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Overview of Tax Expenditures in Latin America, main Statistics of the CIAT Database



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Summary

From the official reports completed by the countries of the region, a database of Tax Expenditures (DBTE) was prepared for the CIAT Tax Studies and Research Directorate. It was elaborated based on the systematic recording of the information contained in the reports, offering the highest level of disaggregation allowed in each report. A total of 4499 items of tax expenditures included in the last reports of the countries analyzed were recorded.

In this document, a general overview of tax expenditures in Latin America is presented, based on the exploration of the DBTE, displaying the observable results in the dimensions of greatest interest and showing the potential for analysis provided by this tool.

The accounting and characterization of the various items follow the recommendations included in the CIAT Handbook of Best Practices on Tax Expenditure Measurements, which allows analyzing the phenomenon from different perspectives. The identification, quantification and publication of tax expenditure reports is of great importance, insofar as it allows knowing the size of the phenomenon, the benefitting subjects, sectors, regions or activities, and is one of the components of the cost-benefit equation that the responsible in charge of the policy must analyze to know if the benefit granted through this mechanism had the desired effect and if the associated fiscal sacrifice is justified.

Introduction

The state, in order to execute its objectives of government or to respond to circumstantial situations that call for its intervention, uses various instruments to make economic transfers to subjects, sectors or regions in order to assist them. These transfers are usually executed through budget items that are defined in the budgetary laws. They can also be carried out through a reduction in the taxpayers' tax obligations. To benefit a group of individuals through a reduction in the tax burden can be economically equivalent to granting a support by means of a part of budget public expenditure, hence the denomination of *tax expenditures* (TE).

The United States and Germany were the pioneer countries to include TE reports in the budget. In the case of the United States, the public budget already includes a chapter on TE since 1968, and the denomination of *tax expenditure* is attributed to Stanley Surrey, Deputy Secretary of the Treasury, who was in charge of the identification and quantification of the non-collection by the exceptions that existed in the tax system of that country.¹ In the case of Germany, the tax subsidy and preferences report of 1967 is the first original document in the measurement of tax expenditures in that country.²

The common mechanism of direct expenditures provides greater clarity in public accounts than any other instrument. The budgetary expenses or direct expenditures that the government intends to execute must be studied and approved by the country's Parliament. The need, projected cost, and allocation of resources included in public expenditure programs will therefore be subject to debate and approval through majorities, ensuring a basic threshold of transparency. In addition to the a priori estimate of the expenditures to be budgeted, the executing agencies of these policies and therefore recipients of these funds are responsible for their fulfilment, generally providing mechanisms of accountability, making sure that the execution of the expenditures are within the maximum pre-set limits.

Much of the modifications intended to be introduced in the tax system will be subject to parliamentary review because, in general, it is laws that create, modify or suppress taxes. But while there is an instance of discussion prior to their introduction, there is no agenda for introducing these adjustments as it is the case in the budget and accountability laws and there are not always accountability of tax expenditures. The use of these instruments, in principle, does not provide the same guarantees as direct expenses. Direct expenses are exposed to a higher intensity analysis, review and discussion than tax expenditures and true economic costs are hidden within the sacrificed tax revenues. Although a large part of the countries have implemented the submission of TE reports, the gap between the level of review and transparency of tax expenditure compared to direct expenditures is notorious. Unless the TE is subject to a level of debate equal to direct expenditure, they can give rise to *fiscal opportunism* on the part of

1 Stanley S. Surrey, the Tax Expenditure concept and the Budget reform Act of 1974, 17 B.C.L. Rev. 679 (1976), <http://lawdigitalcommons.bc.edu/bclr/vol17/iss5/1>

2 Subsidy Report of the Federal Government. In accordance with the law to promote the stability and growth of the economy (StabG) of June 1967, the federal government of that country must develop and present that report. The study is of bi-annual elaboration and contains the identification and the cost of the subsidies granted by the federal budget and the tax benefits. The document is presented jointly with the Federal Budget Government project.

governments. Some sectors of economic activity are aware of this fact and prefer to receive benefits through tax incentives rather than through direct subsidies.

The quantification of TEs, therefore, is of enormous importance to the extent that it allows knowing the dimension of the phenomenon, the subjects, sectors, regions or activities benefited, and is one of the components of the cost-benefit equation, that the responsible for the policy should analyze to know if the benefit granted through this mechanism has had the desired effect and justifies the associated tax sacrifice.

TEs will be the economic result of the exceptions to a reference tax or a reference tax system. The tax standard of reference usually includes the structure of rates, the accounting practices accepted, the form and conditions of the deduction of the expenses made, specific rules to facilitate the administration of taxes, among others.

CIAT (2011)³ defines the TEs as the resources that the State ceases to collect because of the existence of incentives or benefits that reduce the tax burden faced by certain taxpayers in relation to a tax system. The term “expenditure” emphasizes the fact that the uncollected resources could have financed explicit public spending programs in favor of those whose tax burden is reduced and, possibly, even in favor of others.

The delimitation of the tax system of reference is a key element in the initial process of these studies and the different methodological options for demarcation of this tax scheme of reference will yield results that are approximately equivalent to the tax sacrifice.

The goal of the tax system is to obtain sufficient income to finance public expenditure, ensuring a fair distribution of the tax burden, minimizing the negative effects of taxes on the economic efficiency, as well as the costs of administration and compliance with tax regulations. *Transparency* is also an objective to consider. According to Mirrlees (2011)⁴ this objective has two dimensions: on the one hand the certainty, or absence of arbitrariness in the determination of the tax obligation and on the other the intelligibility of the tax rules. The introduction of exemptions in the tax system, which give rise to tax expenditures, alter the prexistente balance in the system: they reduce the revenue capacity, they can alter positively or negatively their redistributive incidence, they produce a economic inefficiency, by introducing an exception that disturbs the neutrality of the system, affects equity by maintaining taxpayers in a position of economic privilege in front of others and produces an increase in the costs of compliance to the extent that they complexify the tax system, reducing its transparency.

In our current times, with the fall in commodity prices and the unsafe international context, a large part of Latin American countries (LAC) must improve their revenue/expenditure ratios in ways to reduce their deficits by trying to mitigate the negative effects on growth. Among the factors that affect the improvement of the fiscal position, the capacity to collect and the degree and effectiveness of public

3 Handbook of good practices in the measurement of tax expenditures. An Ibero-American experience. Inter-American Center of Tax Administrations 2011

4 Mirrlees, James; Adam, Stuart; Besley Timothy; Blundell, Richard; Bond, Stephen; Chote, Robert; Grammie Malcolm; Johnson, Paul; Myles, Gareth; Poterba, James. Tax by Design. Institute of Fiscal Studies. 2011. This work, seeks to present an optimal tax design, for which identifies as basic principles or objectives of the tax system, the collection goals, the redistributive goals, those related to economic efficiency, those related to Equity, in the sense of fair distribution of the tax burden, those related to administration and compliance costs and transparency-related objectives. pp. XXVI-XXVII). For the authors, the first two principles respond to value judgments, while the others to economic considerations.

expenditure are priorities. In this context and focused on the point we are interested in, it is good to ask ourselves: *how much can improve the collection capacity of our countries?* In addition to quantifying, monitoring and projecting the tax collection, it is essential to estimate, quantify and project both tax evasion and TEs. These three elements will form what has been called *structural collection*, and allow us to know what the *collection benefits* can be, both by reducing non-compliance, and by eliminating the existing exceptions in the system.

1 The Practice of Tax Expenditure Reports

Presenting reports on TEs improves the tax transparency and a more efficient allocation of resources, to the extent that it provides systematically and from a specific methodology a monetary valuation of the tax cost of each and every policies implemented through this mechanism.

From the compared review of these reports, both of the countries that have experience in their elaboration and those who most recently adopted this practice, we see that there is no coherence with respect to the elements that they must include. We can also mention the elements most commonly found in these documents: a general definition of tax expenditure, the description of the frame of reference for each of the taxes under analysis, the description of each one of the items identified as tax expenditure, the compilation of the tax rules that give rise to each benefit, the results found, as well as the TEs' projections for the coming periods. In the case of this last component, it is found mainly in those reports that are part of the budget and accountability laws.

According to the recent report of the EU on TEs (2014)⁵, countries show different classifications of TEs in their reports. Some classify them in relation to the taxable base under study (CIT, PIT, VAT, etc.), while others do so by the types of provisions (reductions, exemptions, deductions, etc.). Some countries in their reports show the disaggregated benefit according to the beneficiary, in order to show the sector of activity or type of taxpayer that benefits. In other reports, the tax sacrifice is considered in terms of the policy goals (housing, low-income people, investment promotion, etc.).

The practice of identification, measurement and periodic submission of TE reports and their equitable treatment with direct costs in respect of the parliamentary discussion process is a first step in monitoring some of the elements that have been highlighted as disadvantages of these instruments. The TE reports contain the cost estimation that each considered exception produces, so then it will be necessary, for an integral analysis of the effectiveness of the policy implemented through this mechanism, to progress in the analysis valuing the benefits obtained by the implementation of the policy in question.

In recent years, an emergent interest has been observed in impact studies assessing TEs on the variables of interest: investment, employment, etc., especially based on databases of tax returns and focused mainly on the exceptions implemented in personal and business income taxes. The particular form of each adopted instrument and the various policy objectives that they pursue obliges to make case-by-case

5 Directorate-General for Economic and Financial Affairs. Tax expenditures in direct taxation in EU Member States. European Commission. 2014

assessments, and since the objectives can be as dissimilar as to economically promote a geographical area, a sector of activity or the making new investment, promoting employment, or altering the distributive impact of a tax, among many others, determining the overall benefit of the TE is not a simple task and rather the evaluations are made for a particular segment or for a set of exceptions that integrate the system of a tax and are oriented to the same objective (for example all the measures that seek to promote the growth of the investment, or the employment). In addition to the peculiarity of each instrument, a problem that appears frequently refers to the difficulty of identifying the effective beneficiary of TEs.

In addition to the greater transparency provided by the publication of the TE reports, it is advisable to incorporate certain clauses in relation to the term of validity and the maximum amounts of benefit to be granted at the time of the creation of the exceptions. We can mention as a good practice the rules for creating exceptions that include the date of expiration of the benefit, or a maximum number of periods of their application by a taxpayer after that the hypothesis that gave rise to the benefit occurred. Tax prudence measures are also the a priori determination of maximum profit ceilings that can be used individually, as well as maximum amounts of benefits that will be globally granted. With these additions in the normative texts of creating an exception in the body of a tax, the non-perpetuity of the benefit is guaranteed as well as a priori control of the sacrifice that can be executed through this mechanism, giving it a treatment more equivalent to a budget expenditure item, which by nature has a maximum amount of utilization.

2 The Panorama in Latin America

From the official reports made by the countries, the CIAT Directorate of Tax Studies and Research has developed a database of the tax benefits and incentives included in the reports of 16 countries in the region (Data Base Tax Expenditures, DBTE). This is formed from the systematic recording of the information contained in the reports, with the opening to the highest level of disaggregation allowed in each report. In total, 4499 items of tax expenditure were recorded in the last reports of the countries analyzed.

The DBTE contains the following fields:

Table 1: Fields included in the DBTE

Field	Description
Country	Name of country reported
Tax Category	Values from 1 to 9 (See Annex)
Name of the tax	Name and acronym of the tax in that country
Type of Tax Expenditure	Values from 1 to 7 (See Annex)
Tax incentive	Mark if it is an Incentive (I) or a Tax Benefit (B)
Normative source	Describe the normative source of the exception
Name of the Measure	Name that takes the measure
Description of the measure	More detailed description of the exemption
Validity from	Start year of the exception
Valid until	Expiration year of the exception
Budgetary sector associated	Alphabetical Classification (See Annex)
Specific Geographic Area	Specifies in which part of the territory the benefit applies
Exercise	Year that the Tax Expenditure is being reported
Method of measurement	Describe the measurement method applied in the study
Information sources	Describes the sources of information used for the estimate
Tax Expenditure amount	Value of tax expenditure
Tax Collection	Amount collected from that tax in that year
Total collection	Amount of total collection of that year
GDP of the period	Value in comparable currency of the GDP of that year
Source	Report that gives rise to the registration

The exploration of the DBTE allows us to know the relationship between the tax expenditure and the GDP of each country, its evolution throughout the periods included in the analysis, their distribution according to the categories of taxes most relevant where exceptions were found (Value added taxes, personal and corporate income taxes, selective taxes, foreign trade taxes, property taxes, etc.). It is also possible to know the amount and accumulated amounts of collection losses attributable to each of the types of tax expenditure (exemptions, reduced aliquots, deductions, credits, etc.).

The information, as it is prepared, also enables the distribution of tax expenditure according to the budget sectors most associated to the measure under analysis, classification that follows the proposal included

in the CIAT Handbook⁶ (Education; Health and sanitation; Housing; Development and Decentralization; Agriculture; Industrial activities; Energy and mining; etc.). In the registration process, each tax expenditures item was classified as a tax benefit or as a tax incentive. Among the first category we find all the tax expenditures associated with the social public expenditure, while those tax expenditures that are presented in order to promote a specific economic activity were classified as tax incentives.

The results of the total tax expenditure of each country in relation to the gross domestic product are presented below.

Table 2: Tax expenditure as a percentage of each country's GDP (last three years)

Country	t = last year	(t-2)	(t-1)	t
Argentina	2016	2.5%	2.9%	2.8%
Bolivia	2013	1.0%	1.2%	1.3%
Brazil	2016	4.5%	4.8%	4.4%
Chile	2016	4.3%	4.5%	4.3%
Colombia	2014	-	0.6%	0.7%
Costa Rica	2016	5.1%	5.2%	5.1%
Ecuador	2014	4.7%	4.7%	4.1%
El Salvador	2013	3.1%	2.9%	3.0%
Guatemala	2015	2.6%	2.5%	2.5%
Mexico	2016	3.3%	2.9%	2.9%
Nicaragua	2013	4.8%	5.0%	5.5%
Panama	2012	-	-	2.7%
Paraguay	2016	1.9%	1.7%	1.7%
Peru	2016	2.2%	2.3%	2.2%
Dominican Republic	2016	-	6.8%	6.6%
Uruguay	2014	6.6%	6.4%	6.3%
Average		3.6%	3.6%	3.5%

Sources: Tax expenditure database – CIAT 2016
Statistics of national accounts of countries compiled by CIAT

The average tax expenditure on GDP for the analyzed countries was 3.5% in the last period of analysis. We must be cautious when making cross-country comparisons as the different estimation methodologies, the interpretation in each study of the scope of tax expenditure to be quantified as well as the greater or lesser tax inclusion in each study, will yield different results. 8 of the countries analyzed have reports with tax expenditure projection, which allows to have records of tax expenditures until to 2016 inclusive.⁷ The other countries measure the expenditure carried out in previous years (usually by the criterion of the accrued).⁸

6 Handbook of Best Practices on Tax Expenditures Measurement. An Ibero-American experience. Inter-American Center of Tax Administrations 2011

7 In the case of Paraguay, the estimation of tax expenses that gives rise to this registration of DBTE, was carried out by CIAT in April-July of 2015 and contained the projections of tax expenditure for that year and 2016.

8 In the case of Uruguay, from the recent adoption of the Accountability Act, the country must present from 01/2018 an annual reports of tax expenditure including the projection of the tax expenditures of the financial year considered.

As mentioned earlier, the CIAT Manual foresaw an opening by type of tax that allow the results to be visualized for the main taxes. In this update and after reading the country reports it was considered pertinent to have a wider classification of taxes so the code table was opened, creating 9 categories (see annex). The following table shows, for the last exercise of each country, the breakdown of the total tax expenditure in relation to the GDP opened for each of these categories of taxes.

Table 3: Tax expenditure as a percentage of each country's GDP. By category of tax analyzed (last exercise)

Country	General taxes on consumption	Individual income taxes	Corporate income taxes	Excise taxes on fuels	Excise taxes various	Foreign trade taxes	Others	Overall total
Argentina	1.3%	0.4%	0.4%	0.2%	0.1%	0.1%	0.3%	2.8%
Bolivia	1.0%		0.1%			0.1%	0.1%	1.3%
Brazil	1.1%	0.7%	0.9%		0.4%	0.2%	1.2%	4.4%
Chile	0.6%	2.7%	0.9%	0.0%			0.0%	4.3%
Colombia			0.7%				0.0%	0.7%
Costa Rica	3.0%	1.1%	0.9%	0.1%		0.1%	0.0%	5.1%
Ecuador	2.1%	0.7%	1.3%	0.0%	0.0%	0.0%	0.0%	4.1%
El Salvador	1.5%	0.5%	1.0%				0.0%	3.0%
Guatemala	1.5%	0.2%	0.8%	0.0%	0.0%	0.0%	0.0%	2.5%
Mexico	1.3%	1.2%	0.3%	0.1%	0.0%		0.0%	2.9%
Nicaragua	4.2%	0.0%	0.3%	0.0%		0.9%	0.0%	5.5%
Panama	2.7%						0.0%	2.7%
Paraguay	1.1%	0.1%	0.2%			0.2%	0.0%	1.7%
Peru	1.7%	0.2%	0.1%	0.0%		0.1%	0.0%	2.2%
Dominican Rep.	3.2%	0.1%	0.6%	0.8%	0.3%	0.7%	0.9%	6.6%
Uruguay	3.1%	0.5%	1.5%	0.0%	0.0%		1.2%	6.3%
Overall total	2.0%	0.6%	0.7%	0.1%	0.1%	0.2%	0.2%	3.5%

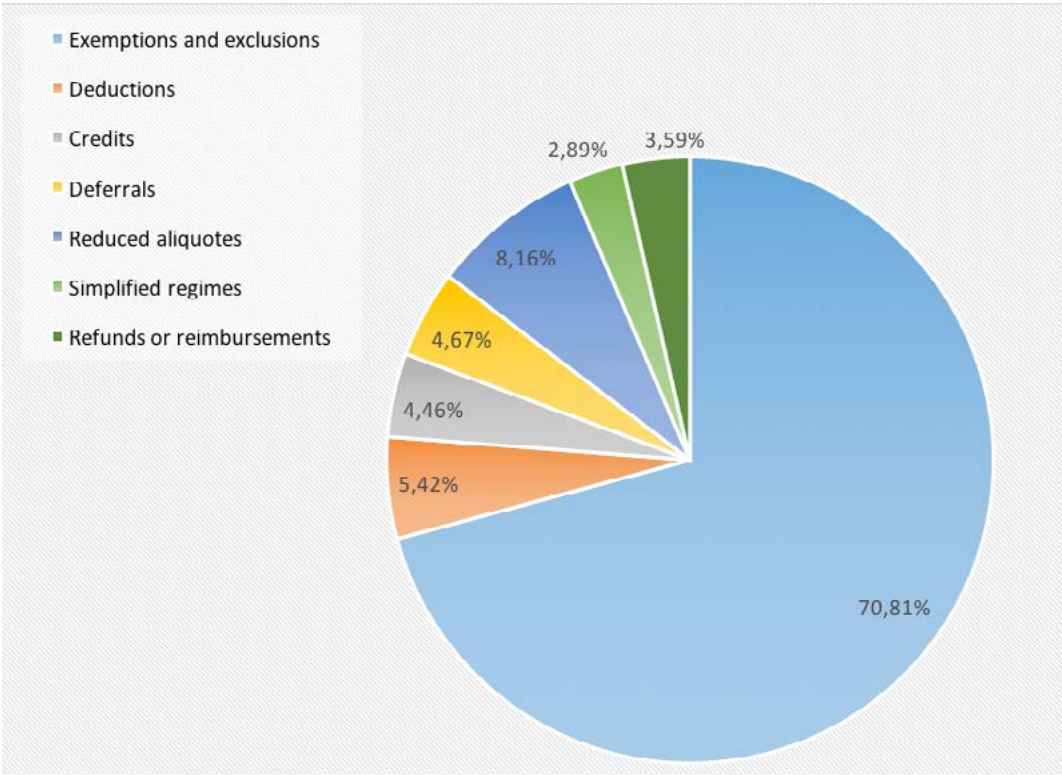
Sources: Tax expenditure database – CIAT 2016
Statistics of national accounts of the countries compiled by CIAT

It can be noted that largely the tax expenditure is executed on the general taxes on consumption (in this classification the VAT of the countries are mainly included). On average these represent 2.0% of GDP. Following in importance are the income taxes of both individuals and companies. In each country the interrelationships between one and other income taxes have different intensity, and even in several countries the system of income taxation has a single tax figure that reaches both individuals and companies. This gives rise to greater difficulties at the time of assessing certain exceptions to the extent that it may be not clear if they are a benefit to individuals, businesses, or both.

With a lesser importance in relation to the total of TEs, we find the taxes on the foreign trade, and the excise taxes in which we count separately those tax expenditures related to the hydrocarbons. The "other" column includes the Social Security contributions, the property taxes as well as a diversity of specific figures that could not be classified in the main families.

When we refer to tax expenditures, we usually relate them to tax exemptions, neglecting that some tax exceptions use different forms than the exemption itself. In fact, the exceptions identified as TE can take on a variety of forms. In this regard, the CIAT Handbook establishes that TEs originates in provisions such as exemptions, exclusions, reduced aliquots, deductions, credits, deferrals, simplified regimes, special or promotional regimes and refunds or reimbursements.

Figure 1: Distribution of tax expenditures depending on the type of exception identified
All countries analyzed (last period)



Sources: Tax expenditure database – CIAT 2016
 Statistics of national accounts of the countries compiled by CIAT

Exemptions, or exonerations, are situations expressly envisaged in the tax regulations that exempt certain economic facts which, having fulfilled all the hypothesis to verify the taxable fact, would be achieved with the tax. We can cite here those circulations of goods and services expressly released from the tax obligation, or those incomes exonerated both of the tax on the business or personal income. The exploration of the information contained in the DBTE allows us to observe that this is the most common form of exception adopted in the various tax systems, and is the one that most impacts economically on the total estimated tax sacrifice.

Another typical form of exceptions that will lead to the TE are the **reduced tax rates**. With reduced aliquots we mean that the tax under analysis identifies a general rate for the generality of the economic facts on which it falls and exceptionally establishes lower rates for certain specific cases; The sales of certain goods, the operations in which certain subjects are specifically involved, the activities carried out in certain geographical regions, among others.

The typical example of reduced aliquots is found in value-added taxes or general sales taxes. These are generally used in order to reduce the natural, or design, reescalation of these instruments and generally have an objective nature, i.e. a reduced tax rate is applied to the circulation of certain goods or to the provision of certain services. The reduced aliquots can also be used for the implementation of other types of policies, for example: the reduction of VAT aliquots in the purchase-sales of new properties, seeks to minimise the fiscal cost of the operation through an establishment of a minimum tax that allows absorbing the VAT included in the inputs for the construction of the home without impacting more in the price. These instruments are also used to promote the consumption of meritorious goods.

Also in income taxes has been observed the use of this variant of benefit, either to promote investment in certain sectors of activity, or geographical areas, or as a mechanism for reducing the burden on companies of small economic dimension.

Following the types of exceptions we find **the deductions**. These are amounts that are subtracted from the tax base. It will also be important here to know the approach adopted for the delimitation of the frame of reference. In the case of the income tax of legal entities it is generally accepted that the computable income is the gross income to which all the expenses necessary for obtaining of the income and the conservation of the source are subtracted: cost of the incorporated inputs, salaries, contributions to social security, leases of plant or equipment, normal depreciation of fixed assets, among others. In the countries' studies, these deductions integrate the framework and will not be considered TE.

Tax credits are the amounts that are allowed to be reduced from the assessed tax, or from the tax aliquot. The choice between the use of this instrument rather than an additional deduction on the taxable amount, depending on the parameters established, will be decisive in the generation of the tax and the consequent dimension of tax expenditure. The use of credits is usually seen in both income taxes and value-added taxes. In many cases this tool is used in situations of support to a particular sector of economic activity, or geographic area. It is also common to observe these benefits as one of the mechanisms to attract investment, especially foreign, given its simplified application form and therefore the ease of communication of benefits to potential investors.

The **deferred taxes**, in the different forms that they can adopt, are another type of exception included in the tax normative (usually in the CIT) which generally has effects on the financial flows of companies but not in the long term result, since deferred taxes or the anticipated expenditures (which produce a similar effect and are computed in this category), reduce the burden on the present exercises but oblige the taxpayer to cope with the tax in future periods.

It should be borne in mind that these exceptions, if a long-term approach to the estimate is followed, will not be considered as TE to the extent that the collection does not effective in the application exercises of the benefit will be recovered in subsequent periods. Most countries do not include these exceptions as TE.⁹

⁹ The reports of tax expenditures of Chile are those that contain a greater participation of this type of exception, representing the deferred the 68% of the tax expenditure measured in its study.

Another form identified in the CIAT Handbook are **the simplified regimes**, special or promotional, which consist of provisions covering one or more taxes, typically operate on small taxpayers, as well as in geographical areas with comparative disadvantages compared to the rest of the country or specific economic sectors.

One aspect to bear in mind is that many times the design objective of a simplified regime is simply to reduce the complexity for certain subjects in order to reduce management costs for the administration, as well as the cost of determination for the taxpayers who can protect themselves. These schemes are undoubtedly exceptional if compared to the reference tax system, but do not necessarily imply a lower collection or associated loss of collection. In the Mexico report, for example, the revenue losses from taxpayers covered by a simplified regime are compensated by the collection of such a regime.

Finally, refunds or reimbursements in accordance with the CIAT Handbook, are exceptions that financially advance or compensate taxpayers. The case may be cited for certain tax refunds, which are granted as a benefit in relation to the subsequent observation of compliance with some pre-arranged guideline with taxpayers. It also establishes a form of refund in some cases when it comes to exporters for the part of the indirect taxes that could not be fully realized through the VAT refund mechanism.

The exploration of the DBTE allows us to observe that more than 72.5% of the tax expenditures found refer to exonerations themselves, followed by the reduced aliquots with 7.7%.

3 Tax Expenditures Reports Consulted

ARGENTINA

Estimation of tax expenditures-for the years 2010 to 2012-Report created by the National Directorate for Tax Research and Analysis, Ministry of Finance, Minister of Economy and Public Finances, Presidency of the Nation

“Estimation of tax expenditures for the years 2010 to 2012”-Report prepared by the National Directorate of Research and Tax Analysis, Ministry of Finance, Minister of Economy and Public Finances, Presidency of the Nation. Budget-Adjusted securities- Summary Presidency of the Nation, Ministry of Economy and Public Finances, Secretariat of Finance, Under-Secretary of Budget, National Budget Office

“Estimation of tax expenditures in the Argentine Republic.” Years 2011-2013. Report prepared by the National Directorate for Tax Research and Analysis, Ministry of Finance, Minister of Economy and Public Finances, Presidency of the Nation

Estimation of tax expenditures in the Argentine Republic-report prepared by the National Directorate for Tax Research and Analysis, Ministry of Finance, Minister of Economy and Public Finances, Presidency of the Nation

BOLIVIA

Revenue and tax expenditure Bulletin N°5- Ministry of Economic and Public Finances. Plurinational State of Bolivia

BRAZIL

Report of tax expenditures PLOA 2014 (DGT 2014)-Center for Tax Studies and Customs-Receita Federal

Report of tax expenditures PLOA 2015 (DGT 2015)-Center for Tax Studies and Customs-Receita Federal

Report of expenditures PLOA 2016 (DGT 2016)-Center for Tax Studies and Customs-Receita Federal

CHILE

Tax expenditure 2012-2014-Directorate of Studies-Internal Revenue Service-September 2013-Traditional methodology-values adjusted by report 2016

Tax expenditure 2013-2015-Subdivision of studies-Internal Revenue Service-September 2014-Traditional methodology

Tax expenditure 2014-2016-subdivision of studies-Internal Revenue Service-September 2015-Traditional methodology

COLOMBIA

Tax expenditures in Colombia. Benefits in Income tax and CREE- legal entities. Taxable years of 2013-2014-Coordination of Economic Studies. Subdivision of operational analysis management. Director of Organizational Management

COSTA RICA

Tax expenditures, methodology and estimation. Year 2014. Directorate General of Finance (DGH) Division of Fiscal Policy (DPF) August 2015. Contains series 2010-2014 and Projections 2015 and 2016. (2014 single year with opening x items)

ECUADOR

Manual of tax expenditure 2012- Department of Tax Studies- Tax Studies Center-this document presents the methodology used to calculate the tax expenditure in the country, as well as the main figures of the estimates and the regulations in force.

Manual of tax expenditure 2013-Department of Tax Studies- Tax Studies Center-this document presents the methodology used to calculate the tax expenditure in the country, as well as the main figures of the estimates and the regulations in force.

Manual of tax expenditure 2014-Department of Tax Studies- Tax Studies Center-this document presents the methodology used to calculate the tax expenditure in the country, as well as the main figures of the estimates and the regulations in force. October 2015

EL SALVADOR

Tax expenditure: years 2011-2012: VAT and income. Tax Studies Unit. General Directorate of Internal Taxes. December 2014

Tax expenditure: 2013: VAT and income. Tax Studies unit. General Directorate of Internal Taxes. December 2015

GUATEMALA

Tax expenditure statistics. Available at:
<http://portal.sat.gob.gt/sitio/index.php/estadisticas/47-estadisticas-tributarias/7897-analisis-y-estudios-tributarios.html>

MEXICO

Tax expenditure budget 2013. Secretariat of Treasure and Public Credit. Includes Tax Expenditure 2013 and 2014

Tax expenditures budget 2015. Secretariat of Treasure and Public Credit. Includes Tax Expenditure 2015 and 2016

NICARAGUA

Tax expenditures and VAT and IT evasion: 2010-2013, Alma Cortés Selva Ministry of Finances and Public Credit Directorate of Economic Studies, Managua, Nicaragua

PANAMA

Estimate of tax expenditure in Panama, through the indication of steps and criteria for establishing a measurement methodology. Michel Jorratt de Luis-March 2014

PARAGUAY

Tax expenditure in Paraguay report 2013 - 2014 and tax expenditure projections 2015 - 2016. CIAT-SAT-GIZ

PERU

Report N° 016-2015-SUNAT /5A0000 + Working papers of the tax expenditure study of Peru

DOMINICAN REPUBLIC

Ministry of Finance tax expenditures in Dominican Republic - Estimate for the General budget of the State of the year 2015 and 2016

URUGUAY

Tax expenditure report 2012-2014. Department of Economic-tax studies-DGI

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5 Annex.

Glossary of categories used in BDTE

I) Categories of Taxes considered

- 1 General consumption taxes
- 2 Individual Income Tax
- 3 Corporate income tax
- 4 Fuel-selective taxes
- 5 Miscellaneous selective taxes
- 6 Foreign Trade taxes
- 7 Property taxes
- 8 Social contributions
- 9 Other

II) Types of Tax Expenditures considered

- 1 Exemptions and exclusions
- 2 Deductions
- 3 Credits
- 4 Deferrals
- 5 Reduced aliquots
- 6 Simplified, special or promotional regimes
- 7 Refunds or reimbursements

III) Glossary of budget sectors associated with tax expenditures

- A State apparatus, internal security and national defense,
- B Foreign trade (includes Maquilas and tax free and similar zones) and tourism (includes gambling and similar)
- C Social Security and social services (includes private pension and adoption systems). Associations and foundations.
- D Employment
- E Housing and Urban development (includes construction and infrastructure)
- F Health and sanitation (includes food and maternity) and sports
- G Education, culture (includes artistic activities) and research, development and innovation (includes science and technology)
- H Agriculture (includes farming), fishing and forestry
- I Industry (SMEs), agroindustry and the like
- J Energy and mining
- K Transport and Telecommunications (includes emails)

- L Financial Sector (including capital market, insurance, leasing)
- M Investment, Decentralization and Regional Development
- N Politics, Religion, Justice and External Relations
- O All sectors (including trade, services, environment and Fi activities)
- P Any other sector.



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