



# Working Papers

ISSN 2219-780X

1

JANUARY  
2021

## DIMENSIONS OF TAX EXPENDITURES

*A second-level exploration  
in the CIAT Tax Expenditure Database*



CIAT

Fernando Peláez Longinotti





# **DIMENSIONS OF TAX EXPENDITURES**

*A second-level exploration  
in the CIAT Tax Expenditure Database*

**Fernando Peláez Longinotti**

**Serie:** *Working Papers*  
ISSN 2219-780X

## **Dimensions of Tax Expenditures**

*A second-level exploration in the CIAT Tax Expenditure Database*

WP-01-2021

© 2021 Inter-American Center of Tax Administrations - CIAT

**Diagramming:** CIAT Communication and Publications Coordination

### **Copyright**

The Inter-American Center of Tax Administrations –CIAT, authorizes the total or partial reproduction of this work by any means or procedure, whether known or to be known, provided that the source and copyright holders are properly quoted. [www.ciat.org](http://www.ciat.org)

<b>Abstract</b>	<b>5</b>
<b>1 Introduction</b>	<b>7</b>
<b>2 Incentives and benefits across the tax system</b>	<b>11</b>
2.1 Tax instruments to channel incentives and benefits	12
2.2 Tax benefits on General Consumption Taxes	15
2.3 Tax Incentives on Corporate Income Taxes	19
<b>3 Distribution of the Tax Expenditures by associated budget sector</b>	<b>25</b>
3.1 Tax Benefits and Social Budgetary Sectors	29
3.2 Tax Incentives and Budgetary Sectors related to production	31
<b>Conclusions</b>	<b>32</b>
<b>Tax Expenditures reports included in TEDLAC</b>	<b>34</b>
<b>Bibliography</b>	<b>39</b>

# A CKNOWLEDGMENT

I wish to express my gratitude to the Inter-American Center of Tax Administrations and its Tax Studies and Research Directorate, especially to its Director, Santiago Díaz de Sarralde, for entrusting me with this new challenge, and for providing comments and observations that enrich the paperwork, and to its team: Gaspar Maldonado and Julio López who at all times lent their efforts to the achievement of this project.

In this work, the results of the Tax Expenditures that are included in the Tax Expenditure Database of the Latin American and the Caribbean (TEDLAC) were analyzed, at a second level of disaggregation. We focus on two of the dimensions offered by the data: on one hand, the tax expenditures delivered as tax incentives or as tax benefits according to the object of the exceptions; on the other hand, according to the budgetary sectors associated with the tax expenditures.

TEDLAC presents a classification of Tax Expenditures at the individual level that identifies each item with a *Tax Incentive* or with a *Tax Benefit*. The work allowed us to analyze the weight of tax expenditures of each category, to discover which one predominates more in the countries included in the base and which are the most common instruments to channel incentives and benefits via tax exceptions.

The tax expenditure originated in exceptions for the consumption of essential goods and services: food from the consumer basket, health services, medicines, among others, typical in general consumption taxes, such as VAT, represents on average 1.1% of the GDP, a third of the revenue foregone by countries. The work raises the discussion on the efficiency of the allocation through this mechanism, in relation to alternatives focused on the subjects and not on the objects that can enhance the allocative capacity at the same time that they reduce income losses.

For its part, Tax Incentives were found mainly in Corporate Income Taxes. In this tax, through exemptions, permanent or with installments, extraordinary deductions, investment credits, among other tools, there is a tax expenditure equivalent to one seventh of the totality of the tax waived by the countries but not only through this tax are tax incentives granted. In the specific taxes on fuels and excise taxes in general, the majority of the exceptions also have this object.

A second-level exploration also allowed us to associate tax expenditures with the Budget Sectors most closely linked to the measure under analysis. The information, as it is available in the database, enables

the distribution of tax expenditure according to the budget sectors most related to any measure, a classification that follows the proposal included in the *Handbook of Best Practices on Tax Expenditures Measurement*.

We were able to appreciate how the *Health, Sanitation and Food* sector receives more than 30% of the average tax expenditure, and is the main Sector associated with tax expenditures in more than half of the countries included in the TEDLAC.

To manage the foregone tax revenue resulting from the existence of exceptions, the first thing is to know their magnitude and their main characterization. The TEDLAC, through a systematic and multidimensional registration of the exceptions included in the tax systems of the countries, according to a certain set of parameters, and making use of TE reports, provides a useful tool for a more complete understanding of this phenomenon.



# 1 Introduction

In successive working documents, CIAT has presented the Tax Expenditure Database (Acronym TEDLAC: Tax Expenditure Database of Latin American and the Caribbean).

This tool is developed from the systematic recording of the information contained in the Tax Expenditure reports from the countries of the region, opening to the highest degree of disaggregation possible in each report. The tool is available to all audiences, as a .txt file, which can be downloaded along with its glossaries at:

<https://www.ciat.org/tax-expenditures/?lang=en>

The exploration of the TEDLAC allows us to know the relationship between the Tax Expenditure (TE) and the Gross Domestic Product (GDP) of each country, its evolution throughout the periods included in the analysis, as well as its distribution according to the Most relevant tax categories where exceptions were found (value added taxes, taxes on personal and business income, excise taxes, foreign trade tax, property taxes, etc.).

It is also possible to know the amount and accumulated amounts of collection losses attributable to each type of tax expenditure (exemptions, reduced rates, deductions, credits, among others).

In recent works we have explored the tool at a first level of depth, exposing the main statistics produced by TEDLAC. There we observe that the countries' tax expenditures stand on average between 3 and 4 points of GDP<sup>1</sup>, and that this relationship has remained stable in recent years with data.

---

1 CIAT subsequently analyzed the Tax Expenditures of a broader set of countries, including cases that are not registered in TEDLAC. It was observed that, on average, tax expenditures stood at 4.2 points of GDP, with the largest number of cases analyzed between 2.6 and 5.3 points of GDP. Tax Expenditures in CIAT Member Countries. CIAT (2019). Available at <https://biblioteca.ciat.org/opac/book/5690>

TEDLAC allowed us to measure the proportion that exemptions represent in the total of the different types of tax expenditures, verifying that this form of exception is the most common and the one that produces the greatest collection losses<sup>2</sup>.

Exploring the tool also allows us to appreciate that, in most countries, general consumption taxes are where the highest accumulation of TE is found, both in terms of the number of exceptions and the accumulated amount of tax expenditure in each country. Therefore, as this tax is the main support for the collection of the countries of the region, it is also the one that generates the greatest amounts of collection losses, due to the exceptions it contains.

The CIAT Tax Expenditure Handbook establishes certain coding rules for registering the tax expenditures of the countries in TEDLAC. Certain categories are thus defined, which allow us to analyze tax expenditures from different dimensions. TEDLAC presents a classification of Tax Expenditures at the individual level that identifies each item with a *Tax Incentive* or with a *Tax Benefit*. Tax Incentives are identified as those exceptions that are introduced into the tax system in order to attract investment, promote employment, regional development, or a particular sector, among others. But the truth is that the tax system also contains exceptions whose purpose is not to promote the development of an economic activity, but rather that, through the tax system, transfers are given to people, serving a social purpose. TEDLAC calls this class of exceptions *Tax Benefits*.

The work allowed us to analyze the weight of tax expenditures of one category or another, to discover which one predominates more in the countries included in the base and which are the most common instruments to channel incentives and benefits via tax exceptions.

A second-level exploration also allows us to associate tax expenditures with the budget sectors most associated with said measure. The information, as it is arranged in the database, enables the distribution of tax expenditure according to the budgetary sectors most closely linked to the measure under analysis, a classification that follows the proposal included in the Handbook (Education; Health

---

2 Overview of Tax Expenditures in Latin America. CIAT (2018). Available at <https://biblioteca.ciat.org/opac/book/5623>

and Sanitation; Housing; Development and Decentralization; Agricultural Activities; Industrial; Energy and Mining; etc.).

Regarding this perspective of analysis, the Handbook suggests a closed list of budget items codes. The objective is to then be able to associate the amount of tax expenditures in a given country and year with an opening that can be connected to the direct expenditures at the budget level<sup>3</sup>.

CIAT (2011) defines TEs as resources that the State ceases to receive due to the existence of incentives or benefits that reduce the tax burden faced by certain taxpayers in relation to a tax system<sup>4</sup>. The term “expenditures” emphasizes the fact that the resources that have been foregone could have financed explicit public spending programs in favor of those whose tax burden is reduced, and even in favor of others.

The purpose of the tax system is to obtain sufficient income to finance public expenditures, guaranteeing a fair distribution of the tax burden, minimizing the negative effects on economic efficiency that taxes produce, as well as administration cost and tax regulations compliance costs. *Transparency* is also a goal to consider. According to Mirrlees (2011), 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 regulations<sup>5</sup>.

The introduction of exceptions in the tax system alters the pre-existing balance in the system, reduces the collection capacity, and modifies its redistributive incidence. At the same time, it produces an economic inefficiency, due to the introduction of an exception that disturbs the neutrality of the system,

---

3 The opening suggested by the Handbook attended to the consensus among the countries that were part of the working group for its preparation, so it may not respond exactly to the budgetary opening of each country, but it allows a visualization of the results in a dimension that is of interest.

4 Handbook of Best Practices on Tax Expenditure Measurements. An Ibero-American experience. Inter-American Center of Tax Administrations 2011.

5 Mirrlees, James; Adam, Stuart; Besley Timothy; Blundell, Richard; Bond, Stephen; Chote, Robert; Grammie Malcom; 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 it identifies as basic principles or objectives of the tax system, the collection objectives, the redistributive, 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 the objectives related to transparency. (pp. XXVI-XXVII). For the authors, the first two principles attend to value judgments, while the others to economic considerations.

affecting equity, by passing some taxpayers to a position of economic privilege over others and producing an increase in compliance costs, to the extent that they make the tax system more complex, reducing its transparency.

In the context of Latin American countries, especially with the abrupt fall in income observed in the particular year 2020, where we carried out this analysis, it is necessary to improve the income / expenses ratio in order to reduce this fiscal deterioration. Identifying the exceptions that make up the tax system, quantifying them, periodically reviewing the relevance of their maintenance, allows this phenomenon to be kept under certain control, and incorporating adjustments to eliminate unnecessary measures or review the regimes that are not producing the desired results, minimizing unnecessary collection losses. TEDLAC collaborates in the systematization of this information.

## 2 Incentives and benefits across the tax system

The State, as a way of executing its government objectives or in response to circumstantial situations, uses various instruments and makes economic transfers to subjects, sectors, or regions in order to assist them. These transfers are executed through budget items that are defined in the budget laws. They can also take place through a reduction in taxpayers' tax obligations. Favoring a group of individuals through a reduction in the tax burden can be economically equivalent to granting support through an item of budgetary public spending, hence the name *Tax Expenditures*.

The literature tends to associate *Tax Expenditures* with *Tax Incentives*. Tax Incentives are identified as those exceptions that are introduced into the tax system in order to attract investment, promote employment, regional development, or a particular sector, among others. But the truth is that the tax system also contains exceptions whose purpose is not to promote the development of an economic activity, but rather that, through the tax system, transfers are given to people, serving a social purpose. TEDLAC calls this class of exceptions *Tax Benefits*.

TEDLAC presents a classification of Tax Expenditures at the individual level that identifies each item with a *Tax Incentive* or with a *Tax Benefit*.

Tax incentives, as exceptions that are introduced in the tax system, are usually found in taxes on income or business assets, taxes on assets, financial flows, as well as taxes on sales, especially when these Taxes can impact as a cost for the execution of a project. For their part, the Tax Benefits, more people-oriented and serving a social purpose, are mainly found in personal income taxes, as well as sales or value added taxes, especially when these taxes are levied to certain goods or services considered essential and have an impact on their final consumption.

While the effect of the exceptions is more visible in direct taxation, both for companies as incentives, and for people as benefits; indirect taxation also contains special provisions that apply according to the expected incidence of the tax and reducing the tax burden.

In the stage of the data registration process in TEDLAC, the nature of each exception that gives rise to a TE is analyzed, with one of two classes of exceptions, called *Benefits* and *Incentives*. Those exceptions to the tax that serve a social interest, to satisfy basic needs such as food, health, or housing, among others, will be registered as Benefits, while those exceptions whose purpose is to encourage, promote or incentivize the performance of certain economic activity will be classified as Tax Incentives.

The opening of the items within the TE reports of the countries does not always allow us to associate an item with a benefit or an incentive, on some occasions because the available opening presents a degree of aggregation of the information that does not allow classifying the item. At other times, because the information included in the reports is not sufficient to fully understand the item in question. In order to improve the quality of the information, the elaboration of the database implies the systematic reading of the tax legislation that gives rise to the exceptions, the punctual consultation with technicians from the countries. In turn, in 2019, a questionnaire was disseminated among the member countries with the objective of systematizing some of the elements that were considered relevant to reveal, which allowed CIAT to enrich its knowledge and improve the quality of the TEDLAC information<sup>6</sup>.

## 2.1 Tax instruments to channel Incentives and Benefits

The opening of tax expenditures for the last available year for each country is set out below, depending on whether it is a benefit or a tax incentive. The data are shown at the level of weight of each class on GDP, as well as the proportions of each of them on the total TE.

It can be seen that, on average, the TE is slightly more geared towards *social* benefits or exceptions that seek to correct inequities, of the market or of the tax system itself. The benefits then represent 54.8% on average of the TEs from the different countries, while the incentives represent 45.2%. When we analyze within the countries, we perceive that these proportions are not stable at all, observing dissimilar shares between B and I.

---

6 Tax Expenditures in the CIAT Member Countries. CIAT 2019. <https://biblioteca.ciat.org/opac/book/5690>

**Table 1.** Tax expenditures according to type of exception. Incentives and Tax Benefits  
Percentages of GDP and Proportion of Total

EXCEPTION TYPE	PERCENTAGE /GDP			PROPORTION /TOTAL	
	B	I	TOTAL	B	I
Argentina	1.0%	2.0%	<b>3.0%</b>	34.0%	66.0%
Bolivia	0.3%	1.0%	<b>1.3%</b>	25.5%	74.5%
Brazil	2.3%	2.0%	<b>4.3%</b>	52.9%	47.1%
Chile	1.4%	2.0%	<b>3.5%</b>	41.9%	58.1%
Colombia	0.2%	0.5%	<b>0.7%</b>	28.1%	71.9%
Costa Rica	3.7%	1.6%	<b>5.3%</b>	70.2%	29.8%
Ecuador	2.8%	1.3%	<b>4.1%</b>	68.0%	32.0%
El Salvador	1.2%	1.7%	<b>3.0%</b>	41.7%	58.3%
Guatemala	1.3%	1.0%	<b>2.3%</b>	55.5%	44.5%
Jamaica	1.2%	2.5%	<b>3.6%</b>	32.0%	68.0%
Mexico	2.9%	0.5%	<b>3.3%</b>	86.3%	13.7%
Nicaragua	4.8%	0.6%	<b>5.4%</b>	89.5%	10.5%
Panama	1.7%	0.9%	<b>2.6%</b>	63.8%	36.2%
Paraguay	0.7%	1.1%	<b>1.7%</b>	38.3%	61.7%
Peru	0.8%	1.4%	<b>2.2%</b>	38.0%	62.0%
Dominican Republic	3.8%	2.7%	<b>6.4%</b>	58.3%	41.7%
Uruguay	2.3%	4.1%	<b>6.3%</b>	36.1%	63.9%
<b>AVERAGE</b>	<b>1.9%</b>	<b>1.6%</b>	<b>3.5%</b>	<b>54.8%</b>	<b>45.2%</b>

**Source:** Own elaboration using the TEDLAC-CIAT Tax Expenditure Database

The different tax instruments enable applying different policies, in this analysis perspective, tax incentives or tax benefits. In the following table we can see within each type of tax, according to the CIAT classification, the proportion of TEs classified as B or as I.

From reading Table 2, we can see that the proportion of Tax Benefits in General Consumption Taxes (mainly VAT) and Personal Income Taxes is clearly higher than the proportion of Tax Incentives in these taxes (72.4 and 67.8 % respectively). For its part, the table allows us to appreciate the overweight of the Tax Incentives in Corporate Income Taxes, Excise taxes on fuels, among others.

**Table 2.** Proportion of each Class, according to the type of tax instrument.  
Proportion over Total.

TAX TYPE	PROPORTION ON THE TOTAL TAX TYPE		
	B	I	GENERAL TOTAL
Consumption taxes	72.4%	27.6%	100.0%
Personal Income Taxes	67.8%	32.2%	100.0%
Corporate Income Taxes	21.0%	79.0%	100.0%
Excise Fuel Taxes	10.4%	89.6%	100.0%
Other Excise Taxes	6.8%	93.2%	100.0%
Foreign Trade Taxes	20.9%	79.1%	100.0%
Property Taxes	33.2%	66.8%	100.0%
Social Contributions	50.1%	49.9%	100.0%
Other	90.3%	9.7%	100.0%
<b>TOTAL</b>	<b>54.8%</b>	<b>45.2%</b>	<b>100.0%</b>

**Source:** Own elaboration using the TEDLAC-CIAT Tax Expenditure Database



## 2.2 Tax benefits on General Consumption Taxes

A good part of the tax benefits is granted through exceptions in the General Consumption Tax.

The Value Added Tax, a typical figure of consumption taxation in most countries, and in the countries considered in TEDLAC, in its most theoretical design, operating with a single proportional rate on the circulation of the generality of goods and services is, from the point of view of the economic incidence of the tax, *regressive*. The *effective rate* resulting from the quotient between the tax and the income of individuals decreases continuously with higher levels of income.

This *design regressivity* is the consequence of a high proportion of consumption over income that lower-income families, households or individuals must carry out, while higher-income families, households or individuals may allocate a lesser portion of their consumption income, even when they use a greater volume of it.

Recognizing this *flaw* in the nature of the instrument, tax systems present solutions that seek to eliminate or, at least, mitigate this regressive aspect.

These solutions have been mostly incorporated since the creation of the tax in each country<sup>7</sup>. The model adopted by the different legislations consists of identifying a set of goods and / or services that make up a list of essentials or a basic necessity basket, where an exception in the tax that implies the non-application of the general regime will apply, observing the presence of three main types of exceptions: exemptions, export treatment, or reduced rates.

---

<sup>7</sup> Another discussion is the base variable that is used to measure the economic incidence of the tax. If income is considered to measure and compare the well-being of individuals, analyzes of the tax incidence on this basis show that the tax applied with a single general rate is regressive. On the other hand, VAT could be shown as neutral if the welfare analyzes were based on consumption and not on people's income, or even progressive, if indeed poor households directed a greater part of their consumption into goods or services that contain an exception.

**Table 3.** Tax benefits in VAT. Essential goods.  
Weight over GDP Proportion over Total.

COUNTRY	TE /GDP ESSENTIALS	TE s/GDP TOTAL	PROPORTION
Nicaragua	4.2%	5.4%	77%
Costa Rica	2.8%	5.3%	52%
Panama	1.0%	2.6%	37%
Mexico	1.2%	3.3%	36%
Dominican Republic	2.2%	6.4%	34%
Guatemala	0.7%	2.3%	31%
Ecuador	1.1%	4.1%	28%
Argentina	0.6%	3.0%	21%
Paraguay	0.3%	1.7%	17%
Jamaica	0.6%	3.6%	16%
Uruguay	0.8%	6.3%	13%
<b>GENERAL TOTAL</b>	<b>1.1%</b>	<b>3.5%</b>	<b>32%</b>
Remainder (lesser proportion). Average	0.1%	2.8%	3%

**Source:** Own elaboration using the TEDLAC-CIAT Tax Expenditure Database

Given the economic importance of VAT collection in our countries, these exceptions tend to be the most important, considering each item of tax expenditure individually. Depending on the relevance of the goods and services chosen for the exception, the total consumption of families and other units affected by the tax, and the type of exception adopted, will be the resulting tax revenue loss.

And although a variety of empirical studies show that the application of these exceptions is effective, mitigating the regressivity of the tax, and in some cases transforming it into neutral or progressive, the solution is of debatable efficiency, given the high *nominal* tax revenue loss to correct a *relative* problem. New solutions are currently being outlined that seek to focus the exception on the subject instead of the object.

Table 3 allows us to appreciate the strong participation in total tax expenditure produced by the benefits introduced in the VAT applied on the circulation of certain goods and services identified as essential, or of first necessity.

Nicaragua is the country with the highest ratio (77%). The TEDLAC micro-level search<sup>8</sup> reports that there are various special VAT regimes: exemptions, zero-rate circulation of goods, reduced rates of 7 and 15%. The legal basis is the *Fiscal Equity Law* for the period 2010-2012, and the Artos. 127 and 136 of the Tax Agreement Law. Costa Rica, for its part, concentrates the tax benefits in the IGV on the goods of the basic food basket and essential for education, establishing exemptions<sup>9</sup>. 52% of the TE reported by this country has its origin in benefits in the sales tax.

In Panama, the Tax on the Transfer of Movable Goods and Services (ITBMS), a tax in force in the last update of the TEDLAC, contains exceptions, classified as tax benefits that represent 37% of the total TE. They cover the supply of drinking water; sewerage and cleaning services; electric power; medicinal and pharmaceutical products; certain food products, health, among others<sup>10</sup>.

Mexico applies reduced rates and exemptions in VAT that were classified as benefits in the TEDLAC registry. The amount of the TE resulting from the application of these exceptions is equivalent to 36% of the total of the country's TE. The goods and services included in these exceptions are professional medical services; the sale of certain Foods; the sale of medicines, the supply of drinking water for domestic use, among others<sup>11</sup>.

Title III of Law 11-92, the Tax Code of the Dominican Republic, establishes the general provisions applicable to the Tax on Transfers of Industrialized Goods and Services (ITBIS). The norm introduces

---

8 The source of information based on the TEDLAC is *Tax Expenditure and Evasion of VAT and IR: 2010-2013*, Ministry of Finance and Public Credit Directorate of Economic Studies Managua, Nicaragua

9 Executive Decree No. 14082-H, of November 29, 1982 and its amendments - ARTICLE 5. TEDLAC is based on the report *Costa Rica / Tax Expenditure, Methodology and Estimation. Año 2014. Dirección General de Hacienda (DGH) División de Política Fiscal (DPF) Agosto 2015. Series 2010 - 2014 and Projections 2015 and 2016*.

10 CF, article 1057-V, paragraph 8, various numerals. The TEDLAC is based on the report: *Estimation of tax expenditure in Panama, by indicating guidelines and criteria for the establishment of a measurement methodology. Michel Jorratt De Luis - March 2014*.

11 The TEDLAC is based on the report: *Fiscal Expenses Budget 2017. Office for the Treasury and Public Credit. Includes tax expenses 2017 and 2018*.

tax exemptions, which were classified as benefits, to the circulation of certain goods in the consumer basket; of certain household goods and services; personal care and health services. The set of these goods and services exempted from VAT, generate a TE of the order of 34% of the total TE registry of the country<sup>12</sup>.

Ecuador, in the period covered by TEDLAC<sup>13</sup>, levied a zero VAT rate on food products of agricultural origin, and fishing that are kept in their natural state. Milk and certain derivatives, bread, sugar, panela, salt, butter, margarine, oats, cornstarch, noodles, flours for human consumption, national canned goods, edible oils, among others, also had this treatment. The list of goods and services with this treatment includes medicines, as well as health services. The TE corresponding to these VAT exceptions in Ecuador represents 28% of the country's total TE.

Argentina grants two different types of treatment to essential goods and services. Medical benefits to social works, medicines for human use, sales to final consumers, to the State and non-profit associations of fluid milk or whole skimmed milk without additives, receive an exemption; while beef, fresh fruits, legumes and vegetables, prepaid medicine services, as well as bakery products are taxed with a reduced rate. 21% of this country's TE corresponds to these exceptions<sup>14</sup>.

In the case of Paraguay, the VAT benefits include exemptions and reduced rates. Consumption of agricultural products that make up the consumption basket, medical assistance institutions, the circulation of medicines, among others, benefit from exceptions in the tax. The TE of these items represents 17% of the total<sup>15</sup>.

---

12 The TEDLAC is based on the report: Tax Expenditures in the Dominican Republic. Estimate for the General State Budget for the year 2017. Ministry of Finance.

13 The TEDLAC is based on the report Tax Expenditure Manual 2014 - Department of Tax Studies - Center for Fiscal Studies. As of 07/01/2020, Ecuador introduces modifications in the taxation of goods and services in the basic basket, as well as in medicines and health services, which are now taxed at minimum VAT rates of 1% and 2 % respectively.

14 ESTIMATE OF TAX EXPENDITURE IN THE ARGENTINE REPUBLIC - FOR THE YEARS 2015 TO 2017 - Report prepared by the National Directorate of Fiscal Research and Analysis, Secretariat of Finance, Ministry of Economy and Public Finance, Presidency of the Nation.

15 The TEDLAC, in the case of Paraguay, is based on the Report on Tax Expenditure in Paraguay 2013 - 2014 and Projections of Tax Expenditure 2015 - 2016. CIAT - SAT - GIZ.

Through exemptions in the *General Consumption Tax* (GCT), Jamaica grants benefits to the consumption of goods in the consumer basket, health care services, water supply, among others. This is established by the GCT Act - *First Schedule* and *Third Schedule*. The tax expenditure associated with these benefits represents 16% of the total TE of the country<sup>16</sup>.

The foregoing allows us to appreciate the widespread use of VAT exceptions in the countries' legislation, objectively focused on certain goods or services considered essential. At the same time, we observe the economic relevance that this tax waiver acquires. In the general average, 32% of the TE comes from exceptions (exemptions, zero-rate regimes and reduced rates) introduced as benefits in general consumption taxes.

## 2.3 Tax Incentives on Corporate Income Taxes

Tax incentives, as exceptions that are introduced in the tax system, are usually found in taxes on income, business assets, taxes on assets, financial flows, as well as taxes on sales, especially when these taxes can impact as a cost for the execution of a project. Tax Incentives are identified as those exceptions that are introduced into the tax system in order to attract investment, promote employment, regional development, or a particular sector, among others.

Of the set of tax instruments mentioned above, it is usually the Business Income Tax that represents the largest portion of the tax burden of companies, so it is here where we find the greatest use of exceptions as a way to grant these incentives.

UN-CIAT (2018) define the Tax Incentives as follows:

*These are special provisions that establish exclusions, credits, preferential rates, or deferral of tax obligations. Tax incentives can take many forms: temporary tax*

---

<sup>16</sup> The TEDLAC, in the case of Jamaica, is based on the Tax Expenditure Estimates 2014-2016 report. Ministry of Finance and the Public Service. Taxation Policy Division, Jamaica, West Indies. February 2018.

*exemptions, deductions applicable to certain types of expenses or reductions in import tariffs or customs duties...*<sup>17</sup>

This definition, focused on the form that incentives can take, or on the exception technique adopted for that purpose, shows us the variety of instruments available to the policymaker in order to promote the program. The different classes of exceptions, the scope, as well as their technical parameters, will make the instrument more or less attractive, which will translate into a greater / lesser use of it and the consequent greater / lesser TE.

The work, cited above, adds in its definition of incentives:

*... They can also be defined based on their ability to reduce the effective tax burden for a specific project. According to this approach, the relative tax burden of a project that qualifies for a tax incentive is compared with the tax burden that would result if no special tax provision were applied. This approach is useful for comparing the relative effectiveness of different types of tax incentives in reducing the corresponding tax burden of a project.*

This second approach, more focused on the investor's position, suggests that the incentive will be attractive to the extent that its introduction into the project equation results in a net profitability after taxes that is higher than the profitability of a *competitive option*<sup>18</sup>, for example, placing the investment in another geographic location. Now, from the point of view of efficiency in the allocation by the State, the simple reduction of the tax burden on investors can bring a greater tax revenue loss than if the incentive design transforms an unprofitable investment into a profitable one. This type of instrument, generally focused on new sectors or more stringent in their selection, guarantees more the execution of investments that would not be developed otherwise, making the allocation more effective, the tax expenditure will be lesser and the cost-benefit equation more likely to be profitable for the country.

---

17 UN-CIAT. Design and Assessment of Tax Incentives in Developing Countries. Selected issues and a country experience. 2018. Authors: Various.

18 To the extent that all other decision factors are equivalent between the incentivized project and the competitive option.

The discussion on the effectiveness of these instruments for development has a long history. Sevilla (2011) states that tax systems must review these instruments critically, “... *as a result of the doubts about their effectiveness*”. Those who argue to the detriment of the effectiveness of the incentives base their position on the fact that many times, the investment that is executed or the activity that is developed, and obtain tax benefits, would occur anyway, so there is an unnecessary loss of tax revenue that only translates into an extraordinary profit for certain agents, through an unnecessary reduction of their tax burden.

On the other hand, some countries adopt compensatory *tax incentive packages*, when they are weaker in the other factors that the investment considers settling institutional, manpower capacity, logistics, etc., which produces strong losses of tax revenues, and tax competition, which, depending on the context, can generate a *race to the bottom*, not at all favorable to tax revenues.

The truth is that TEs usually measure the gross tax sacrifice, for the incentives granted, so they are a part of the cost-benefit equation that the policy maker must perform for a complete evaluation of the program.

The particular form of each instrument adopted and the various policy objectives they pursue make necessary to carry out evaluations on a case-by-case basis. Given that the objectives can be as dissimilar as to economically promote a geographical area, a sector of activity, the realization of a new investment, promoting employment, among various others, determining the overall benefit of the incentives is not an easy task and rather the evaluations are carried out for a particular item or for a set of exceptions that make up the tax system and are oriented to the same objective (for example all measures that seek to promote investment growth, or employment).

**Table 4. Tax Incentives in Corporate Income Taxes (CIT).  
Weight over GDP Proportion over Total.**

COUNTRY	TE /GDP INCENTIVES IN CIT	TE s/GDP TOTAL	PROPORTION
Colombia	0.5%	0.7%	72%
Ecuador	1.2%	4.1%	30%
El Salvador	0.9%	3.0%	29%
Uruguay	1.5%	6.3%	24%
Chile	0.7%	3.5%	19%
Guatemala	0.3%	2.3%	15%
Paraguay	0.2%	1.7%	14%
Argentina	0.4%	3.0%	13%
Brazil	0.5%	4.3%	12%
<b>GENERAL TOTAL</b>	<b>0.5%</b>	<b>3.5%</b>	<b>15%</b>
Remainder (lesser proportion). Average	0.3%	3.9%	7%

**Source:** Own elaboration using the TEDLAC-CIAT Tax Expenditure Database

Table 4 allows us to appreciate the participation in total tax expenditure, produced by the incentives introduced in the CIT. It can be seen that the record indicates that their relative weight is lower than that of the benefits introduced in the General Sales Tax. On average, the tax incentives contained in the CIT of the countries represent 15% of the TE.

The country that stands out for the weight of TE in corporate taxation is Colombia<sup>19</sup>. The information available for registration in the TEDLAC only contained estimates for corporate income tax, therefore, this proportion does not represent the reality of the weight of TE as incentives in CIT in the total TE of the country. The proportion alone is not higher, because TEDLAC was able to classify some of these provisions as Benefits instead of Incentives.

19 TEDLAC is based on the report Tax Expenditure in Colombia. Benefits in income tax and CREE - legal entities Taxable years 2013 - 2014 - Coordination of Economic Studies. Subdirectorate of Operational Analysis Management.



In Ecuador, the incentives generated by TEs in the Corporate Income Tax are due to a variety of exceptions: the deduction of expenses abroad; accelerated depreciation regimes; merits for reinvestment of profits; extraordinary deductions for new jobs; the amortization of losses (LRTI Art 10.8); treatment of reinvested dividends, among others<sup>20</sup>.

El Salvador registers an accumulation of incentives in income tax mainly through exemptions. The TE represents 0.9% of GDP, which is equivalent to 29% of the country's total Tax Expenditure in the last tax year recorded in TEDLAC<sup>21</sup>. The incentives point to the exemption of the Trusts to the payment of all types of taxes and tax levies. The incentive covers the release of the formal obligation to file tax returns. Also noteworthy is the exoneration of Income Tax for 15 years to developers, users, and administrators of Free Zones. Finally, projects of national tourist interest are also exempt for a period of 10 years, with a certain minimum investment amount.

Uruguay registers a TE equivalent to 1.5% of GDP (24% of the total Tax Expenditure of that country), derived from incentives introduced in the Tax on Income from Economic Activities (IRAE)<sup>22</sup>. The country uses a variety of exceptions in this tax to incentivize specific sectors, activities, or groups of taxpayers. The exoneration of the tax for the income obtained in the free zones stands out for its magnitude, the credit in the income tax for the taxpayers who make a promoted investment is the second most important item among the exceptions of that country. The investment exemption regime, an almost redundant exception with the investment promotion regime, and of reduced importance after modifications introduced in 2017, in the last fiscal year captured by TEDLAC (2017 for this country), is the third most important item in the TE generation in the Tax on Economic Activity Revenue (IRAE).

---

20 Tax Expenditure Manual 2014 - Tax Studies Department - Center for Fiscal Studies - This document presents the methodology used to calculate tax expenditure in the country, as well as the main figures of the estimates and the regulations that govern it. October 2015

21 TEDLAC is based on the TAX EXPENDITURE report: *YEAR 2013: VAT AND INCOME. Unidad de Estudios Tributarios. Directorate General of Internal Taxes December 2015*

22 TEDLAC is based on the 2012 - 2014 Tax Expenditure Report report. Department of Economic Studies - Taxes - General Tax Directorate

Chile, for its part, generates a TE of the order of 0.7% of GDP in the accumulated exceptions in Business Income Tax, First Category Income Tax, which were classified as Tax Incentives<sup>23</sup>. In this country, 5 classes of exceptions were identified: exemptions, deferrals, reduced rates, simplified regimes, and credits. A presumed income regime for passenger and cargo transportation companies, as well as for the exploitation of non-agricultural real estate. Benefits for the income of companies established in free zones. Incentives were also identified for location in certain places, such as companies established in the XII region, companies established in the municipalities of Porvenir and Primavera. Credit for investments in Arica and Parinacota. Credit for Austral Law Investments. Credit from the sale of fixed assets Tax depreciation; Leasing fees; Intangible amortization. Temporary differences Single tax of 10% on the income of Investment Funds.

Guatemala, for its part, registers a 0.3 tax waiver in relation to GDP due to some exceptions identified as Tax Incentives in the IT. The beneficiaries D 65-89 (Free Zones), the Cooperatives, the generation of electricity; Beneficiaries D 29-89, regulation of the Law to promote export activity, an incentive that seeks to promote, encourage, and develop in the national customs territory, the production of goods destined for countries outside the Central American area.

In this section, the Tax Incentives identified by the TEDLAC, introduced in the Corporate Income Taxes were shown. In the case of the tax of direct incidence on companies, it is reasonable to think that incentives are introduced in this tax. The truth is that although this tax accumulates an important portion of the Tax Incentives granted by the countries, the application of incentives is observed in general consumption taxes, in the taxation of corporate assets, in excise taxes (especially fuels), among other provisions that establish Incentives.

---

23 For Chile, the TEDLAC is based on the Annex report Tax Expenditure 2015 to 2017 - Sub-directorate of Strategic Management and Tax Studies - Internal Revenue Service - September 2016.

### **3 Distribution of the Tax Expenditures by associated budget sector**

The exploration of the TEDLAC allows us to know the relationship between the Tax Expenditure (TE) and the Gross Domestic Product (GDP) of each country, its evolution throughout the periods under analysis, as well as its distribution according to the most relevant tax categories where exceptions were found (value added taxes, taxes on personal and business income, excise taxes, foreign trade tax, property taxes, etc.). It is also possible to know the amount and accumulated amounts of collection losses attributable to each type of tax expenditure (exemptions, reduced rates, deductions, credits, among others).

As we saw in the previous point in the registration process, each item of tax expenditure was classified as a tax benefit or as a tax incentive. Among the first category, we find all tax expenditures associated with public social spending, while those tax expenditures that are presented with the purpose of promoting a specific economic activity were classified as tax incentives.

The CIAT Tax Expenditure Handbook establishes certain coding rules for registering the tax expenditures of the countries in TEDLAC. Certain categories are thus defined, which allow us to analyze tax expenditures from different dimensions.

The information, as it is organized in the database, enables the distribution of tax expenditure according to the budgetary sectors most closely linked to the measure under analysis, a classification that follows the proposal included in the Handbook (Education; Health and Sanitation; Housing; Development and Decentralization; Agricultural Activities; Industrial; Energy and Mining; etc.).

In particular with regard to the associated budget sector, the Handbook suggests a closed list of budget item codes, as shown in the following figure. The objective is to then be able to associate the amount of tax expenditures in a given country and year with an opening that can be connected to direct expenditures at the budget level. The opening suggested by the Handbook reflected the

consensus among the countries that were part of the working group for its preparation, so it may not respond exactly to the budgetary opening of each country, but it allows a visualization of the results in a dimension of interest.

**Figure 1. Categories of budget sectors, according to the CIAT Handbook**

ASSOCIATED BUDGET SECTORS	
A	State organization, Internal Security and National Defense
B	Foreign Trade (including maquila industry and Free zones or similar) and Tourism (including gaming and similar)
C	Social security and social services (including private pension programs and adoptions). <b>Associations and Foundations.</b>
D	Employment
E	Housing and Urban Development (including Construction and Infrastructure)
F	Health (include alimentation and maternity) and Sports
G	Education, Culture (include artistic activities) and Research, Development and Innovation (include Science and Tech)
H	Agriculture (include ranching and farming). Fishing and Forestry
I	Industry (include MSME), Agroindustry and similars
J	Energy and Mining
K	Transport and Telecommunications (include postal service)
L	Financial sector (includes capital markets, insurances, leasing)
M	Investment, Decentralization and Social Development
N	Politics, Religion, Justice and External Relations
O	All sectors (include Trade, Service, Environment and other activities)
P	Any other sector

In recent years, there has been an emerging interest in studies evaluating the impact of TEs on the variables of interest: investment, employment, etc. The particular form of each instrument adopted, the diversity of the objectives pursued (to economically boost a geographical area, a sector of activity or the realization of new investment, promote employment, or alter the distributive incidence of a tax, among various others). Determining the overall benefit of the TE is not an easy task and rather, the evaluations are carried out for a particular item or for a set of exceptions that are part of the system of a tax and are oriented to a same objective.

For this, the classification of tax expenditures according to the associated budget sector is useful. The association of a subset of exceptions that give rise to TEs according to specific portfolios is a first step to distribute the items, allowing the promoter of the policy (tourism, investment, social, employment, housing, etc.), to have each one of the items and know the equivalent tax sacrifice.

From Table 5, it is possible to see that most of the country reports have sufficient disaggregation and additional information to classify each item in the different categories related to the associable budget sectors.

**Table 5.** Tax expenditures according to associated budget sector  
Percentages of GDP and total proportion.

COUNTRY / SECTOR	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	TOTAL
Argentina		0.0%	0.2%	0.3%	0.1%	0.6%	0.3%	0.0%	0.0%	0.2%	0.1%	0.4%	0.4%	0.1%	0.3%	0.0%	3.0%
Bolivia	0.1%	0.6%	0.0%	0.0%		0.1%	0.1%		0.0%	0.2%		0.0%	0.0%	0.1%		0.0%	1.3%
Brazil	0.0%	0.0%	1.0%		0.0%	0.4%	0.3%	0.4%	1.3%	0.0%	0.0%	0.1%	0.6%	0.0%			4.3%
Chile	0.0%	0.0%	1.0%		0.3%	0.0%	0.3%	0.1%		0.0%	0.1%	0.2%	0.1%		1.5%		3.5%
Colombia	0.2%				0.0%				0.0%	0.1%	0.1%	0.2%			0.0%	0.0%	0.7%
Costa Rica	0.0%	0.4%	0.0%			3.2%	0.1%	0.1%	0.0%	0.1%	0.0%	0.3%	0.6%			0.4%	5.3%
Ecuador		0.6%	0.6%	0.0%	0.2%	1.7%	0.3%	0.0%			0.2%	0.1%		0.0%	0.3%	0.2%	4.1%
El Salvador	0.1%	0.1%	0.5%	0.0%	0.1%	0.2%	0.3%		0.1%	0.0%	0.0%	0.5%	0.4%		0.4%	0.2%	3.0%
Guatemala	0.1%	0.0%	0.2%			0.8%	0.2%		0.6%	0.0%		0.3%					2.3%
Jamaica		1.1%	0.0%		0.1%	0.6%	0.2%	0.0%	0.6%	0.6%	0.1%			0.2%		0.0%	3.6%
Mexico		0.0%	0.4%	0.4%	0.1%	1.2%	0.2%	0.1%	0.1%	0.0%	0.3%	0.2%	0.0%	0.0%	0.2%		3.3%
Nicaragua	0.3%	0.3%	0.1%		0.0%	4.2%	0.0%	0.2%	0.0%	0.2%	0.0%	0.0%	0.0%	0.1%	0.0%		5.4%
Panama						1.0%	0.1%	0.3%		0.2%	0.7%	0.1%				0.0%	2.6%
Paraguay		0.2%	0.3%	0.0%	0.1%	0.3%	0.3%	0.0%	0.0%	0.2%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	1.7%
Peru					0.0%	0.0%	0.3%	0.5%	0.0%	0.0%	0.1%	0.3%	0.5%		0.5%		2.2%
Dominican Republic	0.1%	0.7%	0.1%	0.1%	0.2%	2.2%	0.4%	0.0%	0.1%	0.7%	0.2%	0.1%	0.4%	0.0%	0.1%	1.1%	6.4%
Uruguay		0.3%	0.3%	0.2%	0.3%	0.9%	0.4%	0.5%	0.0%	0.4%	0.2%	0.7%	1.4%		0.8%		6.3%
<b>AVERAGE</b>	<b>0.1%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>1.1%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.1%</b>	<b>0.2%</b>	<b>0.4%</b>	<b>0.1%</b>	<b>0.4%</b>	<b>0.2%</b>	<b>3.5%</b>
<b>AVERAGE s/100</b>	<b>2.7%</b>	<b>8.9%</b>	<b>9.6%</b>	<b>3.7%</b>	<b>3.5%</b>	<b>31.5%</b>	<b>6.8%</b>	<b>4.7%</b>	<b>6.4%</b>	<b>5.5%</b>	<b>4.1%</b>	<b>6.6%</b>	<b>10.6%</b>	<b>1.7%</b>	<b>10.7%</b>	<b>6.1%</b>	<b>100.0%</b>

**Source:** Own elaboration using the TEDLAC-CIAT Tax Expenditure Database

With the exception of Sector F (*Health and Sanitation (includes food and maternity) and Sports*), which is the sector that accumulates the most tax expenditures (31.5% of the total registry for all countries), a fairly uniform distribution is noted among the 15 remaining sectors, with a minimum of 2.7% and a maximum of 10.7%.

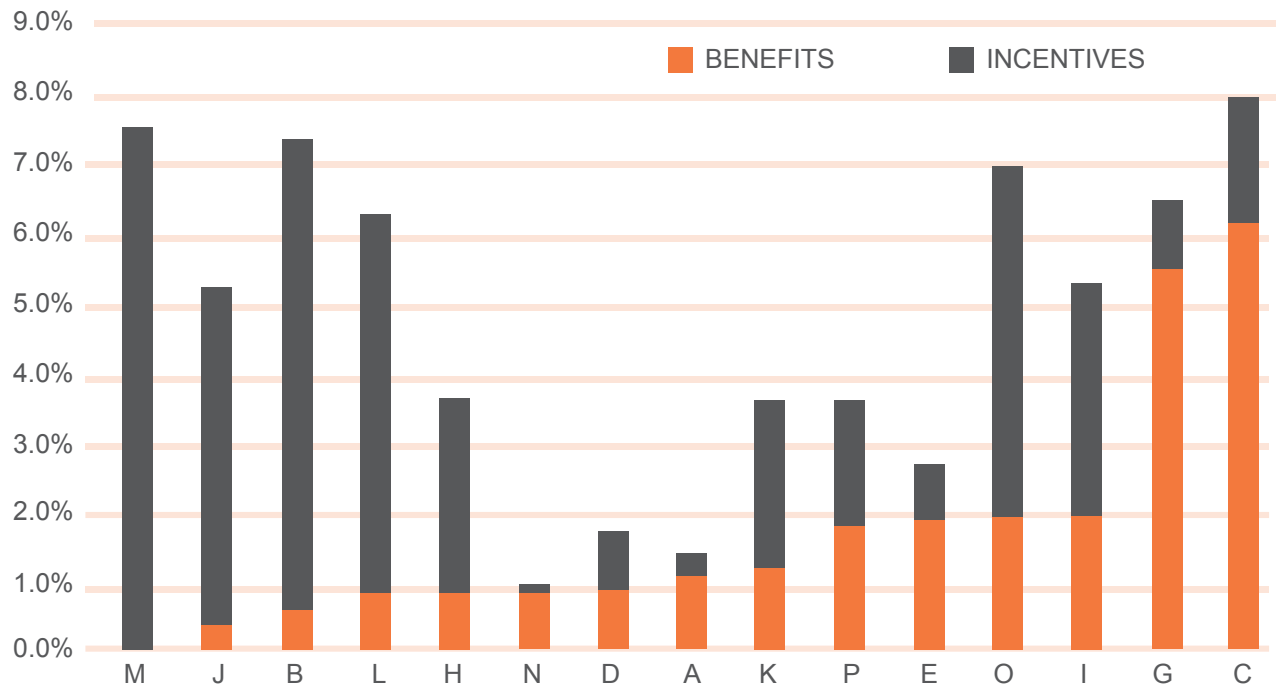
### 3.1 Tax Benefits and Social Budgetary Sectors

Sector F, *Health and Sanitation (Food and maternity) and Sports*, includes all the exceptions introduced for these social purposes. By its definition alone we can infer that it has a wide scope, especially knowing the diversity of tax benefits that exist both for certain goods in the consumption basket and for services associated with human health, points that we have already reviewed when talking about Tax Benefits.

From the observation of Table 5, we can see that in 10 of the 17 countries under analysis, Sector F is the one with the highest participation in the total.

When we cross the Sector **F** with the Incentives / Benefits categories seen in the previous point, we can appreciate its clear dependence on this. Almost all of the tax expenditures classified in Sector F were also classified as Benefits (and not Incentives), although this relationship is not biunivocal. There is also a prevalence of Benefits (with respect to Incentives) for the exceptions of Sectors **C**, Social Security and Social Services (includes Private Pension Systems and adoptions). Associations and foundations; **E**, Housing and Urban Development (includes Construction and Infrastructure) and **G**, Education, Culture (includes artistic activities) and Research, Development, and Innovation (includes Science and Technology).

**Graph 1.** Tax expenditures according to associated budget sector  
Incentives and Tax Benefits Sector F excluded<sup>24</sup>



**Source:** Own elaboration using the TEDLAC-CIAT Tax Expenditure Database

On the other hand, when associating Sector F with the type of tax that contains exceptions, we observe that, while General Consumption Taxes (mainly VAT) contain on average 55% of the Tax Expenditure of the countries, when we *filter* only Sector F, we can see that 92% of the Tax Expenditure corresponding to this sector, comes from this tax, while the remaining 8% comes from the remaining 8 categories of taxes.

<sup>24</sup> Sector F is excluded for a better visualization of the other sectors.



### 3.2 Tax Incentives and Budgetary Sectors related to production

The sectors **M**, *Investment, Decentralization and Regional Development sectors*; **J**, *Energy and Mining*; **B**, *Foreign Trade (includes Maquilas and Free Zones or similar) and Tourism*; as well as Sector **L**, *Financial Sector (includes capital markets, insurance, leasing)*. These sectors receive incentives through exceptions in the tax system in a broader range of instruments.

The analysis carried out on TEDLAC shows the presence of these sectors in Tax Expenditure in the Excise Taxes on Fuels, in Tariffs and other taxes that are levied on Foreign Trade, as well as Taxes that apply on the patrimonial values, in addition to the exceptions in Business Income Tax, a mechanism that is considered as having a great potential to encourage investment.

While in the *Foreign Trade Sector* Tax Expenditures prevail as Incentives, in General Consumption Taxes and Foreign Trade Taxes, the *Investment, Decentralization* Sector receives most of the incentives through the Business Income Tax. The *Energy and Mining Sector* has registered tax expenditures, especially in the Excise Taxes on Fuels, while, in the Financial Sector, incentives predominate through exceptions in property taxes.

## C onclusions

This work presents the results of the tax expenditures of the Latin American countries that are included in the TEDLAC, at a second level of openness. We focus on the topics of the Tax Incentive/Benefit aspect and the dimension of the associated Budget Sectors.

Regarding the use of exceptions as a tax benefit instrument, we observe that they appear more frequently in sales taxes and personal income taxes and are mainly concentrated in sales or value added taxes, that is to say, in the taxes levied on people's consumption. For their part, incentives were identified in a larger set of taxes, although they prevail in taxes on company income. A slight predominance of tax benefits over incentives was observed.

The quantification of the Tax Benefits in the Consumption Tax allows us to appreciate the cost of the exceptions that seek to mitigate the regressivity of VAT. And although a variety of empirical studies show that the application of these exceptions is effective, mitigating the regressivity of the tax, and in some cases transforming it into neutral or progressive, the solution is of debatable efficiency, given the high *nominal* tax revenue loss to correct a *relative* problem. New solutions are currently being outlined that seek to focus the exception on the subject instead of the object. By specifically focusing the benefit on the subjects that are intended to be the beneficiaries, the desired objective will be enhanced, and fiscal costs will be reduced.

Regarding the Associated Budget Sector, and following the classification suggested by CIAT's Handbook. The association of a subset of exceptions that give rise to TEs according to specific portfolios is a first step to distribute the items allowing the promoter of the policy (tourism, investment, social, employment, housing, etc.), to have each one of the items and know the equivalent tax waiver. The TEDLAC registers each exception associating it to a sector of activity, so we can isolate the items associated with a specific sector, or associate classes of tax expenditures, taxes with exception, among other dimensions, to specific sectors of the budget.

The data show that Sector F (*Health and Sanitation (including food and maternity) and Sports*), is the sector that accumulates the most tax expenditures (31.5% of the total registry for all countries), and a fairly uniform distribution is noted among the 15 remaining sectors, with a minimum of 2.7% and a maximum of 10.7%. The exceptions recorded in this sector among the 17 countries contained in the TEDLAC are closely linked to tax benefits granted, mainly through exceptions in Value Added Taxes or Sales Taxes.

# Tax Expenditure reports included in TEDLAC

## Argentina

ESTIMACION DE LOS GASTOS TRIBUTARIOS EN LA REPUBLICA ARGENTINA - PARA LOS AÑOS 2015 A 2017 - Informe elaborado por la Dirección Nacional de Investigaciones y Análisis Fiscal, Secretaría de Hacienda, Ministerio de Economía y Finanzas Públicas, Presidencia de la Nación.

ESTIMACION DE LOS GASTOS TRIBUTARIOS EN LA REPUBLICA ARGENTINA - PARA LOS AÑOS 2014 A 2016 - Informe elaborado por la Dirección Nacional de Investigaciones y Análisis Fiscal, Secretaría de Hacienda, Ministerio de Economía y Finanzas Públicas, Presidencia de la Nación.

Estimación de los Gastos Tributarios en la República Argentina. Años 2011-2013. Informe elaborado por la Dirección Nacional de Investigaciones y Análisis Fiscal, Secretaría de Hacienda, Ministerio de Economía y Finanzas Públicas, Presidencia de la Nación.

ESTIMACION DE LOS GASTOS TRIBUTARIOS PARA LOS AÑOS 2010 A 2012 - Informe elaborado por la Dirección Nacional de Investigaciones y Análisis Fiscal, Secretaría de Hacienda, Ministerio de Economía y Finanzas Públicas, Presidencia de la Nación. Valores ajustados por Presupuesto - Resumen PRESIDENCIA DE LA NACIÓN Ministerio de Economía y Finanzas Públicas Secretaría de Hacienda Subsecretaría de Presupuesto Oficina Nacional de Presupuesto.

ESTIMACION DE LOS GASTOS TRIBUTARIOS - PARA LOS AÑOS 2010 A 2012 - Informe elaborado por la Dirección Nacional de Investigaciones y Análisis Fiscal, Secretaría de Hacienda, Ministerio de Economía y Finanzas Públicas, Presidencia de la Nación.

## Bolivia

Boletín de Ingresos y gastos tributarios No 5 - Ministerio de Económica y Finanzas Públicas. Estado Plurinacional de Bolivia.

## **Brazil**

Demonstrativo dos Gastos Tributarios PLOA 2017 (DGT 2017) - Centro de Estudos Tributarios e Aduaneiros - Receita Federal.

Demonstrativo dos Gastos Tributarios PLOA 2016 (DGT 2016) - Centro de Estudos Tributarios e Aduaneiros - Receita Federal.

Demonstrativo dos Gastos Tributarios PLOA 2015 (DGT 2015) - Centro de Estudos Tributarios e Aduaneiros - Receita Federal.

Demonstrativo dos Gastos Tributarios PLOA 2014 (DGT 2014) - Centro de Estudos Tributarios e Aduaneiros - Receita Federal.

## **Chile**

Anexo reporte Gasto Tributario 2015 a 2017 - Subdirección de Gestión Estratégica y Estudios Tributarios - Servicio de Impuestos Internos - Septiembre 2016.

Gasto Tributario 2012 - 2014 - Subdirección de Estudios - Servicio de Impuestos Internos - Septiembre 2014 - METODOLOGIA TRADICIONAL - Valores ajustados por informe 2016.

## **Colombia**

El gasto tributario en Colombia. Beneficios en el impuesto sobre la renta y CREE – personas jurídicas Años gravables 2013 - 2014 - Coordinación de Estudios Económicos Subdirección de Gestión de Análisis Operacional Dirección de Gestión Organizacional.

## **Costa Rica**

El gasto tributario, Metodología y Estimación. Año 2014. Dirección General de Hacienda (DGH) División de Política Fiscal (DPF) Agosto 2015. Contiene Serie 2010 - 2014 y Proyecciones 2015 y 2016. 2014 único año con apertura por ítems.

El gasto tributario, Metodología y Estimación. Año 2014. Dirección General de Hacienda (DGH) División de Política Fiscal (DPF) Agosto 2015. Contiene Serie 2010 - 2014 y Proyecciones 2015 y 2016. 2014 único año con apertura por ítems.+ El gasto tributario, Metodología y Estimación. Año 2016.

## **Ecuador**

Manual Gasto Tributario 2014 - Departamento de Estudios Tributarios - Centro de Estudios Fiscales - Este documento presenta la metodología utilizada para calcular el gasto tributario en el país, así como las principales cifras de las estimaciones y la normativa que lo rige. Octubre 2015.

Manual Gasto Tributario 2013 - Departamento de Estudios Tributarios - Centro de Estudios Fiscales - Este documento presenta la metodología utilizada para calcular el gasto tributario en el país, así como las principales cifras de las estimaciones y la normativa que lo rige.

Manual Gasto Tributario 2012 - Departamento de Estudios Tributarios - Centro de Estudios Fiscales - Este documento presenta la metodología utilizada para calcular el gasto tributario en el país, así como las principales cifras de las estimaciones y la normativa que lo rige.

## **El Salvador**

GASTO TRIBUTARIO: AÑO 2013: IVA Y RENTA. Unidad de Estudios Tributarios. Dirección General de Impuestos Internos. Diciembre 2015.

GASTO TRIBUTARIO: AÑOS 2011 - 2012: IVA Y RENTA. Unidad de Estudios Tributarios. Dirección General de Impuestos Internos. Diciembre 2014.

## **Guatemala**

<https://portal.sat.gob.gt/portal/analisis-estudios-tributarios/#1506976607233-cfdb5baf-4926>

Estadísticas de Gastos Tributarios. Disponibles en: <http://portal.sat.gob.gt/sitio/index.php/estadisticas/47-estadisticas-tributarias/7897-analisis-y-estudios-tributarios.html>

## **Jamaica**

Tax Expenditure Estimates 2014-2016. Ministry of Finance and the Public Service. Taxation Policy Division, Jamaica, West Indies. February 2018.

## **Mexico**

Presupuesto de Gastos Fiscales 2017. Secretaría de Hacienda y Crédito Público. Incluye gastos tributarios 2017 y 2018.

Presupuesto de Gastos Fiscales 2016. Secretaría de Hacienda y Crédito Público. Incluye gastos tributarios 2016 y 2017 & Presupuesto de Gastos Fiscales 2015. Secretaría de Hacienda y Crédito Público. Incluye gastos tributarios 2015 y 2016.

Presupuesto de Gastos Fiscales 2015. Secretaría de Hacienda y Crédito Público. Incluye gastos tributarios 2015 y 2016.

Presupuesto de Gastos Fiscales 2013. Secretaría de Hacienda y Crédito Público. Incluye gastos tributarios 2013 y 2014.

## **Nicaragua**

Gasto Tributario y Evasión del IVA e IR: 2010-2013, Alma Cortés Selva, Ministerio de Hacienda y Crédito Público Dirección de Estudios Económicos Managua, Nicaragua.

## **Panama**

Estimación del gasto tributario en Panamá, mediante el señalamiento de pautas y criterios para el establecimiento de una metodología de medición. Michel Jorratt De Luis - Marzo de 2014.

## **Paraguay**

Informe de Gasto Tributario en Paraguay 2013 - 2014 y Proyecciones de Gasto Tributario 2015 - 2016. CIAT - SAT - GIZ.

## **Peru**

Informe N° 17-2016-SUNAT/5A0000 / Estimación del impacto de los principales Gastos Tributarios 2017.

Informe N° 016-2015-SUNAT /5A0000 + Papeles de trabajo del estudio de gasto tributario de Perú.

## **Dominican Republic**

MINISTERIO DE HACIENDA Gastos Tributarios en República Dominicana.

Estimación para el Presupuesto General del Estado del año 2017.

Estimación para el Presupuesto General del Estado del año 2015 y 2016.

## **Uruguay**

Informe de gasto Tributario 2012 - 2014. Departamento de Estudios Económico - Tributarios - DGI.



# Bibliography

Auerbach, Alan; Hines Jr., James. Investment tax incentives and frequent tax reforms. NBER Working Paper Series. 1998.

Barreix, Alberto; Bés, Martín y Roca, Jerónimo. El IVA Personalizado: Aumentando la recaudación y compensando a los más pobres. 2010b.

Bauger, Lovise. The Use of Tax Expenditures in Times of Fiscal Consolidation. European Economy. Economic Papers 523. 2014.

Bolnick, Bruce. Effectiveness and Economic Impact of Tax Incentives in the SADC Region. SADC Tax Subcommittee. 2004.

Burman, Leonard. Pathways to tax reform revisited. Urban-Brookings Tax Policy Center and Syracuse University. 2013.

Centre for Tax Policy and Administration Development Co-Operation Directorate. Options for Low Income Countries' effective and efficient use of tax incentives for investment. OECD. 2015.

Craig, Jon; Allan, William. Fiscal Transparency, Tax Expenditures and Budget Processes: An International Perspective. IMF. 2011.

De Mooij, Ruud; Everdeen, Sjef. Taxation and Foreign Direct Investment: A synthesis of empirical research. CESifo Working Paper No. 588. 2001.

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

Feldstein, Martín. Effect of marginal tax rates on taxable income: A panel study of the 1986 tax reform act. Journal of Political Economy 103(3): 551-572. 1995.

International Budget Partnership IBP. Open Budget Survey 2015.

International Budget Partnership IBP. Guía para la transparencia de las finanzas Públicas. 2. Gastos Fiscales. 2015.

James, Sebastian. Effectiveness of Tax and Non-Tax Incentives and Investments: Evidence and Policy Implications, World Bank. 2013.

Jiménez, Juan Pablo y Podestá, Andrea. Inversión, incentivos fiscales y gastos tributarios en América Latina, Serie Macroeconomía del Desarrollo de la CEPAL N° 77. 2009.

Joint Committee on Taxation. A Reconsideration of Tax Expenditure Analysis. 2008.

Klemm, Alexander y Van Parys, Stefan (2009). Empirical evidence on the Effects of Tax Incentives, Documento de Trabajo del FMI N° 09/136.

Kraan, Dirk-Jan. Off-Budget and Tax Expenditures. OECD Journal on Budgeting – Volume 4 – No. 1. 2004.

Manual de Buenas Prácticas en la Medición de los Gastos Tributarios. Una experiencia Iberoamericana. Centro Interamericano de Administraciones Tributarias CIAT. 2011.

Manual de Transparencia Fiscal. Fondo Monetario Internacional. 2007.

Mirrlees, James; Adam, Stuart; Besley Timothy; Blundell, Richard; Bond, Stephen; Chote, Robert; Grammie Malcom; Johnson, Paul; Myles, Gareth & Poterba, James. Tax by Design. Institute of Fiscal Studies. 2013.

Moller, Lars C. (Coordinador). El Gasto Tributario en Colombia. Una Propuesta de Evaluación Integral y Sistémica de este Instrumento de Política Pública. Banco Mundial. Fondo Español para Latinoamérica y el Caribe. 2012.

OECD. Tax expenditures in OECD Countries. OECD. 2010.

OECD. Budget Practices for Budget Transparency. OECD Journal on Budgeting, Volume 1, Number 3, pp. 7-14. 2002.

OECD. Best practice guidelines – Off budget and tax expenditures. Working Party of Senior Budget Officials. 25th Annual Meeting of Senior Budget Officials. Madrid, Spain. 2004.

ONU-CIAT. Diseño y Evaluación de los Incentivos Tributarios en Países en Desarrollo. 2018. Autores Varios.

Pecho, Miguel. Gastos Tributarios en América Latina 2008-2012. Dirección de Estudios e Investigaciones Tributarias. Centro Interamericano de Administraciones Tributarias CIAT. 2014.

Pecho, Miguel; Peláez, Fernando; Sánchez, Jorge. Estimación del Incumplimiento Tributario en América Latina. Dirección de Estudios e Investigaciones Tributarias. Centro Interamericano de Administraciones Tributarias CIAT. 2012.

Peláez Longinotti, Fernando. Panorama de los Gastos Tributarios en América Latina y El Caribe. Centro Interamericano de Administraciones Tributarias. 2018.

Peláez Longinotti, Fernando. Los Gastos Tributarios en los Países Miembros del CIAT. Centro Interamericano de Administraciones Tributarias. 2018

Polackova Brixi, Hana; Valenduc, Christian M.A.; Swift, Shicheng Li. Tax Expenditures. Shedding Light on Government Spending through the Tax System. Lessons from Developed and Transition Economies. Directions In Development. The World Bank. 2004.

Roca, Jerónimo. Evaluación de la efectividad y eficiencia de los beneficios tributarios. Banco Interamericano de Desarrollo. Sector de Capacidad Institucional y Finanzas. 2010.

Romano, Álvaro; Peláez, Fernando. Hacia una mayor equidad de los instrumentos tributarios. Propuesta de Implementación de un IVA Personalizado. Documento de discusión presentado en XXV Seminario Regional de Política Fiscal. CEPAL. 2013.

Sanz Sanz, José Félix; Sanz Labrador, Ismael. Política fiscal y crecimiento económico. Consideraciones microeconómicas y relaciones macroeconómicas. Serie: Macroeconomía del desarrollo. CEPAL. Naciones Unidas. 2013.

Schuschny, Andrés Ricardo. Tópicos sobre el Modelo de Insumo-Producto: Teoría y aplicaciones. División de Estadísticas y Proyecciones Económicas CEPAL. 2005.

Surrey, Stanley. The Tax Expenditure Concept and the Budget Reform Act of 1974. Boston College Law Review. 1976.

Thuronyi, Victor. Tax Expenditures: A Reassessment. Duke Law Journal 1155-1206. 1988.

Tokman, Marcelo; Rodriguez, Jorge; Marshall, Cristóbal. Las excepciones tributarias como herramienta de política pública. Centro de Estudios Públicos de Chile. 2006.

Van Parys, Stefan. The effectiveness of tax incentives in attracting investment: evidence from developing countries, Reflets et perspectives de la vie économique, 2012/3, pp. 129-141. 2012.

Villela, Luiz; Lemgruber, Andrea; Jorratt: Michael. Gastos Tributarios: La reforma pendiente. Banco Interamericano de Desarrollo. 2010.

Villela, Luiz; Lemgruber, Andrea; Jorratt: Michael. Los presupuestos de gastos tributarios: Conceptos y desafíos de implementación. Banco Interamericano de Desarrollo. 2009.





# Working Papers *Serie*



**CIAT**

**CIAT Executive Secretary**

P.O. Box: 0834-02129, Panama, Republic of Panama

Phone: (507) 307.2428

Fax: (507) 264.4926

E-mail: [ciat@ciat.org](mailto:ciat@ciat.org)

Web: [www.ciat.org](http://www.ciat.org)