time and on a mass basis)
26	Combining both. Number of procedures and amounts
27	No information provided
28	No: not in any case
29	Our regulations allow a minimum amount to be set in order to initiate the judicial recovery cycle, so as not to carry out actions that are disproportionate to debts for small amounts.
30	It is very important
31	Dissemination of auctions beyond the channels demanded by law, such as institutional website, strategic alliances with other public bodies (municipalities, tax information through the press, among others).
32	Yes
33	Always
34	Procedural stage, given that information is provided on properties that are in the process of being auctioned.
35	Information necessary to identify the hearing where the auction will take place and to single out the building that could be auctioned.
36	No
37	No information provided
38	Yes
39	That for those cases where the process of auctioning off seized assets has started, negotiations on an agreement must be in person, as compared to the rest of the cases where the taxpayer can sign up for a pre-established payment agreement through the institutional website.
40	Another method: the coercive recovery process develops in two stages, an administrative one that covers up to the seizure of assets and a judicial one to auction off the seized assets.
41	Yes. The coercive recovery process develops in two stages, an administrative one that covers up to the seizure of assets and a judicial one to auction off the seized assets.
42	Once the enforcement order is issued, the order for payment follows and the taxpayers' assets are seized. Only after this can the taxpayer raise a challenge.
43	Yes. According to our laws the first stage of coercive recovery is undertaken by a special court, whose judges and other aides are civil servants from the Tax Administration.
44	Yes. They can make claims related to possible mistakes in the issuance of the enforcement order.
45	The regulations do not consider a trial period.
46	Yes
47	Currently, the total number of hearings at the prescription stage from the stock of claimed debt is 3,044.
48	No

49	Different interpretations regarding the grounds for interrupting the time limits for recovery and the time periods to file the judicial defense
50	That there are plausible grounds for appeal.
51	Yes. If there is no asset seizure, or the assets seized are insufficient to cover the amount owed, the TA can solicit a sworn statement of assets from the debtor on pain of arrest.
52	There are no legal powers in this order
53	No
54	Yes. Through management indicators and field visits for auditing purposes.
55	The legal regulations are complemented with internal memos.
56	Internal and external
57	Yes
58	Of a precautionary nature.
59	Yes. Defense is always presented when the situation calls for it from a judicial standpoint.
60	Yes
61	The judicial recovery portfolio is distributed among recovery units with national coverage, each of which is made up of a multidisciplinary team.
62	Lawyers, risk and estate analysts (engineers, auditing accountants), tax collectors (who act as certifying officers for judicial recoveries in the field), attorneys (judicial experts who review the court proceedings), administrative support
63	Induction processes for new civil servants and ongoing advanced courses according to profiles
64	No
65	None
66	No
67	No
68	No information provided

Costa Rica

Ref	Contribution by issue
1	Mixed model (amicable and coercive recovery). The Treasury's General Directorate (DGH) handles coercive recovery separately, while administrative or amicable recovery is controlled and monitored by the General Directorate for Taxes (DGT).
2	No
3	Yes
4	It is undertaken with TA personnel
5	For 2014, it was 22 percent of the total debt in arrears.
6	Yes
7	As an addendum to question 77, it is important to note that from the total amount assigned for recovery that same year, 84 percent was handled.
8	Yes. Every three months.
9	Another method: it is taken from the department in charge of the registry, control and monitoring of tax obligors.
10	Telephone calls, emails, text messages.
11	Not very effective, written payment requests had to be sent to a large percentage.
12	<ul style="list-style-type: none"> - Persuasion has helped collect recent debts and those for larger amounts. - Pilot plans are developed to manage smaller debts and those that will soon prescribe. A list of the tax obligors who ignored the different means by which they were notified of their delinquent status is published on the Treasury's webpage or in the press with the largest circulation.
13	Yes. They are always available, but classified in two groups. Those for greater amounts have to submit a guarantee, in addition to their financial situation. Currently, a project is being presented that would not offer payment plans for taxes on sales.
14	The penalty for default is put on hold once an payment plan is signed.
15	Yes. 20.6 percent of the debts under recovery with payment plans request the settlement of the debt
16	Yes
17	The National Registry investigates on the internet and the record is attached and sent to the DGH, so it can start the coercive recovery process.
18	Within the Income Section of the Treasury, in the Treasury's General Directorate (outside the tax administration).
19	Is judicial in all cases. Non-compliance with a debt or payment plan is grounds for sending the debt to the Judicial Recovery Department of the Treasury's General Directorate (DGH).
20	Profile of the debtor.
21	Yes. Annual or every two years.
22	By means of processing procedures or a code
23	There is a meager amount
24	No
25	From time to time, individually or case by case
26	Another method: equitable assignment of the burden of work

27	That when there are several different debts from one same debtor, they be assigned to the same debt management officer.
28	Only in those cases where the claim has been filed with the courts of justice. Prior to this stage, a judicial authorization is not required to apply an injunctive measure.
29	The measure is applied in all cases
30	It is very important
31	Administrative seizure. Publication of lists of delinquent debtors.
32	No
33	Never
34	N/A
35	The list of tax obligors whose debts are considered to be of a fixed amount and enforceable, and are in the administrative recovery stage are published.
36	No
37	N/A
38	Yes
39	The characteristics of the plans offered, depend on the amount of debt and the payment periods.
40	It is a judicial procedure launched by agents of the TA. It is important to clarify that the civil servants that undertake the recovery are from the Treasury's General Directorate and not the General Directorate for Taxes.
41	Assignment to an oral hearing when the debtor has grounds for appeal. Confirmation of the notice demanding compliance when the debtor does not appeal, without the need for an additional judgment.
42	The requirements of a demand for payment in Costa Rica are described in article 3.1 of the Judicial Recovery Law, Law 8624. Among them: the names and nature of both parties, a succinct presentation of the facts, the legal grounds, the request, the amounts claimed for both capital and interest, the estimate and the place where the defendant can be notified.
43	No
44	Article 5.4 of the Judicial Recovery Law, Law 8624, in addition to exceptions for prescription and payment, decrees exceptions for false documentation and lack of enforceability of the obligation.
45	Broad, free.
46	Yes
47	The identification of prescribed claims, automatic or by request is continuous. External requests for prescription are registered.
48	Yes. When the debtors, despite the ruling, do not have/offer liquidity.
49	Mainly prescribed claims.
50	If it considers the case to be favorable, given the factual and legal argumentation, the case will be appealed.

51	<p>Yes. There is no stage for assignment of the assets by the debtor.</p> <p>Summary: with the first auction request, the executor/enforcer must present certification from the corresponding register, showing the taxes, seizures and records on the assets. If the request is applicable, the court will order the auction and will indicate the asset to be auctioned, the terms, the time and the date. Foreseeing the possibility of a third auction, that same resolution will assign a time and date for it. The auction is announced in an edict that will be published twice, on consecutive days, in La Gaceta; it will include the terms, the time, the place and the days of the auction, which must be carried out with an interval of 10 working days. The above is a summary of articles 21.2, 21.4 y 21.5 of the Judicial Recovery Law, Law 8624.</p>
52	Never
53	N/A
54	Yes. By issuing a monthly report.
55	Handbook for procedures of the State Debts Department. Internal directives and guidelines.
56	Internal. Given that the supervisory body is within the Treasury's General Directorate.
57	No
58	No
59	No
60	Yes
61	<p>In administrative recovery, there are managers who deal with the recovery management of plans and there are other managers who deal with control and monitoring of payment arrangements. At this stage the managers are not responsible for updating the account or for prehearing intelligence. It is important to emphasize that in our country administrative and coercive recovery are handled by independent Administrative Directorates (DR). The recovery section in Costa Rica is composed of the State Debts Department, which is part of the Treasury's General Directorate. This department includes the departments for programing and legislation, recovery supervision and judicial recovery.</p>
62	<p>The personnel in administrative recovery is made up of civil servants whose career is in the administration. For the most part they have a professional post (DR). This department includes some professionals in administration but mainly law professionals, who are those who can enforce recovery in the courts.</p>
63	<p>Training for civil servants is handled by the Center for Treasury Training and Investigation (CIFH). The Center is a department of the Treasury that provides training on all treasury related issues.</p>
64	No
65	N/A
66	No
67	No
68	N/A

Ecuador

Ref	Contribution by issue
1	Mixed model (amicable and coercive recovery).
2	No
3	Yes
4	It is undertaken with TA personnel
5	0.74
6	Yes
7	The fiscal consequences of having tax debts (inability to issue sales receipts, act as state supplier or take public office and publication on the web) are automatic persuasion tools that help in the recovery of the debt portfolio.
8	Every year
9	Voluntary updating by taxpayers.
10	All and others: SMS, IVR (interactive voice response)
11	Ongoing communication with taxpayers, providing information on the debt, demanding immediate payment, providing information on payment methods and on the consequences of not settling debts.
12	Publishing the list of debtors on the web, automatic emails once an enforceable debt is detected
13	Yes, only for debts for taxes other than withholdings and tax on earnings
14	It is not considered advantageous to offer any benefit in addition to the payment plan.
15	The Ecuadoran tax code, allows for payment plans of up to 24 months without a guarantee and four years with a guarantee.
16	Yes
17	Enquiries to government bodies that might be of interest. Exchange of information with registers real estate, vehicles etc. Another method: reports from internal sources, financial returns and vehicles.
18	Within the structure of the TA
19	Is administrative in all cases
20	Age of the debt. Amount of the debt.
21	Yes. Monthly, by amount of the debt.
22	By means of an ID—an identifier in the system.
23	Debt is enforced according to its amount and age.
24	Yes. By geographic location and representation in the portfolio of the section to which it belongs.
25	From time to time, individually or case by case.
26	Combining both.
27	Monthly the portfolio representing 80 percent of the amount is assigned for initiation and/or continuation of coercive procedures.
28	No, not in any case. The civil servant in charge of recovery has the status of a special judge, in accordance with the National Court of Justice's ruling.
29	The measure is applied in all cases
30	It is very important
31	Portfolio segmentation by location, amount, economic activity, media presence in recovery operations

32	Yes
33	Always
34	Legal option of listing debtor taxpayers on the web. When entering the web services (with the password), automatic alerts are issued to those with enforceable debts.
35	Debtors (enforceable amounts and amounts appealed), debt payment form.
36	Yes. Electronic notification of injunctive measures to the financial institutions.
37	Approached have been made to financial institutions, as they become severally liable when they do not review the notices and withhold the existing credit.
38	Yes
39	The same normal plans (up to 24 months without a guarantee and up to four years with a guarantee), the enforcement department is informed so that they can take into account the existence of payment plans when in the enforcement process.
40	An administrative procedure carried out by the TA
41	No information provided
42	The enforcement procedure starts with the official demand for payment, which includes the injunctive measures. It gives taxpayer three days to make the payment and if they do not they have 20 days to submit a challenge to the TA collector, who will evaluate them and forward them to the District Court for Tax Litigation.
43	No information provided
44	Yes. Direct Action for Nullification Numeral 3 of Article 221 of the Tax Code (substantive procedures)
45	Established specifically by the regulation
46	Yes. If it has previously been requested by the taxpayer
47	There is no regulated procedure for dismissal of prescribed claims
48	No information was provided
49	Insufficient grounds and mistakes in the calculation of tax bills.
50	Applying the grounds for appeals provided for in article 3.
51	No
52	Very frequently
53	It is an injunctive measure, included in Article 164. In addition, the prohibition to leave the country is included within the injunctive measures.
54	Yes. By management indicators and monitoring of cases.
55	Tax code, reference guide for recovery and guide for handling seized and sequestered assets.
56	Internal and external (State Accountability Office)
57	Yes
58	No
59	Yes. Judicial enforcement in the courts has sided with the administration, arguing that the taxpayer's return is a sufficient enforceable document.
60	Yes
61	Recovery department. Personnel for persuasive support. Personnel assigned to debt control and portfolio management. Personnel assigned to coercive management.

62	For the enforcement of coercive recovery, the legal professions are prioritized, but they could be commercial and/or economic branches, always accompanied by a sponsoring lawyer. The profile of the personnel in persuasive recovery and debt control can be legal, commercial and/or economic.
63	<ul style="list-style-type: none"> - Induction training on the recovery process, both in the persuasive stage and the coercive stage. - Effective recovery - Enforcement of auction proceedings/procedure of seized assets - Training on recovery applications
64	Yes
65	Double taxation agreements with a clause for information exchange: Germany, Belgium, Bolivia, Brazil, Canada, Chile, China, Colombia, South Korea, Spain, France, Italy, Mexico, Peru, Romania, Uruguay. Inter-administrative agreements for the exchange of information: Peru, Argentina, Honduras
66	No
67	No
68	No

Spain

Ref	Contribution by issue
1	Mixed model (amicable and coercive recovery).
2	The recovery bodies of AEAT (tax administration) are also responsible for coercive recovery of non-tax related public administration debts of the rest of the government's ministerial departments. The coercive recovery of non-tax-related debts of the public administration of the regional administrations can also be carried out through agreements.
3	Yes
4	Yes. Civil servants from the AEAT undertake it, with the same administrative categories as those responsible for inspection or collection tasks.
5	In the 2013 tax year, debt canceled through enforcement procedures amounted to 10,592.2 million euros, which was approximately 30 percent of the total pursued.
6	No information provided
7	In order to guarantee the successful recovery of debt in arrears it is extremely important to act quickly, for which purpose it is essential to have good IT tools to help with recovery. Experience has also demonstrated the importance of the specialization of the recovery bodies and the organization of the teams on the basis of the types of debtors.
8	The recovery bodies of the AEAT carry out tasks related to the maintenance of the taxpayer registry.
9	Voluntary updating by taxpayers. Another method: information provided by third parties, such as police, public registries, National Statistics Institute, financial bodies, information obtained by the TA in the course of its operations (other addresses for notification purposes).
10	All. Other: safe electronic notification (authorized electronic address, DEH).
11	Safe electronic notification leads to a very high percentage of positive notifications because of how it is regulated and the conditions necessary to consider that the act in question has been appropriately notified (described in the next section).
12	The authorized electronic address system used by the AEAT allows citizens to access public services electronically, and has established a new means of notification by internet at an authorized electronic address (DEH) for the whole General State Administration. The DEH allows for the receipt of administrative notices sent electronically by the general state administration and its public bodies. The notices are therefore not sent to any specific email address.
13	<ul style="list-style-type: none"> - Only in the case of temporary difficulties of the Treasury. - The debts arising from employers' withholdings from their employees for income tax purposes and deposits towards tax payments cannot, in general, be postponed, aside from exceptional circumstances provided for in the regulations. The maximum postponement periods granted are regulated by internal instructions from management with the intent to ensure homogeneity in the operations of the recovery bodies. They exist, but are not always available. They are granted on the basis of the coincidence of a set of circumstances.
14	It is not considered advantageous to offer any benefit in addition to the payment plan. It would be considered a comparative penalization of compliant taxpayers.

15	Debt settlement through an amicable agreement, with an established schedule for deposits in the medium term and with sufficient guarantees can be an ideal means of settling large amounts. It does require, however, a prior economic and financial analysis to guarantee that the debtor has the means of generating sufficient resources in order to honor the payment installments.
16	Yes
17	In accordance with our tax laws, individuals or legal entities, public or private, have to provide the TA with all sorts of information, reports, or records with tax implications both related to compliance with their tax obligations and derived from their economic, professional or financial relations with other people. By virtue of these powers the TA periodically receives information from financial bodies, notaries, public registries and social security.
18	Within the structure of the TA
19	Is administrative in all cases
20	The Spanish TA makes a distinction between debt that is suspended and debt that is not, as a result of being in a jurisdictional process guaranteed by a bank guarantee in order to avoid its enforcement. Regarding the stages of debt recovery, the debts might be in the voluntary, recovery or seizure periods. They can also be deferred.
21	They are done automatically, as the installments expire.
22	By means of an ID—an identifier in the system.
23	All debts are enforced but debtors are classified according to the amount of their debt. For debtors of small amounts, enforcement procedures are automatic.
24	In accordance with our tax code, the enforcement procedures start once the TA's debt recovery order is notified. The debt recovery order dictates the execution of the debtor's assets. Therefore it has the same executive power as a judicial sentence against the assets and rights of the debtor. The debt recovery order must include the necessary information to correctly identify the debtor and the debt.
25	Combining both methods. In general, debts are enforced on a mass basis once the payment period has lapsed. The appropriate recovery bodies issue the debt recovery orders, but the period for issuance is set at the central level, so as to guarantee homogeneity across the national territory. That is, a recovery body cannot decide when to enact the enforcement of the debts in its area. All non-compliers up to a certain date are enforced on the same date. In addition, it is always possible to issue a debt recovery order individually, but it is not the general rule.
26	There is no distribution by officers
27	There are some recovery bodies that exercise their authority over the entirety of the national territory. At the regional level, there are regional recovery teams. The regional recovery bodies exercise their authority over the debtors in their area, except if they are affiliated with the central body. In addition, at both the central and regional level, there are teams for special operations (criminal proceedings upon detection of a possible offence against the public treasury, specialized teams in bankruptcy proceedings, to collect from entities that have declared bankruptcy, auction teams, with horizontal tasks to carry out all actions for procedures of forced disposal of seized assets.
28	No, not in any case

29	The administrative recovery body issues injunctive measures if the criteria for their adoption are met. But they must always be proportional to the harm they aim to avoid and are valid for a maximum term of six months. When there is rational evidence that, otherwise, recovery would fail or be very difficult.
30	It is very important. In particular, the operations of the recovery bodies act as a warning to the other non-compliers.
31	First, the perception of our taxpayers is that we have a good system for controlling income. This allows us very quickly to learn about any non-compliance in payments.
32	Yes
33	Sometimes. Advertisements are published about auctions of seized assets, which are available to anyone interested. Information on the debts of each of the debtors is only accessible to the concerned party. Edict notices are also published on AEAT's website when they could not be notified.
34	Tax information on taxpayers cannot be published as we have a duty of discretion and confidentiality. To access it, a digital certificate from the concerned party is required.
35	Only that which has been referred to in question 105.
36	Yes. Seizure of bank accounts, wages and salaries and properties by sending a provisional filing for seizure electronically to the property registries. Seizure of budgetary payments of other regional and local public administrations, seizure of payments of the state administration.
37	It eases and speeds up operations. It allows for greater success in the seizure, given the immediacy of the intervention.
38	Yes. In accordance with our regulations, the enforcement procedure is exclusively administrative. In the enforcement period it is also possible to offer payment plans to settle the debt.
39	The request for postponement or payment in installments of debts that are in the enforcement period can be done at any point before the notice of disposal of assets. For each period a percentage of the debt and late interest are established.
40	An administrative procedure carried out by the TA
41	No information provided
42	The enforcement procedure is initiated by the notification of the debt recovery order to the tax obligor. The debt recovery order is the act by the TA that dictates enforcement against the debtor's assets. The enforcement procedure is not suspended by filing an appeal (unless a bank guarantee is provided).
43	No information provided
44	<p>In our case, the only admissible motives for defense against a debt recovery order are the following:</p> <ul style="list-style-type: none"> - Debt is cancelled because it has been paid in full. - The TA's right to recover the debt has passed a time limit (prescribed). - Failure of notification during the voluntary period of the need to settle. - Settlement annulment. - Mistake or omission in the content of the debt recovery order, such that the debtor or the debt being enforced cannot be identified.

45	It is specifically established by the regulations. The only admissible motives for objection are the ones listed. The debtor will have to prove them.
46	Yes. The TA's actions to determine the debt might have prescribed or the TA's actions to demand payment of the debt might have prescribed.
47	Yes. Possible prescriptions are monitored with IT tools. Additionally, annual campaigns to revise debts that might prescribe are carried out.
48	Does not apply.
49	No information provided
50	No information provided
51	Assets are seized according to a pre-established order, starting with those that can be disposed of most easily and those whose disposal will be the least onerous for the debtor. In any case, the assets seized will be those for which the seizure requires entry into the tax obligor's home. At the debtor's request the order of seizures might be altered.
52	Never
53	It is not provided for in the regulations. We only regulate the possibility of agreeing on an injunction on the real estate of a company, without having to direct the recovery procedures against it, when the debtor's shares in it are seized and he/she exercises effective control, total or partial, direct or indirect, over the company in whose name the properties are listed.
54	AEAT's Internal Auditing Service undertakes the internal control of recovery operations, as well as of the civil servants who carry them out. The General Intervention Board of the State and the State Audit Court, whose report is sent to Parliament, handle the external control.
55	The procedure and authority for recovery are regulated by our General Tax Law and developed in the General Revenue regulation. In addition, there are internal instruction about procedures and recovery manuals.
56	Internal: by AEAT's Internal Auditing Service. External: by the General Intervention Board of the State and the State Audit Court.
57	Yes
58	Yes. As our procedure is administrative, it is easier to control the operations undertaken. Moreover, as all recovery operations are carried out with internal applications, there are tools that control for inactivity.
59	No
60	Yes. This task is undertaken at the central level by the Recovery Department.
61	<p>It includes AEAT civil servants of different categories:</p> <ul style="list-style-type: none"> - Tax inspectors (Group A1) - AEAT technical staff (Group A2) aides and administrative staff and recovery agents, all of them within AEAT and in their capacity as civil servants. <p>17 percent of the AEAT's civil servants work on recovery tasks. 10 percent of AEAT's civil servants are in the superior category, 30 percent are in the technical category and the rest are part of the body of aides and administrative staff.</p>

62	<p>A1: advanced university degree.</p> <p>A2: university degree.</p> <p>Aides and administrative staff: high school.</p>
63	<p>The teams are organized by groups of debtors, classified from 1 to 5 according to complexity. The more complex, the higher the number.</p>
64	Yes
65	<p>In the context of the European Union, the AEAT applies mutual assistance among the states of the Union as established by Directive 2010/24/UE and its development regulations. The following international treaties are also applicable in this context:</p> <ul style="list-style-type: none"> - Convention on Mutual Administrative Assistance in Tax Matters, agreed in Strasbourg on January 25, 1988, signed by Spain on November 12, 2009 (OECD Convention) and the Protocol Amending the Convention on Mutual Administrative Assistance in Tax Matters, agreed in Paris on May 27, 2010, signed by Spain on March 11, 2011. The Convention foresees both the exchange of information and assistance in notification. - The double taxation conventions signed by Spain with other countries, which contain a clause for mutual assistance in recovery, including the exchange of information, among which the accords with Colombia and Uruguay stand out.
66	<p>Yes. The OECD Convention makes provision for both the exchange of information and assistance in notification. The other conventions to avoid double taxation make provision for the exchange of information, but not assistance in notification.</p>
67	<p>Yes. The above-mentioned Convention on Mutual Administrative Assistance in Tax Matters (OECD Convention) and its Amending Protocol. Nevertheless, up to now, in practice mutual assistance in recovery only exists with Norway. Double taxation conventions signed by Spain that have a clause for mutual assistance in recovery:</p> <ul style="list-style-type: none"> - Convention between the Kingdom of Spain and the French Republic to avoid double taxation and prevent tax evasion and fraud on income and estate taxes signed in Madrid on October 10, 1995; specifically in article 28. - Convention between Spain and Belgium to avoid double taxation and prevent tax evasion and fraud on income and estate taxes and protocol, agreed in Brussels on June 14, 1995, and the Agreement that amends it, agreed in Madrid on June 22, 2000, specifically in article 27.
68	<p>In addition to these Conventions, they need to be accompanied by a Memorandum of Understanding that expresses the assistance procedure for recovery in a particular State. It is effective to have these Conventions expressed electronically, both in terms of the exchange of information and of the transmission of the procedures carried out. There should also be a required standard model as well as a common standard model for the notification of the procedures and decisions regarding the claim, in order to avoid recognition problems of operations originating in the applicant State.</p>

Honduras

Ref	Contribution by issue
1	Only amicable recovery
2	No
3	Yes
4	It is undertaken with TA personnel
5	In 2010, 2 percent, In 2011, 6 percent, In 2012, 20 percent, In 2013, 23 percent In 2014, 38 percent
6	Yes
7	The recovery of arrears depends on the purging of the taxpayer's current account.
8	This activity is carried out by the Taxpayer Services Department. The updating of registers is not automatic, only at the taxpayer's request. In the process of managing recovery, what is done is to update the address by placing it under additional addresses.
9	Voluntary updating by the taxpayers.
10	<ul style="list-style-type: none"> - Notification by door-to-door mail service - Telephone calls - Email
11	Locating the taxpayer and recovering the debts.
12	No
13	For certain cases and not all taxes. Permanent payment plans are offered; they are always available
14	It is not considered advantageous to offer any benefit in addition to the payment plan.
15	No
16	No
17	<p>The taxpayer fills out Form DEI-410 with his/her information and submits it to the Taxpayer Services Department.</p> <p>In recovery: when the managers locate the taxpayer at a different address from that which is registered in the tax register, they issue a record for the settlement of the fine for not having informed the DEI in writing of the address or of the exact location of the premises where the taxpayer carries out the activities linked to his/her tax obligations. Form DEI-410 is filled out with the new address and sent to the Taxpayer Services Department for its registration. Likewise, for taxpayers who have not been located, information is requested from other institutions and/or an internet search is carried out for information. If a register is found it is included as alternative information in the tax system. Until it is confirmed the steps outlined in the above paragraph are carried out.</p>
18	Within the structure of the TA
19	Is judicial in all cases

20	<ul style="list-style-type: none"> - Nature of the debt - Age of the debt - Amount of the debt - Recovery management stage
21	Yes. Of the last five periods.
22	<ul style="list-style-type: none"> - By means of an ID—an identifier in the system. - By means of a recovery program
23	Priority given to debts about to prescribe and for larger amounts
24	No
25	Combining both methods
26	Combining both
27	Hearings for large amounts of money or that are complex are sent for revision and discussion to the advisors on the topic of the Attorney General of the Republic. We are on track to offer training and guidance to the attorneys.
28	Yes (when the taxpayer has assets)
29	The measure is applied in all cases
30	Is very relevant
31	Enforce the injunctive measures
32	Yes
33	Always
34	Have informed the taxpayer of the amount of the debt. The amounts owed are taken into account
35	The RTN (tax identification number), name of the taxpayer and amount of the delinquent debt
36	No
37	None. Seizures are enforced, but not by means of electronic procedures.
38	No
39	The courts do not have the authority to reach agreements or to offer payment plans. What usually happens is that even if the trial has begun, the taxpayer can make partial payments on the debt until it reaches the enforcement period, without this entailing the application of a discount.
40	It is a judicial procedure driven by agents of the TA
41	The process of recovery of the debt takes longer
42	Once the extrajudicial demand for payment has been submitted and notified, the defendant has 24 hours to pay, three days to submit a statement of opposition and five days to submit the sworn statement of assets, starting from the date of the notification of the demand for payment.
43	At the beginning of the process when the demand is submitted or when injunctive measures are being processed, but ongoing communication does not exist.
44	No
45	Broad, free.
46	No

47	At the coercive stage it is very sporadic, at the moment we have 20 cases.
48	Yes. When the taxpayer does not have assets.
49	Poor application of the regulation or mistaken analysis of the documentation and poor assessment on the part of the judges, expiry of the terms
50	When the TA does not agree with what the taxpayer is filing and has proof
51	No
52	Never
53	The measure can be applied from the start of the judicial process. The sworn statement of assets has to be submitted by the defendant, which benefits the TA when it does not know if there are assets to be seized.
54	Yes. Manually by the department chief
55	It is currently being developed
56	<ul style="list-style-type: none"> - Internal - External
57	No
58	Are carried out manually by the supervisor and the chief of the Attorney General's Department
59	No
60	No
61	In the administrative area it is made up of three departments, a) Analysis of cases and missing return, b) Administrative Recovery and c) Persuasive Recovery. The Legal Procurement Section, which answers to the Legal Department, is within Coercive Recovery.
62	They are high school graduates; very few have a university degree.
63	Seminars of recovery techniques. The seminars must be ongoing and with personnel with experience in tax recovery.
64	Yes
65	With the United States and two countries in Central America
66	Yes
67	No
68	Never

Mexico

Ref	Contribution by issue
1	Mixed model (amicable and coercive recovery)
2	Recovery of government tax liabilities, which faces constraints in the area of coercive recovery because of legal provisions. Investigation of goods in the amicable and persuasive recovery stage so that if there is no outcome in this first recovery phase the authorities have information that allows them to be more effective in coercive recovery.
3	Yes
4	It is undertaken with TA personnel and the work of contacting by telephone is outsourced.
5	Mex\$844 million/Mex\$26,396 million = 3.2 percent (total persuasive 2014/total recovery 2014)
6	Mex\$844 million recovered by persuasive means; 22 of every 100 pesos subject to persuasive recovery were recovered, thereby reducing the need for the start of PAE by 74,402 taxpayers associated with the payments. The figures are maintained monthly in the summonses reports and quarterly in the Government. They can be shared if necessary.
7	Implementation of administrative recovery or persuasive recovery began in 2008 and the focus has been on recovering small and recent arrears from a large number of taxpayers, increasing fiscal presence among taxpayers at a low cost.
8	Management of the information on the rolls is not the responsibility of the AGR/not applicable
9	Management of the information on the rolls is not the responsibility of the AGR/not applicable
10	<ul style="list-style-type: none"> - Notification by door-to-door mail service - Telephone calls - Email
11	Portfolio recovery through these three recovery channels, and on average the recovery rate is 22 of each 100 pesos subject to persuasive recovery.
12	Use of telephone technologies such as Call Blending, predictive dialing and online payment that makes it possible to optimize resources for contacting taxpayers and reduces the time and procedures that the taxpayer faces in paying tax liabilities.
13	For some cases and not all taxes (share which cases and which taxes). Permanent payment plans are on offer; they are always available.
14	Concurrent benefits are offered: waiving of fines. Preferential surcharge rate. Preferential rate of interest for financing.
15	No
16	Yes
17	Consultations with relevant state institutions. Information on trademarks and patents is sought from the Mexican Institute of Industrial Property, on copyright from the National Copyright Institute, and on bank accounts from the National Banking and Securities Commission. It is important to consider the information that the TA itself has in its possession, provided by the taxpayer, as well as the exchange of information with the real estate and vehicle registries, and so on.
18	Within the structure of the TA
19	Administrative in all cases.
20	Nature and age of the debt. Profile of the debtor.

21	Yes. The portfolio is purged once the practical impossibility of recovery has been determined. In line with daily operations, reports are generally monthly.
22	By means of an ID—an identifier in the system
23	All debts are enforced.
24	AGR/not applicable
25	AGR/not applicable
26	Combination of both. By tax credits arranged by taxpayer, classified by amount owed.
27	Have a section of public sector enforcement officers specialized in recovery.
28	No, in no case.
29	As appropriate in line with the applicable tax provisions.
30	It is very important
31	<p>Government sector:</p> <ul style="list-style-type: none"> - Obtaining the rolls of federal institutions, making it possible to consolidate a property database to look for goods susceptible to seizure. - Exchange of taxpayer rolls among federal institutions and the federation that allows us to generate a property database to investigate and identify tax debtors at the federal and state levels. - Publication on SAT's website of government-sector taxpayers with enforceable tax debts. - Recording government-sector taxpayers with tax debts in the credit bureau. - In the case of government institutions subject to the ISR decree for withholdings and salaries, published in the Official Gazette of December 5, 2008, encumbrance on federal contributions. - Monitoring by local administrations of the tax conduct of government-sector taxpayers, to induce them to settle their tax obligations. <p>General portfolio:</p> <ul style="list-style-type: none"> - Application of injunctive measures. Freezing of debtor's goods, official seals and marks, freezing of bank deposits.
32	Yes
33	Always
34	The recovery section publishes the names of those taxpayers that have enforceable, demandable, cancelled and waived liabilities.
35	The name and registration on the federal roll of taxpayers.
36	When recovery of the liability can be enforced, the freezing and transfer of resources is requested through the Full-Services Banking Institutions.
37	Risk perception increases when the taxpayer does not voluntarily comply with tax obligations.
38	Yes

39	Installment payments, waiving and reduction of fines, preferential surcharge rate. Waiving fines and payment of liabilities in up to 36 instalments.
40	An administrative procedure carried out by the TA
41	No
42	Any natural person or legal entity that considers the SAT's actions to be harmful to their legal rights.
43	Yes. With notification from the competent authority (AGJ) of the filing of the means of defense.
44	Yes. An appeal for an out-of-time ruling; in the event of an unfavorable ruling, the taxpayer can lodge a legal challenge for nullification to the TFJFA to review the ruling.
45	Expressly determined by the regulations
46	Yes
47	This control is exercised by the local revenue administrations together with the local legal administrations. There are specific reports for monitoring liabilities that are close to the time limit for recovery, and these are generally enforced on a quarterly basis. Yes, there is an operational indicator that includes this item and weights it with a higher score than the other liabilities.
48	Yes. The inability to locate goods susceptible to seizure.
49	There are several, and this information is provided by the section that represents the authorities in dealings with the judiciary.
50	Those considered by the Administrative Unit tasked with legal defense, and that might be important in line with the amount.
51	No
52	No information provided
53	No information provided
54	No
55	In line with the Internal Regulation of the Tax Administration Service, the latter authority is empowered to prepare and issue the operating instructions of the administrative units under its remit, issue the guidelines in matters that fall under its responsibility, and make known to public servants the handbooks on procedures, operations, general and specific organization applicable to the performance of their duties. The regulation of procedure applicable to the recovery process is described in the Revenue Operations Strategies.
56	<p>Internal: Coordination of Operational Revenue Support through the Operations Control Administration undertakes field and desk reviews to verify compliance with legal and regulatory provisions in implementing processes under the remit of the General Revenue Administration. Internal audits are conducted by the Internal Control Body and the administrative units of the Tax Administration Service's General Assessment Administration.</p> <p>External: Coordination of Operational Revenue Support controls the information and documentation that, for the audits carried out by the administrative units of the General Revenue Administration, is received from the various internal and external oversight bodies to the Tax Administration Service. External audits are conducted by the Higher Auditor of the Federation and the Treasury's General Directorate of Oversight of Funds and Securities.</p>
57	Yes
58	No

59	No
60	Yes
61	<p>General Revenue Administration:</p> <ul style="list-style-type: none"> - Central Administration of Coercive Recovery. - Central Administration of Persuasive Recovery and Guarantees. - Central Administration of Planning and Recovery Strategies. - Central Notification Administration. - Central Administration of Operational Programs with Federal Institutions - Coordination of Operational Revenue Support. - 67 local revenue administrations
62	The required profile is in economic-administrative areas, preferably with a degree in law, accounting, public administration. Required knowledge: legal-tax framework, tax code of the Federation and its regulation, Federal Law on the Administrative Responsibilities of Public Servants.
63	The integrated training plan of the General Revenue Administration offers staff the following training programs, which are adapted each year to fiscal reforms, technical changes and/or operational updates: introduction to notification and verification, administrative enforcement procedure, ABC of public servants regarding elections, registration and control of tax liabilities, inventory of tax liabilities, credit vault, investigation, transfer of goods to SAT, bookkeeping, SICOBI AGR, verification of taxpayer data in the taxpayer register, notification of administrative procedures, payment request, tax-related guarantees, accounting conciliation of guarantees, auctions, cancellations, intervention in an enterprise, payment by installments, the public administration/tax administration, general concepts in recovery, tax recovery, management skills.
64	Yes
65	Germany, Netherlands Antilles, Argentina, Aruba, Australia, Austria, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, Canada, Colombia, South Korea, Costa Rica, Chile, China, Denmark, Ecuador, United Arab Emirates, Estonia, Spain, United States, Finland, France, Gibraltar, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Isle of Man, Cayman Islands, Cook Islands, Jersey, Iceland, Israel, Italy, Japan, Kuwait, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Norway, New Zealand, Netherlands, Panama, Peru, Poland, Portugal, Qatar, United Kingdom, Czech Republic Slovak Republic, Romania, Russia, Samoa, Singapore, South Africa, Sweden, Switzerland, Turkey. Ukraine, Uruguay, Venezuela. Also signed the Convention on Mutual Administrative Assistance in Tax Matters and its protocol.
66	No
67	Yes, with Germany, Austria, Bahrain, Colombia, Estonia, United Kingdom, Guernsey, Isle of Man, Cook Islands, Jersey, Liechtenstein, Luxembourg, Lithuania, Malta, Netherlands, Panama, United Kingdom, Romania, Samoa, South Africa, Uruguay, Ukraine.

68	Multilateral Competent Authority Agreement, which entails the commitment to adopt the new single global standard on the exchange of information on financial accounts. The Secretariat of the Treasury and Public Credit (SHCP), through the Tax Administration Service (SAT), signed the Multilateral Competent Authority Agreement, whereby Mexico will engage in the automatic and reciprocal exchange of financial information for tax purposes with more than 50 countries and jurisdictions, notably Germany, Spain, France, Cayman Islands, Italy, Ireland, Luxembourg, United Kingdom. On the basis of the CRS, the tax administrations will each year automatically deliver information on Mexican residents that have accounts overseas.
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Nicaragua

Ref	Contribution by issue
1	Mixed model: administrative and coercive
2	No. None.
3	Yes
4	Recovery management is undertaken by the following TA staff: chief of recovery, recovery analyst, attorney.
5	Some 54 percent of the debt aged less than 12 months and 6 percent of older debt.
6	Recovery by recovery in tax year 2014 was C\$2,387,269,847.22, or 6 percent of recurrent revenue.
7	Priority should be given to recovering older arrears in all actions, without disregarding more recent debt but rather taking advantage of the opportunity to insist on compliance with the total obligation. Hence, when it is necessary to make a request of or visit taxpayers, notify them of the total pending arrears and thus induce them to settle all the pending arrears and delinquencies.
8	Every year
9	Another method: through a general administrative provision issued by the head of the TA.
10	All of them. And another: personalized notification by the attorney.
11	Taxpayers approach the TA and make a commitment to pay the tax debt using a payment facility.
12	Tax creditworthiness is issued by the taxpayer through the TA website; if the taxpayer is not up to date with his tax obligations, he cannot declare creditworthiness and thus cannot import or export goods. He is therefore obliged to settle the tax debt amicably.
13	Payment facilities are only offered for payment of annual income tax. For other taxes, payment commitments are made, underwritten by postdated checks.
14	It is not helpful to offer benefits to taxpayers when they are non-compliant with their tax obligations.
15	Yes. Payment arrangements with postdated checks as guarantees of instalment payments.
16	Yes
17	The public registry of property is consulted for real estate registered in the taxpayer's name; the national police are asked for the taxpayer's vehicle registration details.
18	The TA has prosecuting attorneys.
19	Efforts are made to resolve most cases by administrative means. Nonetheless, if the debt is significant and the taxpayer refuses to pay, investigations are carried out to confirm if the taxpayer has sufficient assets to settle the tax debt, so that the request for a lien can be made to the relevant authority.
20	Current arrears: these are the tax arrears for the most recent expired tax period. Historical arrears: these are the tax arrears for tax periods before the most recent. The list of arrears by the age of the debt is filtered from the tax information system, giving priority to larger amounts.
21	Yes. By the age of the balances (three months after the debt becomes demandable). Article 48 of Nicaragua's tax code empowers the TA to declare the transfer to memorandum accounts and the irrecoverability of the tax obligation in cases when the debt is not recovered during administrative or coercive recovery by the Revenue Administration and it is shown that the taxpayer is unable to pay.

22	The default is marked in the system as judicial recovery. Physical case file with the background to the recovery management.
23	Another criterion: selection of potentially significant cases, following investigation of the taxpayer's moveable and immoveable property that would be sufficient to settle the tax debt.
24	No
25	Occasionally. Individual by taxpayer number
26	Another method: by the age of the balances in arrears.
27	In our experience, with debt assigned for judicial recovery it is important to appraise whether the amounts in question are representative for revenue, in order to avoid long and unnecessary hearings.
28	Yes, in all cases.
29	Another criterion: cases are chosen according to the age of the balances. When they are more than three months in arrears after the end of the administrative recovery phase, and according to information from the taxpayer as to whether he is able to pay, and the debt is more than C\$100,000, judicial recovery begins.
30	It is very important. It is considered very important because the seizure of the debtor's goods is made public, which affects the taxpayer or business's commercial operations.
31	The TA has used technology such that taxpayers can access the TA's website to acquire a notification of creditworthiness, a document that is required by customs to export and import goods; they cannot undertake such operations if they are insolvent. Hence the taxpayer, to sell to VAT-exempt taxpayers, must be solvent; otherwise the exemption system does not allow the customer to buy from a supplier that is insolvent with the TA.
32	Yes
33	Never
34	Nicaragua's tax code establishes tax confidentiality, and thus the taxpayer's tax situation is confidential. The information can only be published by court order.
35	Taxpayer information is not published. Only tax certificates issued by the TA can be consulted on the TA's website. The public information consists of advertisements, circulars, notifications, national legislation and the procedures to be followed by the taxpayer.
36	Yes
37	Only the account status of TA suppliers is verified; if they have outstanding debts, payment is pledged to the taxpayer's tax current account.
38	Yes
39	The total amount of the payment facility comprises the tax liabilities, value retention, surcharges for arrears calculated up to the date of the payment plan, and the fine per tax at the moment the agreement is signed; the taxpayer pays the premium corresponding to 30 percent of the value of the plan; up to 48 periods and 36 quotas are available; guarantees are requested, depending on the amounts.
40	Once the administrative recovery procedure has expired the TA's attorney notifies the taxpayer of the tax debt and sets a deadline for it to be settled. If it is not settled the taxpayer can be subject to injunctive measures of administrative intervention or close of business or, as necessary, judicial recovery.

41	Yes. The TA's attorney makes a request of the taxpayer of one day in his residence; this must be recorded in the tax information system and bears the attorney's signature. If there is no payment or at least commitment to pay, the head of the TA is asked to approve the closure of the premises for a maximum of six days, or administrative intervention, or judicial recovery. Once one of these measures has been approved, notification of the respective request is made as a warning of the measure's enforcement. In the case of judicial recovery, in this stage of coercive recovery the taxpayer is notified of the 15-day requirement established by law. In the event of persistent non-compliance the process advances to judicial recovery, with the previous investigations into property ownership for recovery of the debt, the assistant attorney lodges an enforcement proceeding.
42	The suit for execution of judicial recovery of tax debts established in article 176 of Nicaragua's tax code can be lodged by the assistant attorney for finance, part of the General Directorate of Revenue or, failing that, by the legal professional duly incorporated into the Supreme Court and delegated by the head of the TA; the statement of claims must include a copy of the certification of the act confirming that appointment and the respective enforcement order.
43	Yes. The suit for execution presented in the office of receipt and distribution of judicial proceedings is included in a computerized control system of the judiciary, which randomly assigns to it a number and a tribunal before which the writ of attachment is lodged; then the writ is put into the system for the assignment of a sentence enforcement judge, who undertakes that procedure and returns the proceedings to the originating tribunal.
44	Yes a) the challenges are the incompetence of the judge, non-legitimate mandate and third-party rights of domain or priority. Taxpayers can also appeal the interlocutory ruling of the judge, and can make known in the enforcement procedure the existence of bankruptcy or insolvency proceedings. b) At present, with the indulgence of the judicial branch, taxpayers can stop judicial recovery of tax debts with administrative-dispute claims and administrative amparo.
45	Since this is a matter of an enforcement proceeding based on a mandatory enforcement order there is no opening for the presentation of countering evidence; the plaintiff (debtor) can only oppose and test the challenges exceptions expressly set out in article 187 of the tax code.
46	No
47	According to article 43 of the tax code, all tax obligations prescribe after four years from the date on which they became demandable. The prescription that extinguishes the tax obligation cannot be decreed ex officio by the tax authorities, but taxpayers or responsible third parties can invoke it when they seek to have a tax obligation prescribed.
48	No
49	Third-party rights of domain or priority; or the unenforceability of the claim by reason of omission of the requirements set out in the tax code.
50	The criteria are based on the same law, such as unregistered domain in a period of two years before the claim demanded by article 902 to the holder of third-party rights of domain or full compliance with the requirements of the debt claim established in article 174 of the tax code.

51	Yes. At the request of the attorney, the judge groups the seized assets for the purpose of valuation. The appraisal is carried out by one expert named by the judge, who later indicates the place, day and time of the auction. As regards stocks and other endorsable securities, they are auctioned at their market value or, failing that, their book value.
52	Never
53	In the fiscal arena, the TA does not have the authority to promote property restraint in Nicaragua.
54	Yes. Through performance assessments by human resources, and review of portfolio recovery reports.
55	a) tax code; b) internal regulations; c) Recovery Procedure Handbook.
56	Internal and external.
57	Yes. Handbook of register of tax executions.
58	No
59	No
60	Yes
61	There are two directorates: the Directorate of Registry, Revenue and Recovery, and the Directorate of Revenue Administration.
62	<p>Professional training: university graduate in law, economics, business administration, public accountancy or industrial engineering. Specific expertise: Nicaraguan tax system.</p> <ul style="list-style-type: none"> - Information systems management. - Tax information system management - Software management: word processors and spreadsheets - Management of internal audit and budgeting regulations - Command of internal regulations on all recovery processes - Negotiating techniques - Customer service strategies - Basic command of English - Securities law and portfolio recovery techniques
63	a) changes to the legislation; b) modernization of tax information systems; c) introduction of new tax recovery policies; d) seminar on strategic negotiating techniques for the recovery of the delinquent portfolio.
64	No
65	None
66	No
67	No
68	None

Peru

Ref	Contribution by issue
1	Mixed model (amicable and coercive recovery)
2	No
3	Yes
4	It is carried out by TA officials and through a service contracted by the TA
5	In 2014, some 39 percent of the arrears in VAT and third-category income tax was recovered
6	2014: 39.2 percent; 2013: 37 percent 2012: 33.6 percent; 2011: 26.2 percent
7	Most debt is recovered in the first 30 days; after that, coercive recovery is necessary.
8	Yes
9	Voluntary updating by taxpayers. Another method: campaigns.
10	All of them. Another: publication on the TA's website
11	Creation of risk, behavior modification on the part of the indebted taxpayer, prompt payment before the start of coercive recovery, saving the cost of the coercive process.
12	Outsourcing of the telerecovery service, which provides alerts for delinquent filers and late payers before their transfer to coercive recovery.
13	Yes, through the deferral and/or part payment of the debt, as established in the tax code.
14	It is not considered advantageous to offer any benefit in addition to the payment plan.
15	Yes. The taxpayer can ask for a deferral of up to six months or a part-payment plan for up to 72 months.
16	Yes
17	Consultations with relevant state institutions. Exchange of information with the real estate and vehicle registries, etc.
18	Within the structure of the TA
19	Administrative in all cases.
20	Age of the debt, Amount of the debt. Profile of the debtor.
21	Yes. Annual.
22	By means of an ID—an identifier in the system.
23	Minimum amounts are set.
24	The claims (coercive enforcement rulings) accumulate in the coercive file.
25	On a mass basis.
26	By debtor.
27	It is difficult to distribute the portfolio equitably because of the number of debtors, but computerization of the processes allows the debt to be managed in a timely way (electronic liens on assets).
28	No, in no case.
29	Office measures prevail (banking, private and public third parties that have been computerized). Larger amounts over smaller amounts. Field measures are used (registrations, deposits and liens on revenues). Finally, the appraisal and auction of goods.
30	It is very important
31	Media dissemination of reported cases, and of the TA's plans and activities to combat evasion and smuggling. Information exchange with credit bureaus.

32	Yes
33	Always
34	Debt subject to coercive recovery
35	The taxpayer's registration number, the debt amount and the outstanding tax subject to coercive recovery that has been reported to the credit bureaus.
36	Yes. Bank withholdings, injunctive measures applied to state suppliers and suppliers to the country's main businesses.
37	Presentation of the writ of recovery through the TA's website, for attention to lifting the measure, nullification of the recovery procedure, change in measure, response to withholding notified by SUNAT, third-party claim to ownership (form 5011).
38	No
39	No information provided
40	An administrative procedure carried out by the TA
41	No
42	The coercive recovery process is initiated by the coercive executor through a notification of the coercive enforcement resolution, which contains a debt-settlement order under warning of injunctive measures or enforcement of judgment. During the coercive recovery process no administrative, political, or judicial authority or institution can suspend it, with the exception of the coercive executor, who can suspend it temporarily when a constitutional process of amparo had ordered an injunctive measure that calls for the suspension of the recovery by virtue of the protection afforded by the Code of Constitutional Procedure, or when the law does not expressly make provision.
43	No
44	Yes. An appeal when there are actions or procedures that directly affect or infringe the stipulations of the tax code and administrative provisions; these appeals are heard by the tax tribunal. Moreover, the debtor can, in a constitutional process of amparo, request an interim measure that orders the suspension of recovery according to the terms of the Code of Constitutional Procedure.
45	Broad, free.
46	Yes
47	TA actions to demand payment of the tax debt prescribes after four years except when the withholding or recovery agent has not paid the tax withheld or received, in which case the time limit is 10 years. It does not happen often because steps are taken to avoid prescription. No statistics available.

48	Yes. Extension of time spent on challenges, which hampers recovery actions and the risk increases that the debt will not be recovered because some debtors use this time to close the business and hide the goods.
49	Procedural errors: notification, timeframes, jurisdiction, and so on.
50	The TA can challenge the tax court's ruling that brings the administrative route to an end by means of the administrative dispute process. It can also lodge an appeal but only as regards the actions or procedures that affect the provisions of the tax code.
51	Yes. Online auction in the case of customs. One registers as a bidder, the bidder reviews the lots, bids and pays the bid, and is notified of the outcome at the end.
52	Never
53	It is not regulated in Peruvian legislation.
54	Yes. Supervised by their line managers
55	Regulation of SUNAT's coercive recovery procedure, regulated by the tax code
56	Internal
57	No
58	Yes. Management control through indicators.
59	Yes
60	Yes
61	22 operational agencies (local and regional) in which there is a chief, one or more enforcement officers depending on the needs of each, and enforcement assistants for each officer.
62	Lawyer in the case of coercive enforcement officers; other professions (lawyers, economists, accountants, administrators) in the case of assistants, by legal mandate.
63	They are trained periodically in the following areas: 1. Coercive tax recovery and related matters. 2. Supplementary regulations. 3. Court rulings (tax and constitutional). 4. Use of systems. 5. Ethics. 6. Taxpayer services. 7. Management and soft skills.
64	Yes
65	Tax administrations: Argentina, Ecuador and the United States. Customs administrations: Bolivia, Chile, China, Cuba, Ecuador, El Salvador, United States, Mexico, Panama, Paraguay, Russia, Uruguay, Venezuela and Vietnam. Avoiding double taxation: Chile, Canada, Andean Community, Brazil, Mexico, South Korea, Switzerland, Portugal.
66	No
67	No
68	SUNAT does not have agreements with other TAs for support in crossborder recovery.

Portugal

Ref	Contribution by issue
1	Only coercive recovery
2	There is no amicable recovery process
3	No
4	Not applicable
5	Not applicable
6	Not applicable
7	No information provided
8	Daily
9	Voluntary updating by taxpayers. Sworn statements provided by the TA
10	Notification by door-to-door mail service and email.
11	Reduction in non-compliance with voluntary payment within the deadlines.
12	No information provided
13	For certain cases and not all taxes.
14	Not to apply financing interest up to a certain number of quotas.
15	No information provided
16	Yes
17	Exchange of information with the real estate and vehicle registries, etc.
18	Within the structure of the TA
19	Judicial in all cases
20	Nature, age and amount of the debt. Stage of recovery management of debtor profile.
21	Yes. Monthly – returns made in an automatic procedure. Annual – time limits (“prescription”).
22	By means of an ID—an identifier in the system
23	All debts are enforced.
24	No
25	On a mass basis.
26	Not applicable
27	Not applicable
28	No, in no case.
29	Another criterion: the goods exempt from the measure referred to in articles 736, 737 and 738 of the civil procedure code.
30	It is very important
31	With the onset of the enforcement proceedings, the debtor is automatically sent a an electronic message by the SEF system of tax executions. This email is sent before the notification. Sales: - The seizure and sale of seized vehicles - Sale of seized real estate - Sale of seized vehicles - Sale of abandoned properties - various goods.
32	Yes
33	Always

34	In the case of the list of debtors published online, the criteria are as follows: tax debts; debt- or notices; and, after the deadline for legal challenges (30 days), securities, from €7,500 to €10,000 for individuals and legal entities.
35	Yes, access to the information is private, with access by the user/debtor, and the access is personal, all taxpayer information is visible. If the site is publicly accessible, ordinary people see only the name, NIF and the amount of the debt that appears in the list of debtors published online.
36	Yes. In all cases.
37	The shorter the period between the end of the period of voluntary payment and the onset of the executory proceedings, the greater the probability that the debt will be recovered. Currently, executory proceedings start within 15 days of the end of the voluntary payment period.
38	Yes
39	The benefit varies depending on the amount of the debt. When the case warrants it, it is possible to secure an exemption from responsibility for the debt.
40	A judicial procedure carried out by agents of the TA
41	Certificate of indebtedness, notification, seizure, assignment of a value to seized goods, sale, acquisition of the proceeds of the sale.
42	The debtor can challenge the debt claim in the time set out in the regulations and after notification.
43	No
44	No
45	Expressly determined by the regulations
46	Yes
47	Annually. Yes, we have statistics.
48	No
49	Non-compliance with legal formalities.
50	Analysis of the reasoning expressed in the ruling and real possibility of proving the contrary.
51	No
52	Never
53	The TA, by means of computerized access to the databases of institutions that oversee the goods subject to registration, effects an electronic seizure and thus the declaration is not applicable in this point.
54	Not applicable
55	Not applicable
56	Internal and external
57	Not applicable
58	Not applicable
59	Yes. There are cases in which an effort is made to demonstrate that the incompleteness of the notification is attributable to the taxpayer.
60	Yes
61	There are only two phases: 1. Voluntary recovery (legal timeframe for payment); and 2. Coercive start of the executory proceedings immediately after the deadline for voluntary payment.

62	All staff have a year's in-house coaching and specific tax training with written tests and knowledge assessment. After the introduction to coercive recovery, they receive specific training or are instructed in the use of coercive recovery systems and legislative changes. The materials are constantly updated in instructions for employees.
63	In the past 15 years, only new employees have entered the tax credit section; holders of higher education qualifications in law, accountancy, administration and economics. Employees who began before then have a secondary education: 12 years of schooling.
64	Yes
65	European Union
66	Yes. European Union
67	Yes. European Union
68	<p>The existence of an Inter-Ministerial Committee for Mutual Assistance in Credit Recovery Matters, whose mission is to effect the plan of mutual assistance in debt recovery between Portugal and the other member states of the European Union, has made debt recovery more efficient. It has been successful, leading to the sending of a growing number of assistance requests to and from other member states.</p> <p>The movement of funds has also increased and now stands at almost 4 million euros.</p>

Uruguay

Ref	Contribution by issue
1	Mixed model (amicable and coercive recovery)
2	No information provided
3	Yes
4	It is undertaken with TA personnel
5	Pilot plans for this form of debt recovery have been implemented since mid-2014.
6	No
7	No
8	Yes
9	Voluntary updating by taxpayers. On the basis of voluntary statements by taxpayers or in mandatory fashion by oversight.
10	<ul style="list-style-type: none"> - Notification by door-to-door mail service - Telephone calls - Email - Communications inbox.
11	Effective communication with the taxpayer has improved markedly.
12	No
13	Yes. They are permanent and always available.
14	Yes. Not to apply financing interest up to a certain number of quotas, nor compensating interest, or discounting it from a cash payment.
15	Yes. Agreement systems with cancellations of fines and surcharges. these are updated in the UI and tax agreements that consist of reducing fines and surcharges under certain conditions.
16	Yes
17	Exchange of information with the real estate and vehicle registries, etc.
18	Within the structure of the TA
19	Administrative, and in some case judicial. Depends on the amount of the debt.
20	Recovery management stage.
21	Yes. According to the corresponding judicial or administrative stage.
22	Manual registration of the debt being enforced
23	Minimum amounts are set
24	Yes. When the ruling that comprises the enforcement orders is classified as "enforceable."
25	From time to time. Individual or case-by-case basis
26	The two combined. Another method: territoriality
27	No
28	Yes, in all cases.
29	Other: existence of risk for the tax receipt
30	It is very important
31	The DGI is currently reviewing the management of the processes of recovering tax debts.
32	No
33	Never

34	Having responded in the negative to questions 104 and 105, there is no response to questions 106 and 107
35	Having responded in the negative to questions 104 and 105, there is no response to questions 106 and 107
36	No
37	Having responded in the negative to question 108, there is no response to question 109.
38	Yes
39	They are the same as the plans offered to all taxpayers in general.
40	A judicial procedure carried out by agents of the TA
41	No
42	There is no prior judicial notification
43	No
44	No
45	Expressly determined by the regulations
46	Yes
47	Sporadically
48	Yes. Mechanism for access to knowledge of the debtor's assets.
49	Formalities, procedural errors, absence of risk in the case of injunctive measures
50	In the event of a tort
51	Yes. The auction of goods (always judicial) depends on the nature of the good identified by the TA, previously complying with all the stages legally established.
52	Very often
53	In practice it is not subsidiary
54	Yes. Supervised by their superiors.
55	Service orders and circulars.
56	Internal
57	Yes
58	Yes. Reports and inventories.
59	No
60	Yes
61	A department divided into three sections (two legal and one administrative), plus a notarial team.
62	Lawyers and procurators
63	Professional development courses
64	Yes
65	Germany, Hungary, Mexico, France, Spain, Switzerland, Liechtenstein, Portugal, Iceland, Ecuador, Malta, Denmark, South Korea, Greenland, Finland, Argentina, India, Norway, Canada, Australia, Romania. (agreements in force)
66	With Spain.
67	With Germany, Ecuador, Spain, India, Mexico, Romania.
68	Not yet

