



# Inter-American Center of Tax Administrations

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**TAXATION AND TAX**

**ADMINISTRATION**

**-Latin America-**

**Comparative**

**Series**

## Introduction

The Executive Secretariat of the Inter-American Center of Tax Administrations (CIAT), aware of the need of its member and associate member countries to access tax information that may facilitate the analysis of best practices and allow for an adequate international comparison, makes available to the MyCiat community its new comparative series: "Taxation and Tax Administration".

This document which has been prepared by the Tax Studies and Research Management Office of the Directorate of Studies and Training describes the tax system and administration of eighteen (18) Latin American countries, based on information provided by the aforementioned countries and the former CIAT Taxation Base.

The tax systems show taxes, fees and contributions established by the different government levels, classified according to eight (8) main categories.

In the area of tax administration, the document explains the distribution of competencies when there are several entities involved in management, and also provides a detailed description of the characteristics of tax administration of the National, Central or Federal Government.

Also included is updated information on the status of double taxation and/or information exchange agreements signed by the countries, along with details of the legal processes that protect taxpayer rights.

The information may also be consulted through CIATData, the new CIAT taxation data base, which is available to the entire MyCiat community in the organization's Web page. It is expected that, within short term, information on the countries analyzed may be expanded and likewise, new aspects of tax relevance may be included.

For any inquiry, suggestion or observation regarding the information shown in this document please contact the Tax Studies and Research Manager, Mr. Miguel Pecho, at [mpecho@ciat.org](mailto:mpecho@ciat.org).

# Argentina

Latest Update: January 2011

## **Profile**

Argentina is a country located in South America. Its population is 40,1 million inhabitants (2009). The official currency is the Argentine Peso (\$). The Gross Domestic Product (GDP) amounts to \$ 1 145,5 billion<sup>1</sup> (2009).

## **Tax System (in effect in 2010)<sup>2</sup>**

The Federal Government has the authority over the following taxes:

1. Taxes on Income, Profits and Capital Gains
  - Profits tax, contained in Law No. 20628, Profits Tax Law, and its amended text was approved by Decree N° 649-97 (published in the Official Gazette on 06.08.1997) and amending laws.
  - The estimated minimum income tax, contained in Law N° 25063 (published in the Official Gazette on 30.12.1998) and amending laws.
  - Tax on Lottery Prizes and Sports Betting, contained in Law N° 20630 (published in the Official Gazette on 22.01.1974) and amending laws
2. Taxes on Properties
  - Tax on the Transfer of Property Owned by Individuals and Undivided Inheritance, contained in Law N° 23905 (published in the Official Gazette on 18.02.1991) and amending laws.
  - The Personal Property Tax in Law N° 23966, whose amended text was approved by Decree N° 281-97 (published in the Official Gazette on 15.04.1997) and amending laws.
  - Special Tax on Credit Unions, in Law N° 23427 (published in the Official Gazette on 03.12.1986) and amending laws.
3. General Consumption Taxes
  - Value Added Tax, in Law N° 20631, whose amended text was approved by Decree N° 280-97 (published in the Official Gazette on 15.04.1997) and amending laws.
4. Excise Taxes
  - Internal taxes, contained in Law N° 3764 - replaced by Law N° 24674 (published in the Official Gazette on 16.08.1996) - and amending laws.
  - Internal taxes on insurance and Other Goods and Services, in Law N° 3764 and amending laws.
  - Additional Emergency Tax on Cigarettes, contained in Law N° 24625 (published in the Official Gazette on 09.01.1996) and amending laws.

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<sup>1</sup> The translation billion refers here to the Spanish “miles de millones”.

<sup>2</sup> Does not include information on i) user charges (rights, licenses, fees, among others); or ii) contributions other than social security payments.

- Additional tax for the Special Tobacco Fund, contained in Law N° 19800 and amending laws.
  - Taxes on Liquid Fuel and Natural Gas, contained in Law N° 23966, whose amended text was approved by Decree N° 518-98 (published in the Official Gazette on 18.05.1998) and amending laws.
  - Taxation on Gas Oil and Liquefied Gas for automotive use, contained in Law N° 26028 (published in the Official Gazette on 06.05.2005) and amending laws.
  - Tax on the Transfers or Imports of Gasoline and Natural Gas to Compressed Natural Gas, contained in Law N° 26181 (published in the Official Gazette on 20.12.2006) and amending laws.
  - Surcharge on Natural Gas and Liquefied Petroleum Gas<sup>3</sup>, contained in Law N° 25565 and amending laws.
  - Tax Film Shows and video recorded entries, contained in Law N° 17741, whose amended text was approved by Decree N° 1248-01 (published in the Official Gazette on 16.10.2001) and amending laws.
  - Tax on Broadcasting Services.
  - Charge on Cellular Telephony<sup>4</sup>, contained in Law N° 26573 and amending laws.
5. Taxes on Financial Transactions
- Tax on the Debits and Credits in Banking Current Accounts, contained in Law N° 25413 (published in the Official Gazette on 26.03.2001) and amending laws.
6. Taxes on Foreign Trade
- Import duties
  - Export duties
7. Simplified Regimes
- Simplified System for Small Taxpayers, contained in Law N° 26565 (published in the Official Gazette on 21.12.2009) and amending laws.
8. Others
- Tax on Overseas Airfares, in Law N° 25997 (published in the Official Gazette on 07.01.2005) and amending laws.
  - Surcharge for the National Fund for Electric Power<sup>5</sup>, contained in Law N° 15336 and amending laws.
  - Surcharge for the Fund of the Public Services Company a State Company of the Santa Cruz Province<sup>6</sup>, in Law N° 23681 and amending laws.

In the case of taxes under the authority of the Sub-national Governments, the major taxes of the provinces are the following:

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<sup>3</sup> A tax, in spite of its name.

<sup>4</sup> A tax, in spite of its name.

<sup>5</sup> A tax, in spite of its name.

<sup>6</sup> A tax, in spite of its name.

1. Taxes on Properties
  - Real Estate Tax
  - Automotive Vehicles Tax
2. General Consumption Taxes
  - Gross Income Tax
3. Others
  - Stamp tax

Social security contributions and payments are intended to finance old age, disability and death insurance, health insurance, the family benefit system, unemployment insurance and labor risk insurance.

### ***Tax Administration***

The Federal Administration of Public Revenue (AFIP, in Spanish), an autonomous entity in the Ministry of Economy and Public Finance (MECON, in Spanish), is the body responsible for the collection of taxes for the Federal Government, including those that by nature are of customs and Social Security.

The AFIP has administrative and financial independence.

The AFIP also receives at customs, the Gross Income Tax under the authority of the provinces.

The Tax on Overseas Airfares is collected by the Secretariat of Tourism of the Nation (SECTUR, in Spanish).

### **The AFIP<sup>7</sup>**

#### ***1. Creation and Operation Rules***

The AFIP is created as a result of the merger of the then National Customs Administration and Directorate General of Revenue (DGI, in Spanish), pursuant to Decrees N° 1156/96 (published in the Official Gazette on 14.10.1996) and its supplementary N° 1589/96 (published in the Official Gazette on 19.12.1996). At the time of the merger, the DGI had powers to collect, monitor and judicially execute the resources of the Social Security<sup>8</sup>.

The activities of the AFIP officially began with the issuance of Decree N° 618/97 (published in the Official Gazette on 14.07.1997), which established its rules of operation, powers, and the formation of senior authorities.

#### ***2. Vision***

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<sup>7</sup> Information has been mainly extracted from the AFIP webpage and CIAT's former taxation database.

<sup>8</sup> Decree N° 507/93 (published in Official Gazette on 25.03.1993).

The AFIP will be positioned as a par excellence services institution oriented to promote formal economy, registered employment and security to foreign trade, deploying its abilities to proactively interact in the economic and social context.

### *3. Mission*

Manage the implementation, collection, control and examination of national taxes, social security resources and related foreign trade activities; promoting voluntary compliance, economic development and social inclusion.

### *4. Organizational Structure*

The Federal Administrator is the highest authority within the AFIP and its appointment is the responsibility of the Executive Branch and endorsed by Congress.

Without prejudice thereto, an Advisory Board formed by of the Chairmen of the Budget and Finance Committees of the Lower House of Congress and Senators, the Executive Director of the National Administration of the Social Security (ANSES, in Spanish), two (2) taxation experts, one (1) representative from the Central Bank, and one (1) of the provinces are responsible for compliance with the objectives of the AFIP. It should be mentioned that this Council has no executive function.

Decree N° 618/97 (published in the Official Gazette on 14.07.1997) and amending laws, established jointly with the DGI a Directorate General of Customs (DGA, in Spanish). Subsequently, Decree N° 1231/2001 (published in the Official Gazette on 05.10.2001) created the Directorate General of Resources of the Social Security Resources (DGRSS, in Spanish)<sup>9</sup>.

AFIP's current structure [up to the Deputy General Directorate level](#) is ruled by the provisions of Decree N° 898/2005 (published in the Official Gazette on 28.07.2005).

### *5. Budget*

The AFIP resources are made up of a percentage of total net taxation receipts and customs resources whose implementation, collection, examination or tax execution is under its responsibility, as provided for by [Decree N° 1399/2001 \(published in the Official Gazette on 05.11.2001\)](#).

The executed budget of the AFIP for 2009 amounted to \$ 7 205,1 million, of which \$3 499,5 million corresponded to the DGI, \$ 1 854,1 million to the DGA, \$ 166,1 million to the DGRSS and \$1 685,5 million to central bodies.

More information on the budget approved by AFIP is available [here](#).

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<sup>9</sup> Between 2001 and 2003 the collection of social security was the responsibility of the National Institute of Social Security Resources (INARSS, in Spanish).

## 6. Human Resources

At 2010, the AFIP had accounted a total of 23 170 officials, of which 3 299 were working in central bodies, 13 196 in the DGI, 5 188 in the DGA and 1 487 in the DGRSS<sup>10</sup>.

The AFIP has an administrative career path system, a remuneration and benefits policy primarily determined by the provisions of the collective bargaining agreements.

AFIP has a [Code of Ethics](#) for its staff.

## 7. Taxpayers

At 2010, AFIP had registered a total of 5 341,7 thousands of taxpayers.

Taxpayer type	Amount
Total	5 431 699
- Large	62 863
- Mid-size	2 499 609
- Small	2 869 227
Employers	826 347
Dependents	8 024 000
Importers/Exporters	32 000
Business assistants	10 520

## 8. Notes on Operations

- a. Registry. For tax purposes, a Single Tax Identification Code (CUIT, in Spanish) is used.
- b. Returns and Payment. According to the Law of Tax Procedures (LPT, in Spanish), tax liabilities are self-assessed and should be submitted electronically through the Internet. Payment can be at the headquarters bank or directly through an electronic transfer.
- c. Enforced Collection. The AFIP uses a single executive coercive collection procedure for taxes, social security and customs resources. There is no prioritization in coercive procedures between different concepts.
- d. Certificate of Tax Residence (CRF, in Spanish). The AFIP has recently established that CRF be issued through the Internet.

## **International Affairs<sup>11</sup>**

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<sup>10</sup> Information taken from the presentation made by AFIP's Federal Administrator during the CIAT Technical Conference held in Paris (France) in 2010.

Argentina has signed Double Taxation Treaties (CDIs, in Spanish) with Australia, Belgium, Bolivia, Brazil, Canada, Chile, Denmark, Germany, Finland, France, Italy, the Netherlands, Norway, Russia, Spain, Sweden, Switzerland, United Kingdom and United States. All are in effect, according to the detail provided herein, except the ones signed with Russia and the United States. It should be noted that the CDI signed with Austria is no longer in force.

Country	Year in effect
Australia	2000
Belgium	2000
Bolivia	1980
Brazil	1983
Canada	1995
Chile	1986
Denmark	1998
Germany	1976
Finland	1997
France	1981
Italy	1979
The Netherlands	1999
Norway	2002
Spain	1995
Sweden	1998
Switzerland	2001
United Kingdom	1998

CDIs can be inquired [here](#).

Argentina has also signed cooperation and information exchange agreements with Andorra, Bahamas, Costa Rica, Monaco and San Marino. None is in effect.

### ***Taxpayers' Rights***

The Prosecutor's Court of the Nation, created by Law N° 15265, is an autarchic separate agency of the active administration, whose primary mission is to support the procedure and sentencing in all tax disputes between taxpayers and the DGI or the DGA, generated as a result of assessments carried out by said collection bodies, dependent of the AFIP.

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<sup>11</sup> Does not include Customs Treaties, Investment Protection Agreements, Agreements on International Transport or Agreements on Social Security. The sources consulted include the country and the International Bureau of Fiscal Documentation (IBFD).





## **Bolivia**

Latest update: January 2011

### ***Profile***

Bolivia is a country located in South America. Its population is 10,2 million inhabitants (2009). The official currency is the Boliviano (\$b). Its Gross Domestic Product (GDP) amounts to \$b 121 726,7 million (2009).

### ***Tax system (in effect in 2010)<sup>12</sup>***

The Central Government has the authority over the following taxes:

1. Taxes on Income, Profits and Capital Gains
  - Company Profits Tax
  - VAT Supplementary Regime.
  - Direct Tax on Hydrocarbons.
  - Mining Supplementary Tax<sup>13</sup>
2. Taxes on Properties
  - Inheritance and Gift Tax.
3. General Consumption Taxes
  - VAT – Value-added Tax
  - Transaction Tax.
4. Excise Taxes
  - ICE – Excise Tax.
  - Special Tax on Hydrocarbons and Hydrocarbon Derivatives.
  - Air Exit Tax
5. Taxes on Financial Transactions
  - Financial Transaction Tax.
6. Taxes on Foreign Trade
  - Customs Duties.

The main taxes under the authority of Sub-national Governments are:

1. Taxes on Properties
  - Tax on the Ownership of Real Estate and Tax on the Ownership of Motor Vehicles.
  - Municipal Tax on the Transfers of Real Estate and Motor Vehicles.

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<sup>12</sup> Does not include information on i) user charges (rights, licenses, fees, among others); or ii) any kind of contributions.

<sup>13</sup> Supplementary to the Company Profits Tax.

Law N° 843 – Tax Reform Law<sup>14</sup>, whose Revised Text as of December 2004 was approved by Annex N° 3 of the Executive Decree N° 27947 (published in the Official Gazette on 20.12.2004) and amending laws, regulates the VAT (Title I), the VAT Supplementary Regime<sup>15</sup> (Title II), the Company Profits Tax (Title III), the Tax on the Ownership of Real Estate and the Tax on the Ownership of Motor Vehicles (Title IV), the Transaction Tax (Title VI), the ICE (Title VII), the Inheritance and Gift Tax (Title XI), the Air Exit Tax (Title XII), the Municipal Tax on the Transfer of Real Property and Motor Vehicles (Title XIII) and the Direct Tax on Hydrocarbons, the Special Tax on Hydrocarbons and Hydrocarbon Derivatives, the Mining Supplementary Tax and the Financial Transaction Tax (Title XIV).

### ***Tax Administration***

The National Tax Service (SIN, in Spanish), a body attached to the Ministry of Economy and Public Finance (MEFP, in Spanish), is responsible for collecting taxes for the Central Government, with the exception of those that by nature are of customs (such as Customs Duties, the VAT on imports, the ICE on imports, etc.) which are collected by the National Customs of Bolivia (ANB, in Spanish).

The SIN is a self-managed public entity that has administrative, functional, technical and financial self-sufficiency, has legal standing and its own assets.

### **The SIN<sup>16</sup>**

#### *1. Creation and operation rules*

The SIN, initially named National Service of Internal Taxes, was created through the Executive Decree N° 25155 (published on 14.09.1998) based upon the then General Office of Internal Taxes. However, it was not until the promulgation of [Law N° 2166 \(published on 22.12.2000\)](#) and its regulations, the [Executive Decree N° 26462 \(published on 22.12.2001\)](#), that the institution adopted its current functions.

#### *2. Vision*

To become the public institution most greatly recognized and respected for:

- Its transparency and efficiency
- The high technical and ethical level of its officers
- Its contribution to the consolidation of a competitive and supportive country

#### *3. Mission*

To facilitate and universalize the fulfillment of tax obligations.

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<sup>14</sup> Published on 20.05.1986.

<sup>15</sup> Ruled by Executive Decree N° 21531 (published in the Official Gazette on 27.02.1987).

<sup>16</sup> This information has been mainly extracted from SIN webpage and CIAT's former taxation database.

#### 4. *Organizational Structure*

The Board of Directors is SIN's highest regulatory authority. It is composed of the President (highest executive authority) and five (5) directors.

You may consult SIN's current organizational structure on the different levels, [here](#).

#### 5. *Budget*

As of 2009, SIN's executed budget<sup>17</sup> amounted to \$b 151,1 million.

A substantial part of SIN's budget is formed by the allocations of up to 2% of the cash revenues generated from internal taxes collected by the immediately precedent fiscal year.

You may consult further budget information of SIN [here](#).

#### 6. *Human Resources*

At 2010, the personnel employed by SIN amounted to 1 296 officers on a national level, of which 1 160 were permanent staff and 136 were temporary staff. Of the permanent staff, a total of 594 joined the SIN through external and/or internal Public Job Posting.

#### 7. *Notes on operations*

- a. Registration. From 2011, the SIN will gradually implement the biometric roll intended to register taxpayers' personal identity cards, photography and digital prints.
- b. Tax returns and payment. Ninety seven percent (97%) of tax returns are made on line (Virtual Office).

#### ***International affairs***<sup>18</sup>

Bolivia has signed Double Taxation Treaties (CDIs, in Spanish) with Argentina, Germany, Spain, France, the United Kingdom and Sweden. Furthermore, it is a multilateral CDI signatory party of the Andean Community of Nations (CAN, in Spanish)<sup>19</sup>. All CDIs are in force in accordance with the detail presented below.

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<sup>17</sup> Accrued.

<sup>18</sup> Does not include Customs Treaties, Investment Protection Agreements, Agreements on International Transport or Agreements on Social Security. The sources consulted include the country and the International Bureau of Fiscal Documentation (IBFD).

<sup>19</sup> Currently formed by Bolivia, Colombia, Ecuador and Peru.

Country	Year in effect
Argentina	1980
Germany	1991
Spain	1999
France	1997
United Kingdom	1996
Sweden	1996
CAN <sup>20</sup>	2005

### ***Taxpayers' rights***

Taxpayers are allowed to file appeals and appeals against administrative acts of the Tax Administration (including municipal governments) under the [Tax Litigation Authority \(AIT, in Spanish\)](#) .

The AIT, formerly denominated Tax Superintendency, was created through Title III of the Bolivian Tax Code (CTB, in Spanish) – Law N° 2492 (published on 04.10.2003), as part of the Executive Branch within the sphere of the MEFP. It is a self-managed public body with administrative, functional, technical and financial self-sufficiency, and has jurisdictional competency in the whole national territory.

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<sup>20</sup> Decision 578 which replaced Decision 40.

# Brazil

Latest update: January 2011

## **Profile**

Brazil is a country located in South America. Its population is 191,5 million inhabitants (2009). The official currency is the Real (R\$). Its Gross Domestic Product (GDP) amounts to R\$ 3 143,0 billion<sup>21</sup> (2009).

## **Tax system (in effect in 2010)<sup>22</sup>**

The Federal Government has authority over the following taxes:

1. Taxes on Income, Profits and Capital Gains
  - Income Tax (Imposto sobre a Renda)
  - CSLL – Social Contribution on Net Corporate Profits<sup>23</sup> (Contribuição Social sobre o Lucro Líquido)
2. Taxes on Properties
  - Rural Land Tax (Imposto Territorial Rural)
3. General Consumption Taxes
  - COFINS – Contribution to Social Security Financing<sup>24</sup> (Contribuição para Financiamento da Seguridade Social)
  - PIS/PASEP – Contribution to the Social Integration Program and Contribution to the Civil Servant Asset Formation<sup>25</sup> (Contribuição para o Programa de Integração Social y para o Programa de Formação do Patrimônio do Servido Público)
4. Excise Taxes
  - IPI – Tax on Industrialized Goods (Imposto sobre Produtos Industrializados)
  - Contribution to intervene in the economic domain of fuels<sup>26</sup> (Contribuição de Intervenção no Domínio Econômico sobre as Operações realizadas com Combustíveis).
5. Taxes on Financial Transactions
  - IOF – Tax on Credit, Foreign Exchange, Insurance and Securities Transactions (Imposto sobre Operações de Crédito, Câmbio e Seguro, ou relativas a Títulos e Valores Mobiliários).

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<sup>21</sup> The translation billion refers here to the Spanish “miles de millones”.

<sup>22</sup> Does not include information on user charges (rights, licenses, fees, among others).

<sup>23</sup> A tax, in spite of its name.

<sup>24</sup> A tax, in spite of its name.

<sup>25</sup> Taxes, in spite of their name.

<sup>26</sup> A tax, in spite of its name.

6. Taxes on Foreign Trade
  - Import Tax (Imposto sobre Importação).

State taxes under the authority of Sub-national Governments are:

1. General Consumption Taxes
  - ICMS – Tax on the movements of goods and on inter-state and inter-municipal transportation and communication services (Imposto sobre Operações relativas à Circulação de Mercadorias e sobre Prestações de Serviços de Transporte Interestadual e Intermunicipal e de Comunicação).
2. Taxes on Properties
  - ITCD – Tax on Property Transmission Causa Mortis and Gifts (Imposto sobre Transmissão Causa Mortis e Doação).
  - IPVA – Tax on the Ownership of Motor Vehicles (Imposto sobre a Propriedade de Veículos Automotores)

Lastly, municipal taxes are:

1. General Consumption Taxes
  - ISS – Services Tax (Imposto sobre Serviços)
2. Taxes on Properties
  - ITBI – Transmission Tax Inter-Vivos (Imposto sobre a Transmissão de Bens Imóveis)
  - IPTU – Urban Building and Land Tax (Imposto sobre Propriedade Territorial Urbana)

Social Contributions (Contribuições Previdenciárias) include the Contribution to Social Security and Self-proprietorship<sup>27</sup> (Contribuição para o Instituto Nacional do Seguro Social – INSS), the Contribution to Civil Servant's Social Security<sup>28</sup> (Contribuição para a Seguridade Social do Servidor Público), Previdência dos Estados and Previdência dos Municípios.

### ***Tax Administration***

The Secretariat of Federal Revenues of Brazil<sup>29</sup> (RFB, in Portuguese), a body that reports to the Ministry of Finance<sup>30</sup>, is responsible for collecting the Federal Government's taxes, including those that by nature are of customs and social contributions, except for those levied on payrolls and self-proprietorship.

The RFB does not have full administrative and financial self-sufficiency.

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<sup>27</sup> A federal tax, in spite of its name.

<sup>28</sup> A federal tax, in spite of its name.

<sup>29</sup> Secretaria da Receita Federal do Brasil.

<sup>30</sup> Ministério da Fazenda.

The [Prosecuting Attorney's Office of the Treasury](#)<sup>31</sup> (PGFN, in Portuguese) is in charge of tax debt collection proceedings.

The social contributions levied on labor are collected by the INSS, a body attached to the Ministry of Social Security and Assistance.

Sub-national Governments are responsible for collecting their own taxes, except for those collected by the RFB through the Integrated System of Micro and Small Business Tax and Contribution Payments – SIMPLES Nacional (Sistema Integrado de Pagamento de Impostos e Contribuições das Microempresas e das Empresas de Pequeno Porte).

## The RFB<sup>32</sup>

### *1. Creation and operation rules*

Initially denominated Secretariat of Federal Revenues pursuant to the Executive Order N° 63659 (published on 20.11.1968), the institution was later named as it is currently known pursuant to Law N° 11457 (published on 16.03.2007), which also mandated that the Secretariat should take on the functions carried out so far by the Secretariat of Social Security Revenues, which was terminated immediately after.

### *2. Vision*

To become an institution of excellence regarding tax and customs administration both nationally and internationally.

### *3. Mission*

To exercise fiscal and customs control with fiscal equity and respect for the citizens, for the benefit of society.

### *4. Organizational Structure*

The RFB's current structure was established through [Annex I to its Internal Regulations – Executive Order N° 7386 \(published on 08.12.2010\)](#) and amending laws.

The RFB's organizational chart may be consulted [here](#).

### *5. Budget*

In 2009, the executed budget of the RFB amounted to R\$ 6 699,0 million.

You may find further information on budget execution [here](#).

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<sup>31</sup> Procuradoria-Geral da Fazenda Nacional.

<sup>32</sup> Information mainly extracted from the RFB's webpage and CIAT's former taxation database.



## 6. Human Resources

At 2008, the RFB employed 31 719 servants, of which 12 847 were Fiscal Auditors (AFRFB, in Portuguese), 7 610 were Tax Analysts (ATRFB, in Portuguese) and 11 262 were officers conducting administrative and supporting functions.

Entrance to the RFB is through public competition through [School of Public Finance](#)<sup>33</sup> (ESAF, in Portuguese).

You may inquire further details regarding the RFB's staff management [here](#).

## 7. Notes on operations

- a. Enforced collection. This function does not belong to the RFB. It is conducted by the PGFN.

## 8. Tax Culture

Since the early 70s, the RFB has been conducting fiscal education activities. One of the first ones was the performance of the program "Taxpayer of the Future", aimed at educating students on civil responsibility matters. Today the RFB participates in the National Fiscal Education Program (PNEF, in Portuguese) together with the Ministry of Education<sup>34</sup>, the Secretariat of the National Treasury<sup>35</sup>, ESAF and the State Finance and Education Secretariats.

The RFB also manages an [On-line Fiscal Education Program](#).

## **International affairs**<sup>36</sup>

Brazil has signed Double Taxation Treaties<sup>37</sup> with Argentina, Austria, Belgium, Canada, Chile, China, South Korea, Denmark, Ecuador, Slovakia, Spain, the Philippines, Finland, France, Hungary, India, Israel, Italy, Japan, Luxemburg, Mexico, Norway, the Netherlands, Peru, Portugal, the Czech Republic, Russia, South Africa, Sweden, Trinidad & Tobago, Ukraine and Venezuela. They are all effective according with the detail presented below, except for Trinidad & Tobago and Venezuela. The Double Taxation Treaty signed with Germany is no longer in force since 2006.

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<sup>33</sup> Escola de Administração Fazendária

<sup>34</sup> Ministério da Educação.

<sup>35</sup> Secretaria do Tesouro Nacional.

<sup>36</sup> Does not include Customs Treaties, Investment Protection Agreements, Agreements on International Transport or Agreements on Social Security. The sources consulted include the country and the International Bureau of Fiscal Documentation (IBFD).

<sup>37</sup> Acordos para Evitar a Dupla Tributação.

Country	Year in effect
Argentina	1983
Austria	1977
Belgium	1974
Canada	1986
Chile	2004
China	1994
South Korea	1992
Denmark	1975
Ecuador	1988
Slovakia	1991
Spain	1976
The Philippines	1992
Finland <sup>38</sup>	1998
France	1973
Hungary	1991
India	1993
Israel	2006
Italy	1982
Japan	1968
Luxemburg	1981
Mexico	2007
Norway	1982
The Netherlands	1992
Peru	2010
Portugal <sup>39</sup>	2000
The Czech Republic	1991
Russia	2010
South Africa	2007
Sweden	1976
Ukraine	2007

The Double Taxation Treaties may be consulted [here](#).

Brazil has also signed an information cooperation and exchange agreement with the United States that has not yet been assigned an effective date.

### ***Taxpayers' rights***

The RFB is responsible for prosecuting the first stage of administrative-fiscal disputed litigations through the Prosecution Offices<sup>40</sup> (DRJ, in the Portuguese).

<sup>38</sup> It superseded a treaty effective since 1974.

<sup>39</sup> It superseded a treaty effective since 1972.

<sup>40</sup> Delegacias da Receita Federal do Brasil de Julgamento.

The [Administrative Board of Fiscal Resources](#)<sup>41</sup> (CARF, in Portuguese) is in charge of hearing the second stage of fiscal administrative proceedings.

The CARF is a collegiate body reporting to the Ministry of Finance, created through the Provisional Measure N° 449 de 2008 –which later became Act N° 11941 (published on 27.05.2009)– to replace the Taxpayers’ Board<sup>42</sup> of the Ministry of Finance and the Higher Chamber of Fiscal Resources<sup>43</sup> existing at that time.

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<sup>41</sup> Conselho Administrativo de Recursos Fiscais.

<sup>42</sup> Conselho de Contribuintes.

<sup>43</sup> Câmara Superior de Recursos Fiscais.

## Chile

Latest update: January 2011

### **Profile**

Chile is a country located in South America. Its population is 17,0 million inhabitants (2009). The official currency is the Chilean Peso (\$). Its Gross Domestic Product (GDP) amounts to \$ 91 591,3 billion<sup>44</sup> (2009).

### **Tax system (in effect in 2010)<sup>45</sup>**

The Central Government has authority over the following taxes:

1. Taxes on Income, Profits and Capital Gains
  - Income Tax<sup>46</sup>, contained in Section 1 of the [Decree Law N° 824 \(published in the Official Bulletin on 31.12.1974\) and amending laws.](#)
  - Mining companies' patents
2. Taxes on Properties
  - Tax on Inheritance, Assignments and Gifts, contained in Law N° 16271, whose revised, coordinated and systematized text was set forth by Section 8 of the [Decree Law N° 1 \(published in the Official Bulletin on 30.05.2000\) and amending laws.](#)
  - Surtax on real estate
3. General Consumption Taxes
  - Sales and Services Tax, contained in the [Decree Law N° 825 – superseded by Decree Act N° 1606 \(published in the Official Bulletin on 03.12.1976\), maintaining the same number - and amending laws.](#)
4. Excise Taxes
  - Tax on Manufactured Tobacco, contained in the [Decree Law N° 828 \(published in the Official Bulletin on 31.12.1974\) and amending laws.](#)
  - Gambling Tax
  - Tax on Gasoline and Diesel Oil, contained in Law N° 18502 and amending laws.
5. Taxes on Foreign Trade
  - Import Duties
6. Others

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<sup>44</sup> The translation billion refers here to the Spanish “miles de millones”.

<sup>45</sup> Does not include information on i) user charges (rights, licenses, fees, among others); or ii) any kind of contributions.

<sup>46</sup> Includes an Specific Tax on Mining Activity.

- Stamp Duty (Tax on Juridical Acts), contained in the [Decree Law N° 3475 \(published in the Official Bulletin on 04.09.1980\) and amending laws.](#)
- Taxes on Civil Registry and Identification Acts.

The Tax on Land or Real Estate is a Central Government tax whose collection has been fully assigned to the municipalities. It is contained in [Law N° 17235, whose revised, coordinated and systematized text was set forth by the Decree Law N° 1 \(published in the Official Bulletin on 16.12.1998\) and amending laws.](#)

The main taxes collected by Sub-national Governments are:

1. Taxes on Properties
  - Tax on the Transfer of Used Vehicles
2. Others
  - Vehicle circulation permit
  - Commercial or Professional Patent

### ***Tax Administration***

The Internal Tax Service (SII, in Spanish), a body attached to the Ministry of Finance (MH, in Spanish), is in charge of liquidating and auditing the Central Government's taxes, with the exception of those that by nature are of customs (such as Import Duties, Sales and Services Tax on Imports, etc.) which are liquidated and audited by the National Customs Service (SNA, in Spanish).

The SII also liquidates and audits the Land Tax assigned to the municipalities.

The General Treasury of the Republic (TGR, in Spanish) is in charge of the enforced collection of tax debts.

### **The SII<sup>47</sup>**

#### ***1. Creation and operation rules***

Pursuant to the Ministries' General Law – Decree with Law Force N° 7912 (published on 30.11.1927), the MH created and organized by decree the General Office of Internal Taxes, the SII's predecessor.

#### ***2. Vision***

The SII is to be perceived by its users as an institution of excellence and transparency, which executes its functions with equity and a strict fulfillment of the effective laws and regulations, providing quality services that enable the fulfillment of its obligations. In addition, it is to be recognized as a relevant actor

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<sup>47</sup> Information extracted mainly from SII's webpage and CIAT's former taxation database.

in economic affairs and will participate actively in the international scenario, and will keep valuable links with other related institutions, while providing ongoing support to the legislative diligences of tax projects.

### 3. *Mission*

To administer the system of internal taxes for fiscal purposes with equity and justice, enabling voluntary performance through the provision of quality services adapted to each type of taxpayers; safeguarding the proper tax compliance, in strict compliance with the effective legislation and focusing its auditing efforts on taxpayers showing a risky tax behavior.

### 4. *Organizational Structure*

The SII's Internal Regulation – [Decree Law N° 7 \(published on 30.09.1980\)](#) and amending laws sets forth the institution's organizational chart.

The SII's organizational chart, both on a national and regional level, may be consulted [here](#).

### 5. *Budget*

The SII's budget is incorporated into the MH's budget.

In 2009, the budget executed by the SII amounted to \$ 118 081,9 million.

You can find further information on SII's budget execution [here](#).

### 6. *Human Resources*

At 2009, the SII's staff was made up of 3 995 officers, of which 2 405 were permanent staff and 1 590 were hired staff.

### 7. *Notes on operations*

- a. Enforced collection. This function is not the responsibility of the SII. It is conducted by the TGR.

## ***International affairs***<sup>48</sup>

Chile has signed Double Taxation Treaties (CDIs, in Spanish) with Argentina, Australia, Belgium, Brazil, Canada, Colombia, South Korea, Croatia, Denmark, Ecuador, Spain, the United States, France, Ireland, Malaysia, Mexico, Norway, New Zealand, Paraguay, Peru, Poland, Portugal, the United Kingdom, Russia, Sweden, Switzerland and Thailand. They are all effective according to the detail presented below, except for Australia, the United States and Russia.

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<sup>48</sup> Does not include Customs Treaties, Investment Protection Agreements, Agreements on International Transport or Agreements on Social Security. The sources consulted include the country and the International Bureau of Fiscal Documentation (IBFD).

Country	Year in effect
Argentina	1986
Belgium	2011
Brazil	2004
Canada	2000
Colombia	2010
South Korea	2004
Croatia	2005
Denmark	2005
Ecuador	2004
Spain	2004
France	2007
Ireland	2009
Malaysia	2009
Mexico	2000
Norway	2004
New Zealand	2007
Paraguay	2009
Peru	2004
Poland	2004
Portugal	2009
United Kingdom	2005
Sweden	2006
Switzerland	2011
Thailand	2011

The CDIs may be consulted [here](#).

### ***Taxpayers' rights***

Law N° 20322 (published on 27.01.2009) created the [Tax and Customs Courts](#) (TTA, in Spanish), which are first-instance jurisdictional bodies, specialized and self-managed, engaged in settling tax and customs controversies arising between individuals or corporations and the SII and the SNA.

They report directly to the executive, correctional and economic supervigilance of the Supreme Court and settle tax and customs conflicts arising in the corresponding regional venues, and are fully independent from the SII and the SNA.

They have been implemented gradually. Of a total of eighteen (18) TTAs

contemplated in Law N° 20322 in the whole country, only eight (8) are currently functioning.



# Colombia

Latest update: January 2011

## **Profile**

Colombia is a country located in South America. Its population is 45,0 million inhabitants (2009). The official currency is the Colombian Peso (\$). Its Gross Domestic Product (GDP) amounts to \$ 497 697,0 billion<sup>49</sup> (2009).

## **Tax system (in effect in 2010)<sup>50</sup>**

The Central Government has authority over the following taxes:

1. Taxes on Income, Profits and Capital Gains
  - Income Tax and Supplementary Tax on Occasional Profits.
2. Taxes on Properties
  - Wealth Tax
3. General Consumption Taxes
  - Sales Tax
4. Excise Taxes
  - Global Tax on Gasoline and Fuel Oil for Motors (ACPM, in Spanish) contained in Law N° 223 (published in the Official Bulletin N° 42160 on 22.12.1995) and amending laws.
5. Taxes on Financial Transactions
  - GMF – Tax on Financial Movements
6. Taxes on Foreign Trade
  - Customs Duties contained in the Executive Order N° 2685 and amending regulations.
7. Others
  - Stamp Duty on Exits Abroad, contained in Law N° 2 and amending laws.
  - Tourism Tax on Hotel or Accommodation Establishments and Tax on Movies, contained in Law N° 49 (published in the Official Bulletin N° 39615 on 31.12.1990) and amending laws.
  - Tourism Tax on International Passenger Transportation Tickets contained in the Executive Order N° 272 and amending laws.
  - Special Contribution to the Justice Administration, contained in Law N° 6 (published in the Official Bulletin N° 40490 on 30.06.92) and amending laws.

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<sup>49</sup> The translation billion refers here to the Spanish “miles de millones”.

<sup>50</sup> Does not include information on i) user charges (rights, licenses, fees, among others); or ii) any kind of contributions.

- National Stamp Tax

The [Taxation By-laws](#), approved through the Executive Order N° 624 (published in the Official Bulletin N° 38756 on 30.03.1989) and amending laws, regulate the Income Tax and Supplementary Tax on Occasional Profits (Book First), the Sales Tax (Book Third), the National Stamp Tax (Book Fourth) and the Tax on Financial Movements (Book Sixth).

The national taxes whose collection has been fully assigned to Sub-national Governments are:

#### 1. Taxes on Income, Profits and Capital Gains

- Tax on Gold, Silver and Platinum Exploitation, contained in Law N° 488 (published in the Official Bulletin N° 43460 on 28.12.1998) and amending laws.

#### 2. Excise Taxes

- Tax on the Consumption of Beer, Draft Beer, Shandy and Blends, contained in Law N° 223 (published in the Official Bulletin N° 42160 on 22.12.1995) and amending laws.
- Surtax on Motor Gasoline and the ACPM<sup>51</sup>, contained in Law N° 488 (published in the Official Bulletin N° 43460 on 28.12.1998) and amending laws.

In the case of taxes under the authority of Sub-national Governments, the main departmental taxes are:

#### 1. Taxes on Properties

- Tax on Motor Vehicles<sup>52</sup>, contained in Law N° 488 (published in the Official Bulletin N° 43460 on 28.12.1998) and amending laws.
- Registration Rights<sup>53</sup>, contained in Law N° 223 (published in the Official Bulletin N° 42160 on 22.12.1995) and amending laws.

#### 2. Excise Taxes

- Tax on the Consumption of Spirits, Wines, Aperitifs and Similar Beverages<sup>54</sup>, contained in Law N° 223 (published in the Official Bulletin N° 42160 on 22.12.1995) and amending laws.
- Tax on the Consumption of Cigarettes and Manufactured Tobacco<sup>55</sup>, contained in Law N° 223 (published in the Official Bulletin N° 42160 on 22.12.1995) and amending laws.
- Surtax on Motor Gasoline and the ACPM, contained in Law N° 488 (published in the Official Bulletin N° 43460 on 28.12.1998) and amending laws.
- Tax on Horse-racing, Sport and Like Event Gambling Contests.

<sup>51</sup> Only in departments, municipalities or districts where the municipal, distrital or departmental surcharge has not been adopted.

<sup>52</sup> The collection is shared with the municipalities.

<sup>53</sup> Surcharges apply.

<sup>54</sup> Surcharges apply.

<sup>55</sup> Surcharges apply.

- Tax on Gambling on all classes of Permitted Games.
3. Others
- Tax on Lottery Prizes
  - Tax on the Sale of Lotteries of other Departments

Lastly, main municipal and distrital taxes are:

1. Taxes on Properties
  - Unified Land Tax<sup>56</sup>, contained in Law N° 44 and amending laws.
2. General Consumption Taxes
  - Tax on Industry and Trade.
3. Excise Taxes
  - Surcharge on Motor Gasoline and ACPM, contained in Law N° 86 and amending rules.
  - Tax on Tickets and Riffle Tickets and the Prizes thereof.
  - Tax on Gambling on all classes of Permitted Games.
  - Tax on Casinos
  - Tax on Mutual Betting
  - National Tax on Public Shows Aimed at Sports and Culture
  - Municipal Tax on Public Shows
4. Others
  - Tax on Advertisements and Billboards
  - Tax on Visual Outdoor Advertising
  - Tax on Urban Building and Street Occupancy
  - Tax on the Circulation and Transit of Public Service Vehicles
  - Tax on Minor Cattle Slaughter
  - Tax on Public Lightening Service

### ***Tax Administration***

The Directorate of National Taxes and Customs (DIAN, in Spanish), an entity attached to the Ministry of Finance and Public Credit (MHCP, in Spanish), is responsible for collecting the National Government's taxes, including those that by nature are of customs.

The DIAN is a special administrative unit with a national scope, with legal standing, administrative and budget self-sufficiency and manages its own assets.

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<sup>56</sup> Surcharges apply.

## The DIAN<sup>57</sup>

### *1. Creation and operation rules*

The DIAN was constituted through the Executive Order N° 2117 of 1992, which ordered the merger of the then Directorate of National Taxes and Directorate of National Customs.

### *2. Vision*

By 2010, the DIAN will accomplish a high level of voluntary compliance of tax, customs and foreign exchange duties, will support the country's financial sustainability and will foster the competitiveness in the national economy, managing quality and applying the best international practices in its institutional actions.

### *3. Mission*

At the DIAN we are responsible for managing the compliance with tax, customs and foreign exchange duties with quality, through service, auditing and control; facilitating foreign trade operations and providing reliable and timely information with a view to assuring the Colombian State's fiscal sustainability.

### *4. Organizational Structure*

DIAN's current structure responds to the changes established by the [Executive Order N° 4048 \(published on 22.10.2008\)](#).

The organizational charts, both at central and decentralized levels (regional, special and local), may be inquired [here](#).

### *5. Budget*

In 2009, DIAN's executed budget amounted to \$ 668 054,0 million, of which \$ 387 327,7 million corresponded to operating expenses.

You may find further information on the budget execution [here](#).

### *6. Human Resources*

At 2009, the DIAN employed 8 454 officers, of which only 6 132 were permanent staff.

The specific service of the administrative career of DIAN's employees is established in the [Executive Order N° 1072 \(published on 26.06.1999\)](#) and amending laws.

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<sup>57</sup> Information extracted mainly from DIAN's webpage and CIAT's former taxation database.

## 7. Notes on operations

You may find detailed information on DIAN's management [here](#).

### ***International affairs***<sup>58</sup>

Colombia has signed Double Taxation Treaties (CDIs, in Spanish) with Canada, Chile, Spain, Mexico, Portugal and Switzerland. None of them is effective, except for Chile (2010) and Spain (December 2008). Additionally, it is a multilateral CDI signatory party of the Andean Community of Nations (CAN, in Spanish)<sup>59</sup>, effective since 2005<sup>60</sup>.

The CDIs may be consulted [here](#).

Colombia has also signed an information cooperation and exchange agreement with the United States, which has not yet been assigned an effective date.

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<sup>58</sup> Does not include Customs Treaties, Investment Protection Agreements, Agreements on International Transport or Agreements on Social Security. The sources consulted include the country and the International Bureau of Fiscal Documentation (IBFD).

<sup>59</sup> Currently formed by Bolivia, Colombia, Ecuador and Peru.

<sup>60</sup> Decision 578 superseding Decision 40.

## Costa Rica

Latest Update: January 2011

### Profile

Costa Rica is a country located in Central America. Its population is 4,6 million inhabitants (2009). The official currency is the Colón (₡). The Gross Domestic Product (GDP) amounts to ₡ 16 799,1 billion<sup>61</sup> (2009).

### Tax System (in effect in 2010)<sup>62</sup>

The Central Government has the authority over the following taxes:

1. Taxes on Income, Profits and Capital Gains
  - Income Tax, contained in [Law N° 7092 \(published in Gazette N° 96 on 19.05.1988\) and amending laws](#).
  - Tax on Casinos and Gambling Rooms, contained in [Law N° 7088 \(published in Gazette N° 229 on 30.11.1987\) and amending laws](#).
  - Single tax on Capital Gains and Investment Funds Yields, contained in [Law N° 7732 \(published in Gazette N° 18 on 27.01.1998\) and amending laws](#).
2. Taxes on Properties
  - Solidarity Tax for the Strengthening of Housing Programs, contained in [Law N° 8683 \(published in Gazette N° 239 on 10.12.2008\) and amending laws](#).
  - Tax on the Ownership of Automotive Vehicles, aircraft and ships and Tax on the transfer thereof, contained in [Law N° 7088 \(published in Gazette N° 229 on 30.11.1987\) and amending laws](#).
  - Fee on Wildlife<sup>63</sup>, contained in [Law N° 7317 \(published in Gazette N° 235 on 07.12.1992\) and amending laws](#).
  - Fee for Education and Culture<sup>64</sup>, contained in [Law N° 5923 \(published in Gazette N° 166 on 31.08.1976\) and amending laws](#).
  - Real Estate Transfer Tax, contained in [Law N° 6999 \(published in Gazette N° 176 on 17.09.1985\) and amending laws](#).
3. General Consumption Taxes
  - General Sales Tax (IGV), contained in [Law N° 6826 \(published in Gazette N° 216 el 10.11.1982\) and amending laws](#).

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<sup>61</sup> The translation billion refers here to the Spanish “miles de millones”.

<sup>62</sup> Does not include information on i) user charges (rights, licenses, fees, among others); ii) contributions other than social security payments; or iii) taxes under the authority of the Sub-National Governments.

<sup>63</sup> A tax, in spite of its name.

<sup>64</sup> A tax, in spite of its name.

#### 4. Excise Taxes

- Excise Tax (ISC), contained in the ISC Consolidated Act<sup>65</sup>, approved through [Executive Decree N° 14616 \(published in Gazette N° 139 on 22.07.1983\) and amending laws.](#)
- Flat Tax on Fuel, contained in [Law N° 8114 \(published in Gazette N° 131 on 09.07.2001\) and amending laws.](#)
- Specific Tax on Alcoholic Beverages, contained in [Law N° 7972 \(published in the Gazette N° 250 on 24.12.1999\) and amending laws.](#)
- Specific Tax on Non-Alcoholic Bottled Beverages and Toilet Soaps, contained in [Law N° 8114 \(published in Gazette N° 131 on 09.07.2001\) and amending laws.](#)
- Tax on the Sales Price of Cement, contained in [Law N° 6849 \(published in Gazette N° 51 on 15.03.1983\) and amending laws.](#)

#### 5. Taxes on Foreign Trade

- Import duties.
- Tax on the Customs Valuation of Imported Goods, contained in [Law N° 6879 \(published in Gazette N° 156 on 19.08.1983\) and amending laws.](#)
- Tax on the Box of Export Bananas, contained in [Law N° 7147 \(published in Gazette N° 91 on 15.05.1990\) and amending laws.](#)
- Tax on Banana Exports, contained in [Law N° 5515 \(published in Gazette N° 75 on 20.04.1974\) and amending laws.](#)
- Tax per ton of load moved through Puerto Caldera, contained in [Law N° 5582 \(published in Gazette N° 207 on 31.10.1974\) and amending laws.](#)
- Forestry General Tax, contained in [Law N° 7575 \(published in Gazette N° 72 on 16.04.1996\) and amending laws.](#)
- Departure Duty from the National Territory, contained in the Law Ruling Departure Duty from the National Territory – [Law N° 8316 \(published in Gazette N° 205 on 24.10.2002\) and amending laws.](#)

#### 6. Others

- Stamp Taxes<sup>66</sup>, contained in the Tax Code – [Law N° 8 \(published on 31.10.1885\) and amending laws.](#)

Social Security Payments are contained in [Law N° 7531 \(published in Gazette N° 133 on 13.07.1995\) and amending laws](#) for the national teachers' union and in [Law N° 7302 \(published in Gazette N° 134 on 15.07.1992\) and amending laws](#) for everybody else.

### ***Tax Administration***

The Directorate General of Taxation (DGT), a unit of the Vice-Ministry of Revenues of the Ministry of Finance (MH, in Spanish), is the body responsible for the collection of taxes of the Central Government, with the exception of those that by nature are of customs (such as the import duties, IGV on imports,

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<sup>65</sup> Title II of the Tax Reform Act – [Law N° 4962 \(published on 11.03.1972\) and amending laws.](#)

<sup>66</sup> A tax, in spite of its name.

specific taxes on imports, among others) that are collected by the Directorate General of Customs<sup>67</sup> (DGA, in Spanish).

The Office of Judicial Collection of the Directorate General of Finance (DGH, in Spanish) of the Vice-Ministry of Revenues of the Ministry of Finance exercises the function of enforced collection.

The General Forest Tax is collected by the State Forestry Administration.

The National Treasury of the Republic (TNR, in Spanish) of the Ministry of Treasury and the Central Bank of Costa Rica (BCCR, in Spanish) actively participate in collecting certain taxes as the Wildlife Tax and Stamp Tax.

The social security payments are collected by the TNR.

## The DGT<sup>68</sup>

### *1. Creation and Operation Rules*

Initially created as the Direct Taxation Office by means of Agreement N° 160 on 30.06.1917<sup>69</sup>, the institution changed to its current name with the enactment of [Executive Decree N° 27146 \(published on Gazette N° 136 on 15.07.1998\)](#), recognizing the expansion of its functions towards important indirect taxes such as the General Sales Tax or Excise Taxes.

### *2. Vision*

We aspire to be an organization capable of providing our taxpayers high quality services at the lowest possible cost to comply with their tax obligations, combat quickly and effectively non-compliance and discover and prosecute tax fraud. Therefore, we want an articulate and coherent internal organization through a comprehensive tax management model, incorporate and use modern communication and information technologies, best practices in the field of tax and motivated human resources, full and ongoing professional development.

### *3. Mission*

Enforce tax laws, through effective management that promotes voluntary compliance, guarantees information and assistance services to taxpayers and to exercise effective control of tax compliance through actions that conform to principles and values, all within a framework of respect for citizens' rights and guarantees.

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<sup>67</sup> Through the National Customs Service (SNA, in Spanish).

<sup>68</sup> Information mainly extracted from the webpage of the DGT and CIAT's former taxation database.

<sup>69</sup> Some months later it was renamed the Directorate General of Direct Taxation, as provided for by Executive Decree N° 10 on 15.11.1917 and amending rules.



#### 4. Organizational Structure

Currently, the functions of the DGT are ruled by its [Rules and Functions of the Organization Executive Decree N° 35688 \(published in the Gazette N° 14 on 21.01.2010\) and amending rules.](#)

See the organizational structure [here](#).

#### 5. Budget

The DGT budget is incorporated into the budget of the MH. In 2010, the approved budget for the DGT totaled ₡ 39 897,0 million.

For more information on the Budget Laws, click [here](#).

#### 6. Human Resources

The management of human resources of the DGT is the responsibility of the [Directorate of the Civil Service](#), as it is the case for all Costa Rican public sector entities. The institution participates in the definition of personnel requests and their recruitment.

In 2010, the DGT had a total of 1 221 staff of whom 73,1% were professionals, 21,0% of the staff were technically trained and 5,9% administrative and services staff.

The distribution of staff by functional areas is presented below.

Functional Area	Number
Directorate General	9
Sub-Directorate General	11
Internal Control	5
Comprehensive Tax Management	13
Inter-Institutional Tax Relations	8
Regulatory Framework Directorate	12
Examination Directorate	24
Taxpayer Services Directorate	39
Expanded Tax Control Directorate	19
Collection Directorate	53
International Taxation and Tax Techniques Directorate	18
IT Directorate	44
Tax Intelligence Directorate	14
Technical Standardization Body Directorate	43
Administrative and Taxation	14

Valuation Directorate	
Large Taxpayers Directorate	84
Regional Directorate	52
Regional Tax Administrations	759
Total	1 221

For more information on the Budget Laws click [here](#).

The MH has the Treasury Research and Training Center (CIFH, in Spanish), created by Executive Decree N° 35305 (published in Gazette N° 121 on 24.06.2009), whose mission is to support the performance of the Ministry of Treasury, through the development of research, training and the training in public finance (public revenue and expenditure), and programs aimed at improvement and institutional growth.

The Civil Service Bylaws and Regulations establish a set of standards and promote institutional values providing orientation on the correct form of conduct of public officials. Furthermore, the Autonomous Services Regulation of the Ministry of Treasury establishes the rules and duties to be followed by the staff of the Ministry.

#### 7. *Notes on Operations*

- a. Returns and payment. Through agreements with the DGT, banks are responsible for receiving returns and tax payments. The institution carries out conciliation between global values accredited by each entity as well as the aggregation of the data reported in each return or payment.
- b. Enforced collection. This function does not belong to the DGT. This is carried out by the Office of Judicial Collection of the DGH of the Vice-Ministry of Income of the MH.
- c. Inquiries. Taxpayers can make inquiries under the provisions of the Code of Tax Rules and Procedures (CNPT, in Spanish) – [Law N° 4755 \(published on 03.05.1971\) and amending laws](#). Informed inquiries are answered by the Director General through his advisory body and must comply with certain requirements at the time of submission. For its part, requests or resources raised on the claim of a real case founded on legality reasons must be resolved by the managers of various operating bodies.

#### 8. *Tax Culture*

A tax education program is developed and disseminated through a web page. Induction courses are taught to professors, taxpayers and citizens in general and interactive games were implemented for children and teenagers.

In coordination with the Ministry of Public Education various components of the program in students' studies programs are being incorporated.

## ***International Affairs***<sup>70</sup>

Costa Rica has signed double taxation treaties (CDIs, in Spanish) with Germany, Romania and y [Spain](#). Only the treaty signed with Spain is in effect since 2011.

Costa Rica has also signed cooperation and information exchange agreements for with Argentina and the [US](#). Only the treaty signed with the US is in effect since 1991.

## ***Taxpayers' Rights***<sup>71</sup>

The Administrative Tax Tribunal (TFA, in Spanish) is an independent body of the executive power in its organization, functioning and competition. It has jurisdiction throughout the Republic and is responsible for knowing the challenges filed against administrative acts regarding tax assessments, requests and queries carried out by the tax administrations of the country and the processing of appeals.

The Executive Branch, formed by the President of the Republic and the Minister of Finance, appoints the TFA members individually. The term is for an indefinite period and payment must be equal to the salary of members of the higher courts of the Judicial Power.

The procedure and the TFA performance standards are contained in Title VI of the CNPT and made pursuant to the Public Administration Act, the Regulatory Law of the Administrative Contentious Jurisdiction and the Organic Law of the Judicial Power, as well as the Regulation for the Organization of functions and Procedures of the TFA.

Sentences pronounced by the Court are the last administrative means and if the person concerned considers that they do not conform to the law, a special tax contentious process can be filed within thirty days of the notice of the sentence.

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<sup>70</sup> Does not include Customs Treaties, Investment Protection Agreements, Agreements on International Transport or Agreements on Social Security. The sources consulted include the country and the International Bureau of Fiscal Documentation (IBFD).

<sup>71</sup> Information taken from the webpage of [Administrative Tax Court](#).

# Ecuador

Latest Update: January 2011

## **Profile**

Ecuador is a country located in South America. Its population is 14,1 million inhabitants (2009). The currency is the US Dollar (US\$)<sup>72</sup>. The Gross Domestic Product is (GDP) amounts to US\$ 54 685, 9 million (2008).

## **Tax System (in effect in 2010)<sup>73</sup>**

The Central Government has the authority over the following taxes:

1. Taxes on Income, Profits and Capital Gains
  - Income tax<sup>74</sup>
  - Tax on Oil Activity
  - Windfall Tax
2. Taxes on Properties
  - Tax on Rural Lands
  - Tax on Foreign Assets<sup>75</sup>
  - Tax on the Property of Motor Vehicles<sup>76</sup>
3. General Consumption Taxes
  - VAT – Value Added Tax
4. Excise Taxes
  - ICE – Special Consumption Tax
5. Taxes on Financial Transactions
  - Outflow of Foreign Exchange Tax
6. Taxes on Foreign Trade
  - Import Duties
7. Simplified Regimes
  - RISE – Ecuador Simplified Tax Scheme

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<sup>72</sup> In February 2000 the conversion of the monetary system into the Dollar was decreed with a parity equal to 25 thousand Sucres per Dollar.

<sup>73</sup> Does not include information on i) user charges (rights, licenses, fees, among others); or ii) contributions other than social security payments.

<sup>74</sup> Includes a differentiated treatment for inheritance, bequests and donations, therefore, it is often pointed out that in Ecuador there is a Tax on Inheritance, Bequests and Donations.

<sup>75</sup> Ruled by Law (S/N) Amending the Law of the Internal Tax Regime and the Amendment Law for Tax Fairness ([published in the Supplement to Official Registry N° 497 on 30.12.2008](#)) and amendment laws.

<sup>76</sup> Ruled by Law N° 2001-41 (published in the Supplement to the Official Registry N° 325 on 14.05.2001) and amendment laws. It is important to mention that through Law N° 5 of 1992, which created the Road Fund for the Loja province, a Tax for the Purchase of Used Cars was established.

In the Coding of the Law of the Internal Tax Regime<sup>77</sup> contained in [Resolution N° 26 \(published in the Supplement to Official Registry N° 463 on 17.11.2004\) and amendment laws](#), the following taxes are ruled: Income Tax (Title One), Tax on Oil Activities, VAT (Title Two), ICE (Title Three) and RISE<sup>78</sup>.

On the other hand, in Law (S/N) Reforming for Tax Fairness (published in the Third Supplement of Official Registry N° 242 on 29.12.2007) and amendment laws, Outflow of Foreign Exchange Tax are regulated as well as the Windfall Tax and the Rural Lands Tax.

As regards the taxes under the authority of sub-national Governments, the Municipal Organic Law notes the following as the major municipal taxes:

1. Taxes on Properties
  - The urban land tax
  - The rural land tax
  - Tax on real state transfers
  - Totals assets Tax
  - Vehicle tax

Finally, social security payments are contained in the Social Security Law – Law N° 55 (published in the Supplement to the Official Registry N° 465 on 30.11.2001) and amendment laws.

### ***Tax Administration***

The Internal Revenue Service (SRI, in Spanish) is the body responsible of the tax collection for the Central Government, with the exception of those that by nature are of customs (such as import duties, VAT on imports, the ICE on imports, among others) that are collected by the Ecuadorian Customs Corporation (CAE, in Spanish).

The SRI is a technical and autonomous entity with legal status and of public law. It has its own assets and funds.

The social security payments are collected by the Ecuadorian Institute of Social Security (IESS, in Spanish), the Institute of Social Security of the Armed Forces (ISSFA, in Spanish) and the Institute of Social Security of the Police (ISSPOL, in Spanish).

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<sup>77</sup> Approved by Law N° 56 (published in Official Registry N° 346 on 31.12.1989).

<sup>78</sup> Introduced by Law (S/N) Reforming for Tax Fairness (published in the Third Supplement of Official Registry N° 242 on 29.12.2007).

## The SRI<sup>79</sup>

### 1. *Creation and Operation Rules*

The SRI was created in 1997 through [Law N° 41 \(published in Official Registry N° 206 on 02.12.1997\)](#).

### 2. *Vision*

Promote and enforce tax, duties in the framework of ethical and legal principles, to ensure effective collection that encourages social cohesion.

### 3. *Mission*

Be an institution which enjoys the trust and social recognition for the wellbeing of the country.

- For the wellbeing of the country through transparency, modernization and respect for the rights of the citizens and taxpayers.
- For the wellbeing of the country because the administration has competent, honest, committed and motivated staff.
- For the wellbeing of the country by fully meeting tax management objectives and by significantly decreasing evasion, avoidance and tax fraud.

### 4. *Organizational Structure*

The Coding of the Functional Organic Rules of the SRI – [Resolution N° DSRI-012-2008 \(published in the Supplement to Official Registry N° 389 on 25.07.2008\)](#) and amendment rules<sup>80</sup>, establishes the structure of the SRI.

The highest authority of SRI is a directory formed by the Minister of Finance (who presides), the Superintendent of Companies or his delegate, the Superintendent of Banks or his delegate, the Secretary of Budget and Accounting and a representative of the National Federations Chambers of Production.

The Director General of SRI participates in Board meetings with voice but no vote information. The Chairman is also the deciding voice.

The SRI is directed and managed by a Director General appointed by the President.

The current organizational chart of the SRI can be inquired [here](#).

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<sup>79</sup> Information has been mainly extracted from the [Transparency Portal](#) that the SRI has created in its Internet webpage, in compliance with the provisions of the in compliance with the provisions of Free Access to Public Information Act (LOTAIP, in Spanish), and CIAT's former taxation database.

<sup>80</sup> The most recent is Resolution N° DSRI-028-2008 (published in the Supplement to the Official Registry N° 497 on 30.12.2008)

## 5. Budget

In 2010, SRI's executed budget amounted to US\$ 78,9 million.

For more information, please click [here](#).

## 6. Human Resources

At 2010, the SRI had 3 040 officers.

The distribution of the officers by functional areas is as follows<sup>81</sup>.

Functional Area	Number
Directorate General	38
Administrative staff	407
Financial	149
Technological Development	78
Legal Department	168
Tax Management	2 110
Planning	71
Tax Studies	19
Total	3 040

Human resources management is under the responsibility of the SRI, however it keeps the provisions stipulated in the [Public Service Act – LOSEP, in Spanish \(published in the Second Supplement of Official Registry N° 294 on 06.10.2010\)](#)<sup>82</sup>.

Training programs for active officers are under the responsibility of the Fiscal Studies Center (CEF, in Spanish), created on 02.07.2008.

## 7. Notes on Operations

Detailed information on the performance of the SRI can be found [here](#).

## 8. Tax Culture

The SRI promotes a Tax Lottery in order to incentive taxpayers to demand payment receipts for purchases.

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<sup>81</sup> Based on the distribution corresponding to 2008.

<sup>82</sup> Which replaced the Coding of the Organic Law of Civil Service and Administrative Career and the Unification and Homologation of the Remunerations of the Public Sector – LOSCCA, in Spanish (published in Official Registry N° 16 of 12.05.2005).

### ***International Affairs***<sup>83</sup>

Ecuador signed double taxation treaties (CDI, in Spanish) with Germany, Belgium, Brazil, Canada, Chile, Spain, France, Italy, Mexico, Romania and Switzerland. Furthermore, it is a multilateral CDI signatory party of the Andean Community of Nations (CAN, in Spanish)<sup>84</sup>.

All CDIs are in effect, according to the following detail.

<b>Country</b>	<b>Year it came into effect</b>
Germany	1987
Belgium	2005
Brazil	1988
Canada	2002
Chile	2004
Spain	1994
France	1993
Italy	1990
Mexico	2001
Rumania	1997
Switzerland	1996
CAN <sup>85</sup>	2005

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<sup>83</sup> Does not include Customs Treaties, Investment Protection Agreements, Agreements on International Transport or Agreements on Social Security. The sources consulted include the country and the International Bureau of Fiscal Documentation (IBFD).

<sup>84</sup> Currently formed by Bolivia, Colombia, Ecuador and Peru.

<sup>85</sup> Decision 578 which replaced Decision 40.



## El Salvador

Latest Update: December 2010

### **Profile**

El Salvador is a country located in Central America. Its population is 5,8 million inhabitants (2009). Since 2001 the United States Dollar (US\$) is the legal currency<sup>86</sup>. Its Gross Domestic Product (GDP) amounts to US\$ 21 100,5 million (2009).

### **Tax System (in effect in 2010)<sup>87</sup>**

The Central Government has the authority over the following taxes:

1. Taxes on Income, Profits and Capital Gains
  - Income Tax, contained in [Legislative Decree N° 134 \(published in Official Journal N° 242 on 21.12.1991\) and amending rules.](#)
2. Taxes on Properties
  - Real Estate Transfer Tax, contained in [Legislative Decree N° 552 \(published in Official Journal N° 239 on 22.12.1986\) and amending rules.](#)
3. General Consumption Taxes
  - ITBMPS – Tax on the Transfer of Goods and Services, contained in [Legislative Decree N° 296 \(published in Official Journal N° 143 on 31.07.1992\) and amending rules.](#)
4. Excise Taxes
  - Tax on Tobacco Products, contained in [Legislative Decree N° 539 \(published in Official Journal N° 239 on 22.12.2004\) and amending rules.](#)
  - Tax on the Production and Marketing of Alcohol and Alcoholic Beverages, contained in [Legislative Decree N°640 \(published in Official Journal N° 47 on 07.03.1996\) and amending rules.](#)
  - Tax on Carbonated Drinks, Isotonic, Fortifying or Energizing Drinks, Juices, Nectars, Soft Drinks, or Concentrated or Powdered Preparations for the preparation of beverages, contained in [Legislative Decree N° 237 \(published in Official Journal N° 239 on 21.12.2009\) and amending rules.](#)
  - Taxes relating to the Control and Regulation of Firearms, Ammunition, Explosives and similar Items, contained in [Legislative Decree N° 540 \(published in Official Journal N° 239 on 22.12.2004\) and amending rules.](#)

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<sup>86</sup> [Decree N° 201](#), Monetary Integration Act, established fixed exchange between the Salvadoran Colon (the former official currency) at eight Colones and seventy-five cents per Dollar.

<sup>87</sup> Does not include information on i) user charges (rights, licenses, fees, among others); ii) contributions other than social security payments; or iii) taxes under the authority of the Sub-National Governments.

- Specific Tax on Telephone Calls coming from abroad ending in El Salvador, contained in [Legislative Decree N° 651 \(published in Official Journal N° 131 on 14.07.2008\) and amending rules](#).
- Special Tax on the First Time Registry of Goods<sup>88</sup> in the National Territory [Legislative Decree N° 234 \(published in Official Journal N° 239 on 21.12.2009\)](#).
- Special Tax on Fuel, contained in [Legislative Decree N° 225 \(published in Official Journal N° 237 on 17.12.2009\)](#)<sup>89</sup>.
- Contribution to Road Conservation<sup>90</sup>, contained in [Legislative Decree N° 208 \(published in Official Journal N° 237 on 18.12.2000\) and amending rules](#). This contribution finances the Road Conservation Fund (FOVIAL, in Spanish).
- Special Contribution for the Stabilization of the Tariffs of the Passenger Public Transportation Service (COTRANS, in Spanish)<sup>91</sup>, contained in [Legislative Agreement N° 487 \(published in Official Journal N° 222 el 28.11.2007\) and amending rules](#).
- Contribution per pound of Extracted Sugar, contained in [Legislative Decree N° 490 \(published in Official Journal N° 153 el 17.08.2001\) and amending rules](#).
- Special Contribution for the Promotion of Tourism provided for in the Tourism Act approved by [Legislative Decree N° 899 \(published in Official Journal N° 237 el 20.12.2005\) and amending rules](#), which collection is for the Salvadoran Tourism Corporation (CORSATUR, in Spanish).
- Special Contribution for the Solidarity Health Fund (FOSALUD, in Spanish).
- Migration and Tourism Services Taxes<sup>92</sup>.

#### 5. Taxes on Foreign Trade

- Import Duties (DAI, in Spanish).

Social Security Payments are contained in Decree N° 1263 (published in Official Journal N° 226 on 11.12.1953) and amending rules. It is important to mention that with them contributions are charged to the Professional Development Institute (INSAFORP, in Spanish).

### ***Tax Administration***

The General Directorate of Internal Taxes (DGII, in Spanish), [an agency dependent of the Ministry of Treasury \(MH, in Spanish\)](#), is the entity in charge of the collection of taxes under the authority of the Central Government, with the exception of those that by nature are of customs (such as DAI, the ITBMPS on imports, excise taxes on imports, among others) which are collected by the General Directorate of Customs (DGA, in Spanish).

<sup>88</sup> Motor vehicles, ships and aircraft.

<sup>89</sup> Collected only if the oil barrel is priced less than US\$ 70. It has not been collected since its creation.

<sup>90</sup> On diesel, gasoline or its blends.

<sup>91</sup> On diesel and regular or special gasoline.

<sup>92</sup> Includes the Country Departure Tax.

The General Directorate of Treasury (DGT, in Spanish) of the MH is in charge of the enforced collection of tax debts.

The General Directorate of Migration and Immigration of the Ministry of Justice and Public Safety collects Migration and Tourism Services Taxes.

Social Security Payments are collected by the Salvadoran Institute of Social Security (ISSS, in Spanish).

## The DGII<sup>93</sup>

### *1. Creation and Operation Rules*

The DGII was created through Decree No. 451 (published in D.O. No. 56, Volume 306 of 07.03.1990) to substitute the former General Directorates of Direct and Indirect Contributions.

Since its creation, its Organic Law has been modified on different opportunities in order to adapt its operations to that required by the country's tax changes. The following are among the most important modifications:

- Decree No. 550 D.O. No. 199, Volume 308 of 16.08.1990. (Amendment to the Organic Law of the General Directorate of Internal Taxes).
- Decree No. 498 D.O. No. 84, Volume 319 of 07.05.1993. (Amendment to the Organic Law of the General Directorate of Internal Taxes).
- Decree No. 360 D.O. No. 114, Volume 327 of 21.06.1995. (Amendment to the Organic Law of the General Directorate of Internal Taxes).
- Decree No. 642 D.O. No. 96, Volume 331 of 27.05.1998. (Amendment to the Organic Law of the General Directorate of Internal Taxes).

Recently the DGII has been restructured pursuant to [Agreement No. 4 of 26.11.2009](#), and the aforementioned changes are in full implementation.

### *2. Vision*

Be a model public institution that promotes tax culture, ensures quality tax services to taxpayers and is conducive to effective tax collection which will contribute to the sustainable development of El Salvador.

### *3. Mission*

Manage with transparency, tax laws and regulations, developing effective processes of registration, supervision and control aimed at providing quality services to meet the needs of taxpayers, optimizing the performance of resources and ensuring that all taxpayers comply with their tax obligations, ensuring the sustainable development of El Salvador.

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<sup>93</sup> Information extracted from the 2009 Labor Report of the DGII and CIAT's former taxation database.

#### 4. Organizational Structure

The organizational structure of the DGII according to the changes established in Agreement No. 4 is [here](#).

#### 5. Budget

The budget of the DGII is incorporated into the budget of the MH. In 2009 the DGII executed<sup>94</sup> budget amounted to US\$ 15,75 million.

For more information, please press [here](#).

#### 6. Human Resources

For 2007 there were 1 050 officials for the DGII. For 2010, 1 096 officials were counted.

The distribution of officials inside the entire organizational structure of the DGII is [here](#).

Human resources management (recruitment and performance evaluation) at the DGII is the responsibility of the Human Resources Directorate (DRRHH, in Spanish) of the MH.

The salary regime for DGII officials is not different from the other public officials and there are no special bonuses or economic stimulus.

#### 7. Notes on Operations

- a. Tax Returns and payment. Tax returns are received manually or electronically through Banks of the offices of the DGII.
- b. Enforced Collection. The enforced collection function does not belong to the DGII; it is done by the DGT.

### **International Affairs<sup>95</sup>**

The only Double Taxation Treaty (CDI, in Spanish) that El Salvador has in effect was sign in 2008 with [Spain](#), and it came into effect on 2010.

### **Taxpayers' Rights**

According to the provisions of [Legislative Decree No. 135 \(published in Official Journal No. 242 el 18.12.1991\)](#) and amending rules, the institutes that reviews the legality and the legitimacy of the actions of the Tax and Customs

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<sup>94</sup> Accrual.

<sup>95</sup> Does not include Customs Treaties, Investment Protection Agreements, Agreements on International Transport or Agreements on Social Security. The sources consulted include the country and the International Bureau of Fiscal Documentation (IBFD).

Administration is the Court of Appeals of Internal Taxes and Customs, an agency dependant of the MH.

## Guatemala

Latest Update: December 2010

### **Profile**

Guatemala is a country located in Central America. Its population is 14,0 million inhabitants (2009). The official currency is the Quetzal (Q). Its Gross Domestic Product (GDP) amounts to Q 295 731,6 million (2008).

### **Tax System (in effect in 2010)<sup>96</sup>**

The Central Government has the authority over the following taxes:

1. Taxes on Income, Profits and Capital Gains
  - Income Tax contained in [Decree N° 26-92 and amending laws](#).
  - Tax on Financial Products, contained in [Decree N° 26-95 and amending laws](#).
  - Solidarity Tax contained in Decree N° 73-08 and amending laws.
2. Taxes on Properties
  - Single Real Estate Tax (IUSI, in Spanish), contained in [Decree N° 62-87 and amending laws](#).
  - Inheritance, Bequests and Donations Tax, contained in Decree N° 431 de 1947 and amending laws.
  - Land Vehicles, Maritime Vessels and Aircraft Traffic Registration Tax, contained in [Decree N° 70-94 and amending laws](#).
3. General Consumption Taxes
  - Value Added Tax<sup>97</sup>, contained in [Decree N° 27-92 and amending laws](#).
4. Excise Taxes
  - Tax on the Distribution of Crude Oil and Oil Byproducts, contained in [Decree N° 38-92 and amending laws](#).
  - Specific tax on Cement Distribution, contained in [Decree N° 79-00 and amending laws](#).
  - Tax on the Distribution of Distilled Alcoholic Beverages, Beers and other Fermented Beverages, contained in [Decree N° 21-04 and amending laws](#).
  - Specific Tax on the Distribution of Isotonic Carbonated Drinks or Sports Drinks, Juices and Nectars, Yogurts, Concentrated or Powered Preparations for the Preparation of Beverages and Bottled Natural Water, contained in [Decree N° 09-02 and amending laws](#).
  - Tax on Tobacco and its byproducts, contained in Decree N° 61-77 and amending laws.

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<sup>96</sup> Does not include information on i) user charges (rights, licenses, fees, among others); ii) any kind of contributions; or iii) taxes under the authority of the Sub-National Governments.

<sup>97</sup> Considers special treatment for small taxpayers.

## 5. Taxes on Foreign Trade

- Import Duties

## 6. Others

- Stamp Taxes and Special Legal Paper for Official Registries, contained in [Decree N° 37-92 and amending laws](#).

Other taxes considered Tax Revenue for the General Government but not for the Central Government are those contained in Decree No. 1701 –Organic Law of the Guatemalan Tourism Institute (INGUAT, in Spanish)– and amending laws. These are the Country Departure Tax<sup>98</sup>, Tax on Lodgings and the Tourist Card. The collection of this tax is intended for the INGUAT.

### ***Tax Administration***

The Superintendence of the Tax Administration (SAT, in Spanish) is the entity in charge of the tax collection for the Central Government, including those that by nature are of customs.

The IUSI is also collected by Local Governments, when so requested by the same, in the framework of the country's decentralization process.

SAT shares with INGUAT the supervision of the Tax on Lodgings and the Tourist Card and the Country Departure Tax.

Social Security payments are collected by the Social Security Institute of Guatemala (IGSS, in Spanish).

### The SAT<sup>99</sup>

#### *1. Creation and Operation Rules*

The creation of the entity was approved by the Congress of the Republic, according to Decree No. 1-98, SAT Organic Law, which was effective on 28.02.1998.

SAT is a decentralized state entity with competition and jurisdiction throughout the national territory to exercise exclusive tax administration functions contained in the legislation. It enjoys functional, economic, financial, technical and administrative autonomy and has legal capacity, assets and its own resources.

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<sup>98</sup> The tax is levied only on air fares departures.

<sup>99</sup> The information was mainly extracted from the [Access Public Information Portal](#) that SAT has created in its Internet webpage, in compliance with the provisions of Article 68 of Decree 57-2008 of the Congress of the Republic, Access to Public Information Law. As well as the [Labor Report](#) from different years from the entity and CIAT's former taxation database.

## 2. *Vision*

Be a modern institution with prestige and credibility, and manage the tax and customs system effectively and transparently using best practices of the tax and administrative management, and producing value for citizens, taxpayers and its officials and employees.

## 3. *Mission*

Collect the necessary resources for the State to provide the essential services and provide greater opportunities for the development of Guatemalans, by obtaining the maximum performance from taxes; the full and impartial implementation of tax and customs legislation and facilitate the voluntary compliance of citizens with tax and customs obligations.

## 4. *Organizational Structure*

According to the Rules of Procedure of the SAT (Board of Directors Agreement No. 07-2007 and amending laws) the bodies and dependencies of the institution are:

- Bodies: the Board of Directors, the Office of the Superintendent, the Technical Advisory to the Board and the Advisory of the Superintendent.
- Dependencies: the Administrative Offices, Management, the Secretariat-General, Internal Audit, Culture Tax, and Internal Press Office.

Bodies are organizational figures whose main functions are management and advice, while dependencies are organizational figures whose main functions are substantive rules, coordination, technical support, internal audit, resources and performance management.

The Board of Directors of the Minister of Public Finance who chairs the same is formed by four (4) Incumbent Directors and their alternates and the Superintendent for the Tax Administration, who acts as Secretary. The President appoints the directory. The Superintendent for the Tax Administration is the highest administrative authority and the highest level hierarchical Executive Officer of SAT.

Organizational figures in accordance with the Rules of Procedure of SAT, as mentioned above, second and third level are detailed in resolution No. 467-2007 and amending laws.

The organizational chart for the above description is [here](#).

## 5. *Budget*

SAT have its own budget. The main source of their resources is the 2% Commission charged on the total tax revenue collection service. In 2009 SAT executed budget<sup>100</sup> amounted to Q 740,1 million, of which Q 645,0 million were

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<sup>100</sup> Accrual.



received from the mentioned commission and Q 69,8 million from the sale of goods and services linked to services provided by SAT.

For more information, please press [here](#).

## 6. Human Resources

To date there are approximately 4 066 officials.

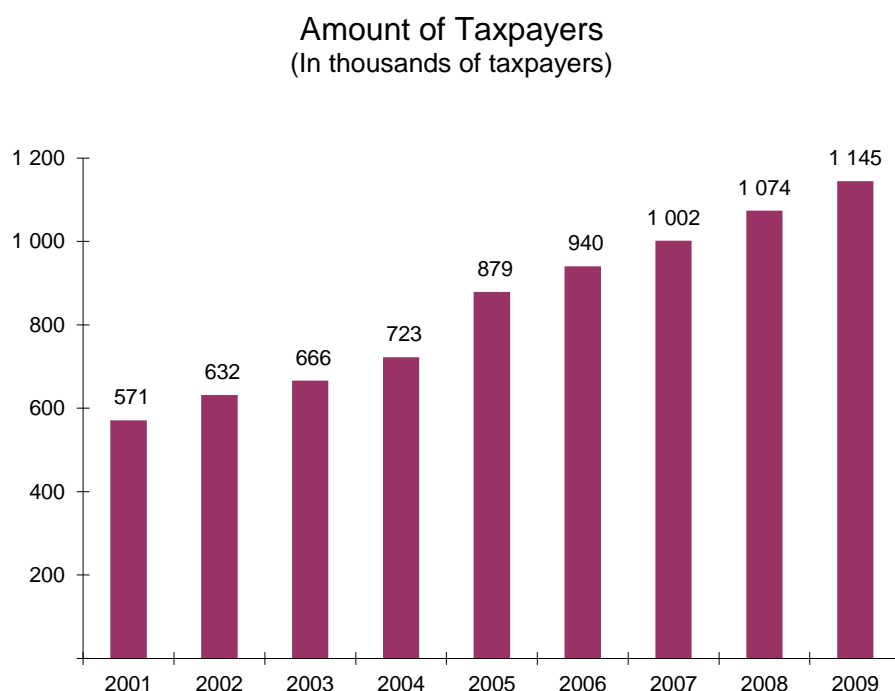
The distribution of officials by offices and functional areas can be inquired [here](#).

SAT has a human resources management system that includes the selection and recruitment of personnel, officials' development and career path, development, training and training for staff development<sup>101</sup> and performance evaluation, which may result in a bonus for good performance.

Through Board of Directors Agreement 7-2008, the Code of Ethics and Behavior for Officials and Employees of the SAT, which rules the actions of all officials.

## 7. Taxpayers

SAT manages a total of 1 144,6 thousands of taxpayers (2009).



<sup>101</sup> SAT has an International Scholarship Regulation for its workers who pursue higher education taught at national or foreign education centers in the national territory or abroad.

## 8. Notes on operations

- a. Tax returns and payment. Returns can be filed on paper or electronically. In the first case, returns are mostly filed at a bank authorized by SAT. In the second case, the returns are presented through a BancaSAT system. The taxpayer must previously sign up/register for virtual banking. Some informational returns are received in offices and tax agencies
- b. Taxpayer Assistance. The institution's website has orientation guides for taxpayers. It also has a Call Center and the Tax Training and Customs Centre (CENSAT, in Spanish) which plans, develops and runs training programs for taxpayers
- c. Inquiries. SAT has the IT solution [CriteSAT](#) for taxpayers, which collects and organizes the criteria used in the interpretation and application of tax and customs legislation in resolutions, criteria, opinions and responses issued regarding challenges and different requests made by taxpayers.

## 9. Tax Culture

In the institution's webpage there is a [Tax Culture Portal](#).

## 10. Accountability

As established in the Political Constitution of the Republic of Guatemala, SAT is subject to the control and audit of the National Accounts Controller. Furthermore, the Board of Directors can contract external audits for the review of SAT's own accounts, charged to the entity's budget.

## **International Affairs<sup>102</sup>**

Guatemala has not signed any Double Taxation Treaty (CDI, in Spanish).

## **Taxpayers' Rights**

Administrative remedies that taxpayers or their representatives may file against decisions of the SAT are those provided for by the Tax Code and the Customs Laws. In tax matters against the resolutions of the Board of Directors, the appeal for reconsideration may be filed; against the determinations of the Superintendent and Administrators, comes the motion for revocation.

Guatemala does not have specialized tax courts.

On the other hand, according to agreement No. 208-2008 the SAT Board of Directors exercises the functions and powers granted to the National Customs Court in accordance with the Central American Customs Code (CAUCA, in Spanish) this Court acknowledges in last instance through administrative

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<sup>102</sup> Does not include Customs Treaties, Investment Protection Agreements, Agreements on International Transport or Agreements on Social Security. The sources consulted include the country and the International Bureau of Fiscal Documentation (IBFD).

procedures, remedies for appeals filed on tariff classification issues, valuation, origin and other issues in the Customs field filed by the taxpayers or their principals before the Tax Administration.

## Honduras

Latest Update: January 2011

### **Profile**

Honduras is a country located in Central America. Its population is 7,8 million (2009). The official currency is the Lempira (L). The Gross Domestic Product (GDP) amounts to L 270 543,1 million (2009).

### **Tax System (in effect in 2010)<sup>103</sup>**

The Central Government has the authority over the following taxes:

1. Taxes on Income, Profits and Capital Gains
  - Income Tax, contained in Decree N° 25 (published in the Gazette on 20.12.1963) and amending laws.
  - Net Assets Tax, contained in Decree N° 51 (published in the Gazette on 10.04.2003) and amending laws.
2. Taxes on Properties
  - Tax on Real Estate, contained in Decree N° 76 (published in the Gazette on 09.04.1957) and amending laws.
  - Tax on Land Ownership contained in Decree N° 31 (published in the Gazette on 06.04.1992) and amending laws.
  - Annual Flat Fee for Vehicle Registration<sup>104</sup>, contained in Decree N° 18 (published in the Gazette on 12.03.1990) and amending laws.
  - Automotive Vehicles Transfer Fee<sup>105</sup>, contained in Decree N° 131 (published in the Gazette on 20.05.1998) and amending laws.
  - Tax on Inheritance, Bequests and Donations, contained in Gazette N° 67 and amending laws.
3. General Consumption Taxes
  - Sales Tax, contained in Decree N° 24 (published in the Gazette on 20.12.1963) and amending laws.
4. Excise Taxes
  - Specific Flat Tax on Cigarette Consumption<sup>106</sup>, contained in Decree Law N° 106 (published in the Gazette on 30.07.1955) and amending laws.
  - Tax on the National Production and the Import of Soft Drinks, Alcoholic Beverages and other Prepared or Fermented Beverages, contained in Decree N° 17-2010 (published in the Gazette on 22.04.2010).

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<sup>103</sup> Does not include information on i) user charges (rights, licenses, fees, among others); ii) any kind of contributions; or iii) taxes under the authority of the Sub-National Governments.

<sup>104</sup> A tax, in spite of its name.

<sup>105</sup> A tax, in spite of its name.

<sup>106</sup> Formerly called Cigarettes Production and Consumption Tax.

- Excise Tax, contained in Decree N° 58 (published in the Gazette on 28.07.1982) and amending laws.
  - Contribution for the Attention to Social Programs and the Conservation of Road Assets<sup>107</sup>, contained in Decree N° 41-2004 (published in the Gazette on 23.04.2004) and amending laws.
  - Tax on Slot Machines, contained in Decree N° 194-2002 – Financial Balance and Social Protection – (published in the Gazette on 05.06.2002) and amending laws.
  - Tax on the Prizes of the National Lottery and Concession Electronic Lottery, contained in Decree N° 3 (published in the Gazette on 20.02.1958) and amending laws.
  - Tax on Gambling Casinos.
5. Taxes on Foreign Trade
- Import duties
6. Others
- Tourism Services User Fee<sup>108</sup>, contained in Decree N° 131-98 (published in the Gazette on 20.05.1998) and amending laws.

### ***Tax Administration***

The Executive Directorate of Revenue (DEI, in Spanish), a decentralized entity of the Secretariat of Finance (SEFIN, in Spanish) is the body responsible for the collection of taxes of the Central Government including those of a customs nature.

The DEI has functional, technical, financial, administrative autonomy and national security.

The General Treasury of the Republic (TGR, in Spanish) of the SEFIN has active participation in the collection of some Central Government taxes.

### The DEI<sup>109</sup>

#### *1. Creation and Operation Rules*

The DEI was created through Decree 159-94 (published in the Gazette on 17.12.1994) as a decentralized body of the then Ministry of Finance and Public Credit (today SEFIN). Later in 2004, the Law for the Structuring of the Tax Administration – Decree No. 216-2004 ordered DEI to return the charters of the SEFIN to define it as a dependent of the administrative body.

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<sup>107</sup> Consolidates former Oil Production and Byproducts Consumption Tax.

<sup>108</sup> A tax, in spite of its name.

<sup>109</sup> Information mainly extracted from the [Transparency Portal](#) that the DEI created in its Internet webpage, in compliance with the provisions of the Transparency and Access to Public Information Act – Decree N° 170-2006, and CIAT's former taxation database.

Today, with the approval of the Income Strengthening, Social Equity and Public Expenditure Rationalization Law - Decree N° 17-2010 (published in the Gazette on 22.04.2010), DEI has regained its autonomy, by once again being defined as a decentralized entity and also has a special labor system.

## 2. *Vision*

In 2014, the DEI will be recognized as a sound, transparent and responsible tax and customs administration, protected from political intrigues, sustainable and actively contributing to the country's social and economic development.

## 3. *Mission*

Collect efficiently internal taxes and customs through a transparent and correct application of tax laws with quality attention to taxpayers to provide the Central Government resources to achieve social and economic development goals.

## 4. *Organizational Structure*

The Functions and Powers Regulations of the DEI according to the modifications stipulated in Decree N° 17-2010, has not yet been adopted. While this occurs and to the extent applicable, Executive Agreement N° 0397-2005 that ruled the previous organizational structure continues to be in force.

The DEI is under the responsibility of an Executive Director - ranking at minister level - appointed by the President of the Republic.

The organizational chart of the DEI can be seen [here](#).

## 5. *Budget*

In 2009, the DEI's executed budget amounted to L 2 275,7 million.

For more information, please click [here](#).

## 6. *Human Resources*

In 2010, the DEI recorded a total of 2 690 staff. Of these, 1 809 were permanent and 881 contract workers.

Shown below is the distribution of the officials by principal divisions:

Divisions	Permanent	Temporary
Executive Directorate of Revenues	44	40
Legal Department	57	10
Collection and Recovery Department	33	0
Tax Intelligence Department	7	3

Information Technology Department	39	18
Administrative Department	147	34
Human Resources Department	35	13
Tax Education Department	3	4
Tax and Customs Anti-fraud Department	12	16
Integral Customs and Tax Training School (EICAT)	6	0
Internal Control Department	10	2
Deputy Directorate of Internal Revenues	9	4
Central-South Regional Administration	9	3
Taxpayer Assistance Department	71	54
Auditing Department	315	184
Collection Department	92	23
Recovery Department	72	35
Administrative Office	71	38
Human Resources Office	16	9
Tax Offices	75	9
Vehicles Office	34	19
Large Taxpayers Administration	2	1
Taxpayer Assistance Section	11	3
Collection and Recovery Section	11	7
Claims Office	4	0
Auditing Office	39	0
Taxpayer Assistance and Tax Orientation Department	6	0
Taxpayer Assistance Section	4	0
Tax Orientation Section	1	0
Large Taxpayers Department	4	0
Special Refunds Office	16	0
Deputy Directorate of Customs Revenues	4	13
Technical-Customs Department	7	12
Customs Valuation Section	21	1
Tariffs Classification Section	8	0
Treaty Administration Section	7	0
Customs Laboratory	3	0
Customs Intervention Department	16	0
Customs Risk Department	6	0
Information Management Section	1	0
Management Control Section	4	0
Examination Department	9	24
Customs Inspection Section	1	0
DUAS Files Section	10	0
Customs Operations Department	7	4
Customs, Shipping and other Assistant Agents Section	10	39
Special Regimes Section	24	155
Traffic Control Section	6	34
Customs Administration	32	0

Appraisal and Clearance Section	143	9
Administrative Section at Customs	220	61
Regional Customs Administration	7	0
Special Regimes Section	8	0
Total officials	1 809	881

Decree N ° 17-2010, established a special labor regime for the tax and customs administration career for the DEI; however, it still has to regulated.

#### 7. *Human Resources*

- a. Registry. As from 2011, the National Tax Registry (RTN, in Spanish) is fully numerical.

#### 8. *Tax Culture*

The DEI coordinates a [National Program of Fiscal Education \(PNEF, in Spanish\)](#). In principle, the PNEF aims to reach out to children in preschool, kindergarten, elementary, etc., although many activities also involve young people, adults and the elderly.

#### ***International Affairs***<sup>110</sup>

Honduras just signed a cooperation and information exchange agreement with the US, which is in effect since 1991.

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<sup>110</sup> Does not include Customs Treaties, Investment Protection Agreements, Agreements on International Transport or Agreements on Social Security. The sources consulted include the country and the International Bureau of Fiscal Documentation (IBFD).



# Mexico

Latest Update: January 2011

## **Profile**

Mexico is a country located in North America. Its population amounts to 107,6 million inhabitants (2009). The official currency is the Mexican Peso (\$). Its Gross Domestic Product (GDP) amounts to \$ 11 823,0 billion<sup>111</sup> (2009).

## **Tax System (in effect in 2010)<sup>112</sup>**

The Federal Government has the authority over the following taxes:

1. Taxes on Income, Profits and Capital Gains
  - Income Tax, in the [Income Tax Law \(published in the Official Gazette of the Federation on 01.01.2002\) and amending laws.](#)
  - Corporate Flat Tax Rate in the [Corporate Flat Tax Rate Law \(published in the Official Gazette of the Federation on 01.10.2007\) and amending laws.](#)
  - Tax on Oil Yields
2. Taxes on Properties
  - Federal Tax on the Ownership or Use of Vehicles<sup>113</sup>, in the [Tax on the Ownership or Use of Vehicles Law \(published in the Official Gazette of the Federation on 30.12.1980\) and amending laws.](#)
3. General Consumption Taxes
  - Value Added Tax, in the [Value Added Tax Law \(published in the Official Gazette of the Federation on 29.12.1978\) and amending laws.](#)
4. Excise Taxes
  - Special Tax on Production and Services, in the [Special Tax Law on Production and Services \(published in the Official Gazette of the Federation on 30.12.1980\) and amending laws.](#)
  - Tax on New Automobiles, in the [New Automobiles Tax Law \(published in the Official Gazette of the Federation on 30.12.2006\) and amending laws.](#)

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<sup>111</sup> The translation billion refers here to the Spanish “miles de millones”.

<sup>112</sup> Does not include information on i) user charges (rights, licenses, fees, among others); or ii) contributions other than social security payments.

<sup>113</sup> In force only until 31.12.2011 as stipulated in the Decree whereby various provisions of the Fiscal Coordination Law, of the Law on the Ownership or Use of Vehicles and the Special Tax on Production and Services were amended, added, annulled and repealed (published in the Official Gazette of the Federation on 21.12.2007).

5. Taxes on Financial Transactions
  - Tax on Cash Deposits, in the [Cash Deposits Tax Law \(published in the Official Gazette of the Federation on 01.10.2007\) and amending laws.](#)
6. Taxes on Foreign Trade
  - General taxes on Imports and Exports, in the [General Imports and Exports Taxes Law \(published in the Official Gazette of the Federation on 18.06.2007\) and amending laws.](#)

In the case of taxes under the authority of Sub-national Governments, the main taxes under Federal Entities<sup>114</sup> or Municipalities:

1. Taxes on Properties
  - Property tax
  - State tax on the ownership or use of vehicles
  - Tax on the transfer of ownership of real estate
2. Excise Taxes
  - Tax on public shows
  - Tax on lotteries, raffles, contests, sweepstakes and allowed games
  - Tax on the provision of lodging services
3. Others
  - Payroll taxes

Finally, Social Security Payments are contained in the [Social Security Law \(published by the Official Gazette of the Federation on 21.12.1995\) and amending laws.](#) For state workers, they are contained in the [Law for Social Security and Services Institute of State Workers – ISSSTE, in Spanish \(published in the Official Gazette of the Federation on 31.03.2007\) and amending laws.](#)

### ***Tax Administration***

The Tax Administration Service (SAT, in Spanish), is the body responsible for the collection of taxes for the Central Government, including those that by nature are of customs.

The SAT is a decentralized body of the Ministry of Treasury and Public Credit (SHCP, in Spanish).

The Social Security Payments are collected by the Mexican Institute of Social Security (IMSS, in Spanish) and the ISSSTE.

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<sup>114</sup> Including the Federal District.

## The SAT<sup>115</sup>

### *1. Creation and Operation Rules*

The agency was established by the Law of the Administration Department (published in the Official Gazette of the Federation on 15.12.1995) and began functions officially in July 1997, after the issuance of its Internal Regulations (published in the Official Gazette of the Federation on 30.06.1997).

### *2. Vision*

Double collection efficiency, with excellent citizen perception.

### *3. Mission*

Manage the collection process of federal contributions, and the input/output of goods from the national territory, controlling risk and promoting correct and voluntary compliance with tax obligations.

### *4. Organizational Structure*

The structure of the SAT is regulated by the Law of its creation and amending laws, its internal regulation and its [General Organization Manual](#).

The highest authority of the SAT is the Governing Board, which is formed by the Secretary of Treasury and Public Credit (who chairs the same), three (3) directors appointed by the aforementioned Secretary from senior employees of the Treasury, and three (3) independent directors appointed by the President of the Republic, two (2) of these proposed by the national meeting of tax officials mentioned in the Fiscal Coordination Law.

The head of the SAT is the highest executive authority of the organization. He is appointed by the President of the Republic, subject to ratification by the Senate of the Republic or, where appropriate, the Standing Committee of the Congress of the Union.

SAT's current operational organic structure can be seen [here](#).

### *5. Budget*

The budget of the SAT is formed by the allocations established by the Federation's Expenditure Budget, the allocation of resources based on efforts of productivity and efficiency, the funds and trusts in which it participates or it constitutes and revenues from the provision of services.

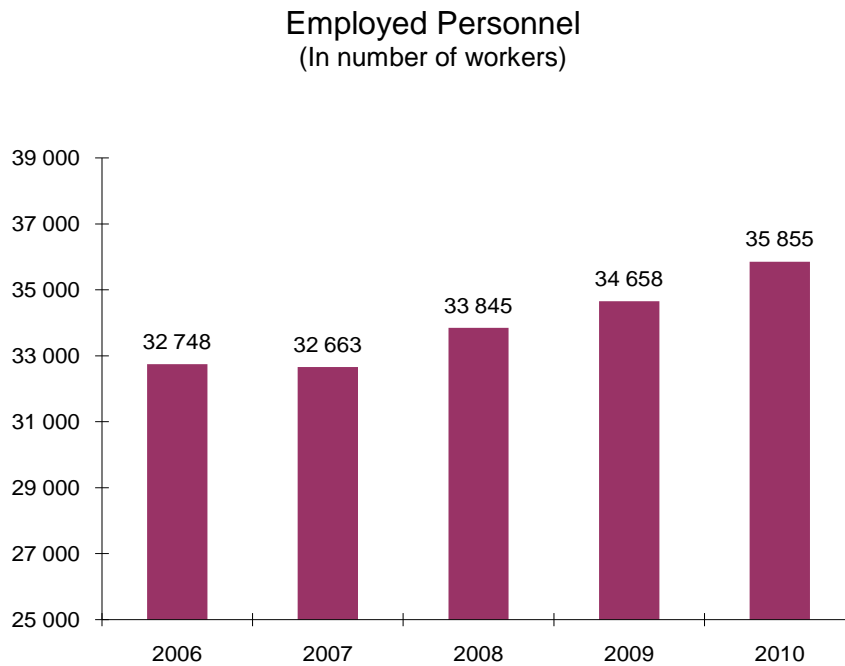
In 2010, SAT's executed budget amounted to \$ 12 395,0 million.

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<sup>115</sup> The information has been extracted mainly from the website of the SAT, the Quarterly Reports on the Economic Situation, the Public Finances and Public Debt of the SHCP and CIAT's former taxation database.

## 6. Human Resources

At 2010, personnel employed by SAT amounted to 35 855.



Personnel distribution by functional area appears herein<sup>116</sup>.

Functional Area	Number
Taxpayer identification, accounting, returns, payments and services	1 788
Examination and verification	10 346
Service and Collection	6 607
Customs operations and fiscal inspection	9 103
Information technology, human resources, materials and financial administration	4 395
Personnel in other functions	3 616
<b>Total</b>	<b>35 855</b>

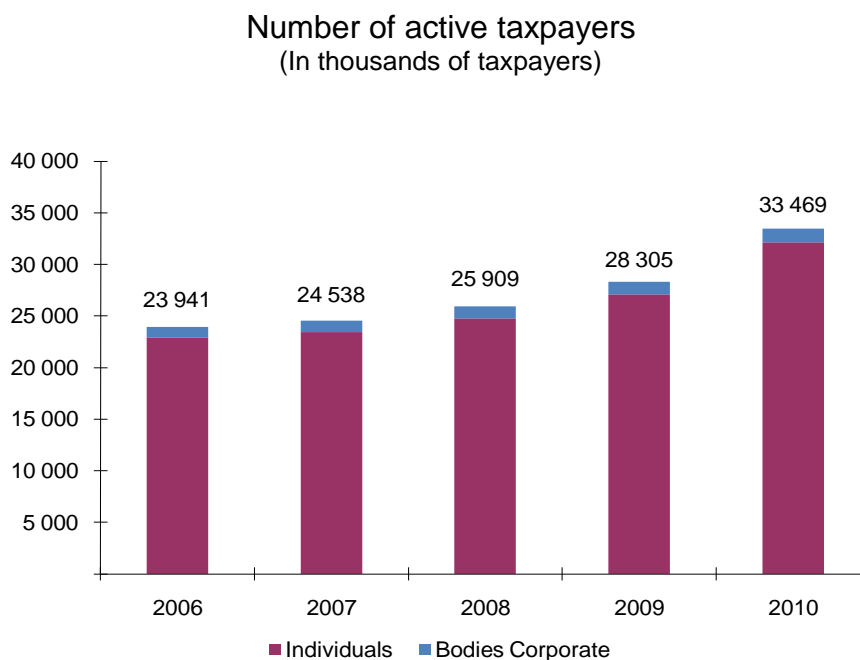
The SAT has a Career Prosecutor Service, which is laid down in Title Three of the law of its creation. The specific regime for this service has been regulated by a Statute and Regulatory Provisions.

<sup>116</sup> Based on the distribution corresponding to 2008.

In February 2005, SAT developed a Code of Conduct applicable to all staff, which is reviewed and updated periodically in order to make it consistent with the honesty and institutional integrity policies.

## 7. Taxpayers

SAT manages a total of 33 468,7 thousands of active taxpayers (2010). Of these, 1 315,5 are bodies corporate and 32 153,2 individual<sup>117</sup>.



## 8. Notes on Operations

Detailed information on SAT's management is found at the [SAT Focused Transparency Portal](#).

### **International Affairs<sup>118</sup>**

Mexico has signed Double Taxation Treaties (CDIs, in Spanish) with Germany, Austria, Australia, Barbados, Belgium, Brazil, Canada, Chile, China, Colombia, South Korea, Denmark, Ecuador, Slovakia, Spain, United States, Finland, France, Greece, India, Indonesia, Ireland, Iceland, Israel, Italy, Japan, Luxembourg, Norway, New Zealand, the Netherlands, Panama, Poland, Portugal, United Kingdom, Czech Republic, Romania, Russia, Singapore, South Africa, Sweden, Switzerland, Uruguay and Venezuela. All are in effect,

<sup>117</sup> Includes individuals with entrepreneurial activities.

<sup>118</sup> Does not include Customs Treaties, Investment Protection Agreements, Agreements on International Transport or Agreements on Social Security. The sources consulted include the country and the International Bureau of Fiscal Documentation (IBFD).

according to the detail that is provided below, except the ones signed with Colombia and Venezuela.

Country	Year in Effect
Germany <sup>119</sup>	2010
Austria	2006
Australia	2004
Barbados	2010
Belgium	1998
Brazil	2007
Canada <sup>120</sup>	2008
Chile	2000
China	2007
South Korea	1996
Denmark	1998
Ecuador	2001
Slovak Republic	2008
Spain	1995
United States	1994
Finland	1999
France	1993
Greece	2006
India	2011
Indonesia	2005
Ireland	1999
Iceland	2009
Israel	2000
Italy	1996
Japan	1997
Luxemburg	2002
Norway	1997
New Zealand	2007
The Netherlands	1995
Panama	2011
Poland	2003
Portugal	2002
United Kingdom	1994 (April)
Czech Republic	2003
Rumania	2002
Russia	2009
Singapore	1996
South Africa	2011
Sweden	1993

<sup>119</sup> Replaced one in effect since 1994.

<sup>120</sup> Replaced one in effect since 1992.

Switzerland	1995
Uruguay	2011

For more information on CDIs click [here](#).

Mexico has also signed cooperation and information exchange agreements with Netherlands Antilles, Bahamas, Bahrain, Bermuda, Cayman Islands, Cook Islands, Jersey and United States. All are in effect, according to the detail that is provided below, excepting Bahrain, Cayman Islands, Cook Islands and Jersey. It should be noted that the cooperation and information exchange agreements signed with Canada is no longer in effect.

Country	Year in Effect
Netherlands Antilles	2011 (February)
Bahamas	2010
Bermudas	2010 (September)
United States	1990

### ***Taxpayers' Rights***

The regulatory framework governing the taxpayers' right to initiate contentious proceedings, is formed by the Federal Law of Administrative Contentious Procedure and the Organic Law of the [Federal Court of Fiscal and Administrative Justice](#) and its Internal Regulations.

# Nicaragua

Latest Update: January 2011

## **Profile**

Nicaragua is a country located in Central America. Its population is 6,3 million inhabitants (2009). The official currency is the Cordoba (C\$). The Gross Domestic Product (GDP) amounts to C\$ 125 068,6 million (2009).

## **Tax System (in effect in 2010)<sup>121</sup>**

The Central Government has the authority over the following taxes:

1. Taxes on Income, Profits and Capital Gains
  - Income tax
2. General Consumption Taxes
  - VAT – Value Added Tax.
  - Tax on Goods and Services of Honduran and Colombian origin<sup>122</sup>.
3. Excise Taxes
  - ISC – Excise Tax.
  - Tax on Casinos, Gambling, Slot Machines and Table Gaming, contained in Law N° 528 (published in Gazette N° 104 on 31.05.2005) and amendment laws.
4. Taxes on Foreign Trade
  - Import Duties
5. Others
  - Stamp Taxes.
  - T-FOMAV – Special Tax for the financing of the Road Maintenance Fund, contained in Law N° 574 (published in Gazette N° 250 on 27.12.2005) and amendment laws.

The [Law for Tax Fairness – Law N° 453 \(published in Gazette N° 82 on 06.05.2003\) and amendment laws<sup>123</sup>](#), rules Income Tax (Title II), VAT (Title III), ISC (Title IV) and Stamp Taxes (Title V).

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<sup>121</sup> Does not include information on i) user charges (rights, licenses, fees, among others); ii) contributions other than social security payments; or iii) taxes under the authority of the Sub-National Governments.

<sup>122</sup> Law N° 449 (published in Gazette N° 50 on 12.03.2003) temporarily suspended the application of the tax on imported, manufactured or assembled goods and services of Honduran origin.

<sup>123</sup> The most recent is [Law N° 712 \(published in Gazette N° 241 on 21.12.2009\)](#).



## ***Tax Administration***

The Directorate General of Revenue (DGI, in Spanish) is the body responsible for the collection of taxes of the Central Government, with the exception of those that by nature are of customs (such as the Customs Duties, VAT on imports, ISC on imports, among others), which are collected by the Directorate General of Customs services (DGA, in Spanish).

Both the DGI and the DGA are decentralized bodies of the Ministry of Finance and Public Credit (MHCP, in Spanish). They enjoy technical, administrative and autonomy as well as autonomy in the management of human resources.

### The DGI<sup>124</sup>

#### *1. Creation and Operation Rules*

The DGI was created by means of Decree N° 243 (published in Gazette N° 144 on 29.06.1957). Later, [Law N° 339 \(published in Gazette N° 69 on 06.04.2000\)](#) and amendment laws, redefined its nature, functions and field of competence.

#### *2. Vision*

Be professional, flexible and simple tax administration at the service of the people of Nicaragua.

#### *3. Mission*

Collect internal taxes with fairness, transparency and efficiency, promoting tax culture and complying with the legal framework, providing government resources for the country's economic and social development.

#### *4. Organizational Structure*

The Regulation of Law N° 339 – Decree N° 88-2000 (published in Gazette N° 172 on 11.09.2000) and amendment laws<sup>125</sup>, defines the organizational chart of the DGI.

The current organizational chart of the DGI can be inquired [here](#).

#### *5. Budget*

Ordinary resources assigned to the DGI amount to 3% of its gross collection.

In 2010, the budget approved for the DGI amounted to C\$ 272,1 million.

For more information, please click [here](#).

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<sup>124</sup> Information mainly extracted from the webpage of the DGI and CIAT's former taxation database.

<sup>125</sup> The most recent is [Decree N° 01-2005 \(published in Gazette N° 6 on 10.01.2005\)](#).

## 6. *Human Resources*

The DGI has approximately 1 800 officers.

## 7. *Notes on Operations*

- a. Taxpayer Assistance. Training tasks for taxpayers through the Tax Training School (ECAT, in Spanish) "Augusto C. Sandino". In 2010, 6 706 taxpayers were trained in tax issues. Similarly, 161 536 taxpayers consultations of the general public were attended.

## ***International Affairs***<sup>126</sup>

Nicaragua has not signed any Double Taxation Treaty (CDI, in Spanish).

## ***Taxpayers' Rights***

Under the Tax Code - Law No. 562 (published in Gazette N° 227 on 23.11.2005) and amendment laws, taxpayers can file an appeal for the reestablishment or claim before the DGI. If the resolution is negative, a taxpayer can file an appeal for the review of the Director-General. Any resolution from him/her, may be appealed under the [Administrative Tax Tribunal](#), a highly specialized and independent body of the Tax Administration.

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<sup>126</sup> Does not include Customs Treaties, Investment Protection Agreements, Agreements on International Transport or Agreements on Social Security. The sources consulted include the country and the International Bureau of Fiscal Documentation (IBFD).

# Panama

Latest Update: December 2010

## **Profile**

Panama is a country located in Central America. Its population is 3,5 million inhabitants (2009). The official currency is the Balboa (B/.), but the US dollar circulates legally and has the same value. Its Gross Domestic Product (GDP) amounts to US\$ 23 183,9 million (2008).

## **Tax System (in effect in 2010)<sup>127</sup>**

According to the Fiscal Code approved through [Law N° 8 \(published in the Official Gazette N° 12995 el 29.06.1956\) and amending rules](#), taxes under the authority of the of the Central Government are:

1. Taxes on Income, Profits and Capital Gains
  - Income Tax, contained in Title I of Book Four.
2. Taxes on Properties
  - Real Estate Tax, contained in Title II of Book Four.
  - Tax on Banks, Finance Companies and Exchange Houses, contained in Title XI of Book Four.
  - Company Operation Notice<sup>128</sup> Tax, contained in Title X of Book Four.
  - Real Estate Transfer Tax<sup>129</sup>
3. General Consumption Taxes
  - ITBMS – Tax on the Transfer of Goods and Services, contained in Title XXII of Book Four.
4. Excise Taxes
  - Tax on the Consumption of Fuel and Oil Byproducts, contained in Title XIX of Book Four.
  - Tax on Insurance, contained in Title XII of Book Four.
  - ISC – Excise Tax<sup>130</sup>
5. Taxes on Foreign Trade
  - Import Taxes, contained in Book Three.
6. Others
  - Stamp Tax, contained in Title VIII of Book Four.

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<sup>127</sup> Does not include information on i) user charges (rights, licenses, fees, among others); ii) contributions other than social security payments; or iii) taxes under the authority of the Sub-National Governments.

<sup>128</sup> Formerly called Commercial License Tax.

<sup>129</sup> Created with Law N° 106 (published in Official Gazette N° 17773 el 03.02.1975)

<sup>130</sup> Created with Law N° 45 (published in Official Gazette N° 22911 el 15.11.1995)

The Central Government is also in charge of Education Insurance created by Cabinet Decree N° 168 (published in Official Gazette N° 16913 on 06.08.1971), which is a contribution to finance the Education Insurance Fund.

Finally, Social Security Payments are ruled by [Law N° 51 \(published in Official Gazette N° 25453 el 27.12.2005\) y amending rules.](#)

### ***Tax Administration***

The General Directorate of Revenues (DGI), [a dependence of the Ministry of Economy and Finances \(MEF, in Spanish\)](#), is the agency in charge of the collection of taxes under the authority of the Central Government, with the exception of those that by nature are of customs (such as import taxes, ITBMS on imports, ISC on imports, among others) which are collected by the National Customs Authority (ANA, in Spanish).

Social Security Payments are collected by the Social Security Bureau (CSS, in Spanish), with the exception of quotas paid by independent workers which are collected by the DGI.

Education Insurance withheld by employers is directly collected by the CSS. Only the contribution paid by independent workers is collected by the DGI.

### **The DGI<sup>131</sup>**

#### ***1. Organizational Structure***

The organizational structure of the DGI, in agreement with Resolution No. 008 (published in Official Gazette No. 26103 on 12.08.2008), which approved and adopted the Organization and Job Description Manual of MEF, can be seen [here](#).

#### ***2. Human Resources***

In May 2010, 526 officials were counted working at the DGI, of which 328 work at the headquarters in the City of Panama.

The distribution of officials by offices and functional areas appears herein.

<b>Functional Area</b>	<b>Central Offices</b>	<b>Territorial Offices</b>	<b>Total</b>
Recovery and Collection	19	39	58
Taxpayer Assistance	21	45	66

<sup>131</sup> Information has been mainly extracted from the Report of the visit carried out by CAPTAC-DR to the DGI in May 2010 and CIAT's former taxation database.

Functional Area	Central Offices	Territorial Offices	Total
Examination	95	10	105
Tax Legal Area	9	25	34
IT	31		31
Administrative Services (human resources and material and financial resources)	28	79	107
Management (including legal advisory, dissemination, resources review, strategic planning and internal audit).	23		23
CAIR	19		
Mass Examination	11		
Tax Incentives	6		
Invoicing Systems	7		
Alcohols and Spirits	6		
Tax Accounting	11		
Tax Studies	4		
Current Account	17		
Tax Refund	18		
CIAT	3		
Total	328	198	526

Human resources management at the DGI is the responsibility of the MEF.

On the subject of incentives, officials receive a 1% bonus from the collection obtained.

### 3. Notes on Operations

- a. Tax returns and payment. Returns are mostly received in digitized media either by Internet or diskette, in the year 2009 they represented 97,9% of the total returns filed. Collection takes place mainly through banking entities. There are nine (9) banking agreements signed, being the main one agreed with the National Bank. Additionally there is collection function in charge of the DGI for payments less than US\$100.
- b. Taxpayer Assistance. At the attention and assistance office, approximately 300 taxpayers are attended daily. Furthermore a Call Center service is offered.
- c. Examination. In addition to sector, selective and mass examination works, control works in the application of the CAIR (Income Tax Alternative Calculation) stand-out this ensures the correct application of the Panamanian minimum tax. Taxpayers have five days to sustain its calculation and the evaluation carried out by this Department is carried out against the financial statements of the taxpayer. Similarly, invoicing control works are highlighted. The Directorate works with distributors who

have authorized machines for sale. Once the machine is approved the users who purchase and install them in their businesses are controlled by the placing of the authorization resolution on the machine with an adhesive. This system is similar to that used Argentina and Chile.

### ***International Affairs***<sup>132</sup>

Panama has recently signed Double Taxation Treaties (CDIs, in Spanish) with Spain, Qatar, Barbados, Portugal, The Netherlands, South Korea, Singapore, Luxembourg and [Mexico](#). From them, only the one signed with the later country is in effect. Similarly, Panama also has completed negotiations with Italy, Belgium, France and Ireland.

Panama has also signed with the United States of America an agreement on tax cooperation and exchange of information in tax matters, which must be ratified by both countries before it takes effect in both Contracting States.

### ***Taxpayers' Rights***

Law No. 8 (published in Official Gazette on 15.03.2010) has created the Tax Administrative Court (TAT, in Spanish), which starts functions in 2011. The TAT is an independent executive, specialized and impartial body which will have competence, in general terms, to acknowledge and resolve ultimately administrative appeals against decisions issued by the DGI and provincial revenue administrations nationwide, including claims for refunds of national taxes with the exception of the customs; resolutions concerning additional; liquidations, fines resolutions and penalties; as well as any other administrative act that has direct relation with the direct or estimated assessment of taxes under the competence of these entities.

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<sup>132</sup> Does not include Customs Treaties, Investment Protection Agreements, Agreements on International Transport or Agreements on Social Security. The sources consulted include the country and the International Bureau of Fiscal Documentation (IBFD).

# Paraguay

Latest Update: January 2011

## **Profile**

Paraguay is located in South America. Its population is 6,3 million inhabitants (2009). The official currency is the Guaraní (Gs). Its Gross Domestic Product (GDP) amounts to Gs 72 644,0 billion<sup>133</sup> (2009).

## **Tax System (in effect in 2010)<sup>134</sup>**

According to Law No. 125/91 – the Law that established a new tax regime and the amending laws, the Central Government has the authority over the following taxes:

1. Taxes on Income, Profits and Capital Gains
  - Personal Service Income Tax<sup>135</sup>
  - IRACIS – Income Tax on Commercial, Industrial or Services Activities
  - IMAGRO – Income Tax on Agriculture and Livestock Activities
  - Small Taxpayer Income Tax
2. General Consumption Taxes
  - VAT – Value Added Tax
3. Excise Taxes
  - ISC – Excise Tax

The following are also taxes under the authority of the Central Government, not mentioned in Law No. 125/91 and amending rules:

1. Taxes on Income, Profits and Capital Gains
  - Single Maquila Tax
2. Taxes on Foreign Trade
  - Import Tariffs

In respect to taxes that are under the authority of the Sub-National Governments, the main municipal taxes are:

1. Taxes on Properties
  - Trade, Industries, Professionals and Occupation Registry
  - Road Vehicles Registry
  - Real Estate Tax

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<sup>133</sup> The translation billion refers here to the Spanish “miles de millones”.

<sup>134</sup> Does not include information on i) user charges (rights, licenses, fees, among others); or ii) any kind of contributions.

<sup>135</sup> Its enforcement has been delayed until 2013.

- Additional tax to vacant lots
- Additional tax to large extension real estate
- Real Estate Transfer Tax

### ***Tax Administration***

The Tax Sub-Secretariat of the State (SET, in Spanish), a dependency of the Ministry of Finance (MH, in Spanish) is the body responsible for collecting taxes for the Central Government, with the exception of those that by nature are of customs (such as Import Tariffs, VAT on imports, ISC on imports, among others) which are collected by the National Directorate of Customs (DNA, in Spanish).

The [Treasury Law Bureau](#) of the MH is in charge of the enforced collection of tax debts.

#### The SET<sup>136</sup>

##### *1. Creation and Operation Rules*

[Law N° 109/92, which amends Decree Law No. 15 of 08.03.1990](#), established the functions and organizational structure of the MH. The same granted SET the responsibility to implement and manage all the legal provisions relating to fiscal taxes, their collection and control.

##### *2. Vision*

To be a modern institution highly oriented towards taxpayers exercising for this effect independent and efficient management, which conveys credibility to society.

##### *3. Mission*

Achieve an effective, efficient and transparent tax administration oriented towards the taxpayer, which collaborates with the fulfillment of the role of the State and supports the development of the country.

##### *4. Organizational Structure*

The current organizational structure of SET, and its different levels, can be seen [here](#).

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<sup>136</sup> This information has been mostly extracted from the SET website and CIAT's former taxation database.



## 5. Human Resources

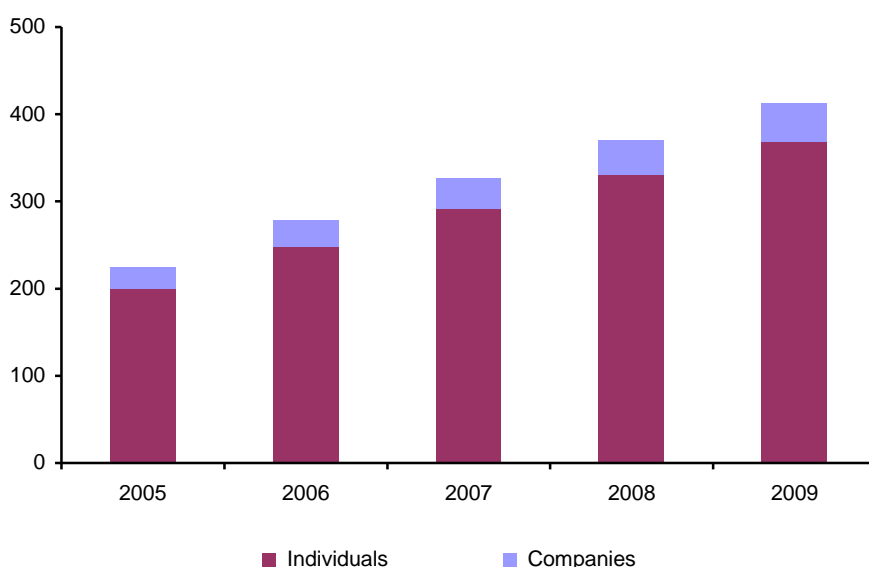
At 30.11.2010, 1 039 officials worked for the SET, of which 569 were working at Headquarters and 470 in Regional Offices.

Distribution of staff within the organizational structure of the SET is available [here](#).

## 6. Taxpayers

SET manages a total of 514,0 thousands of taxpayers (2009). Of this total, 462,0 are individuals and 52,0 are companies. However, it must be taken into account that only 412,0 thousands of taxpayers are active, of which 368,0 are individuals and 44,0 are companies.

Amount of Active Taxpayers  
(In thousands of taxpayers)



## 7. Notes on Operations:

- a. Enforced Collection: This function does not belong to the SET. The Treasury Law Bureau of the MH does it.
- b. Taxpayer Assistance I. Are being overhauled regional offices located in the countryside. In this framework, in Ciudad del Este is located the building of the new headquarters of the regional office. Also started the building of the Agency located in Ita, Central Department. In total, there are 15 regional agencies operating in the countryside and there are 12 linked online with the Revenue Department that works in the capital city. That means that taxpayers that come to these regional offices can make any kind of procedure as in Asunción. In 2011, besides the construction of the new regional Ita, is planning to build another in the Mission area.

- In 2012 it is intended the construction of the modern seven floors building in Ciudad del Este.
- c. Taxpayer Assistance II. There is a Call Center service from 7 to 15 hours.
  - d. Taxpayer Assistance III. With the aim of providing better service every day, and especially greater efficiency, SET gives taxpayers who have access to the System Key Marangatu, the ability to print their statement from the Web. This save them time, give them comfort and avoid face-to-face efforts. With this service taxpayers have more than an overview of their current account, they may have a specific summary of the lack of declaration presentations, late submissions or payments for delay regarding their RUC.
  - e. Taxpayer Assistance IV. From January to November 2010 up to 10 500 taxpayers were trained through lectures, seminars and workshops in cooperation with unions, associations, colleges, universities, etc.

## 8. Tax Culture

The institution's webpage has the following [Tax Education Portal](#).

The SET also promotes competition on tax knowledge "SET of questions" among high school students. Representatives of 27 national schools with accounting emphasis attended the first contest. During the competition, the Tax Administration gave 277 million of Guaranies in prizes. The purpose of this competition is to encourage young people's knowledge about aspects of tax education, an excellent opportunity to learn about current tax rules, and a useful tool for the formation of citizens.

SET foster the campaign "Exigí, Juntá y Ganá" which promote the emission of receipts.

## ***International Affairs***<sup>137</sup>

Paraguay has in force a Double Taxation Treaty (CDI, in Spanish) with [Chile](#), signed in 2005, and another one with [China Taipei](#), signed in 1994. The effective date of the first treaty was 2009, while the second began in July 2010 for withholdings and in 2011 for everything else.

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<sup>137</sup> Does not include Customs Treaties, Investment Protection Agreements, Agreements on International Transport or Agreements on Social Security. The sources consulted include the country and the International Bureau of Fiscal Documentation (IBFD).

## Peru

Latest update: January 2011

### **Profile**

Peru is a country located in South America. Its population is 29,1 million inhabitants (2009). The official currency is the Nuevo Sol (S/.). Its Gross Domestic Product (GDP) amounts to S/. 381 671,3 million (2009).

### **Tax system (in effect in 2010)<sup>138</sup>**

The Central Government has authority over the following taxes:

1. Taxes on Income, Profits and Capital Gains
  - Income Tax, contained in the Single Revised Text (TUO, in Spanish) of the [Income Tax Law, approved by the Executive Decree N° 179-2004-EF \(published in the Official Gazette on 08.12.2004\) and amending laws.](#)
  - Temporary Tax on Net Assets (ITAN, in Spanish), contained in the [Law N° 28424 \(published in the Official Gazette on 21.12.2004\) and amending laws.](#)
  - Tax on Casino Games and Slot Machines, contained in Law N° 27153 (published in the Official Gazette on 09.07.1999) and amending laws.
2. General Consumption Taxes
  - IGV – General Sales Tax, contained in the TUO of the General Sales Tax and Excise Tax approved by the [Executive Order N° 055-99-EF \(published in the Official Gazette on 08.12.2004\) and amending laws.](#)
3. Excise Taxes
  - ISC – Excise Tax, contained in the TUO of the General Sales Tax and Excise Tax approved by the [Executive Order N° 055-99-EF \(published in the Official Gazette on 08.12.2004\) and amending laws.](#)
  - Special Tax for National Tourism Promotion and Development, contained in [Law N° 27889 \(published in the Official Gazette on 19.12.2002\) and amending laws.](#)
  - IVAP – Tax on Sales of Milled Rice, contained [Law N° 28211 \(published in the Official Gazette on 22.04.2004\) and amending laws.](#)
4. Taxes on Financial Transactions
  - ITF – Financial Transaction Tax, contained in the TUO of the Act for the Fight Against Evasion and for the Formalization of the Economy, approved by the [Executive Decree N° 150-2007-EF \(published in the Official Gazette on 23.09.2007\) and amending laws.](#)

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<sup>138</sup> Does not include information on i) user fees (rights, licenses, fees, among others); or ii) contributions other than social security payments.

## 5. Taxes on Foreign Trade

- Customs Duties

## 6. Simplified Regimes

- New Single Simplified System, contained in the [Legislative Decree N° 937 \(published in the Official Gazette on 14.11.2003\) and amending laws](#).

According to the TUO of the Law on Municipal Taxation approved by the Executive Order N° 156-2004-EF (published in the Official Gazette on 15.11.2004) and amending laws, the following are national taxes whose collection has been fully assigned to the Local Governments:

### 1. General Consumption Taxes

- IPM – Municipal Promotion Tax

### 2. Excise Taxes

- Tax on Recreational Cruises
- Tax on Road Use

As for the taxes under the authority of the Regional Governments, the same TUO of the Law on Municipal Taxation provides as municipal taxes the following<sup>139</sup>:

### 1. Taxes on Properties

- Real State Tax
- Tax on the transfer of real estate
- Tax on Vehicle Ownership

### 2. Excise Taxes

- Tax on Non-sports public shows
- Tax on Betting
- Tax on Gambling

The Social Contributions are mainly contained in Law N° 26790 – Law of Modernization of the Health-Related Social Security, and in the Decree Law N° 19990 – Law of Creation of the National Pension System and amending laws.

## ***Tax Administration***

The National Superintendency of Tax Administration (SUNAT, in Spanish), a public executive body attached to the Ministry of Economy and Finances (MEF, in Spanish), is responsible for collecting the National Government's taxes, including those that by nature are of customs.

Social Contributions are also collected by SUNAT.

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<sup>139</sup> Strictly speaking, Local Governments are only responsible for collection and are beneficiaries thereof, but are not vested with taxation authority.

## The SUNAT<sup>140</sup>

### *1. Creation and operation rules*

Pursuant to its Constitution Law N° 24829 (published in the Official Gazette on 07.06.1988), and its General Law, approved by the Legislative Decree N° 501 (published in the Official Gazette on 01.12.1988), SUNAT is a public decentralized institution of the economy and finance sector, legally constituted as public entity, with its own assets and economic, administrative, functional, technical and financial self-sufficiency, and which, pursuant to the provisions in the Executive Order N° 061-2002-PCM, issued within the frame of the provisions of number 13.1 of section 13° of Law N° 27658, has taken over the former National Superintendency of Customs, thereby assuming the functions, powers and attributions vesting in such entity by law.

Within the frame of the Organic Law N° 29158 and the Executive Order N° 034-2008-PCM, SUNAT has come to be considered a Public Executive Body attached to the MEF, resulting in the limitation of its economic, administrative, functional, technical and financial self-sufficiency.

### *2. Vision*

To become a modern and innovative institution enabling foreign trade and effective tax and customs compliance, by providing service excellence.

### *3. Mission*

To comprehensively manage the performance of tax and customs duties as well as to facilitate foreign trade in an efficient, transparent and legal manner and respecting the taxpayer or user.

### *4. Organizational Structure*

SUNAT's Organization and Function Regulations (ROF, in Spanish), approved by the Executive Order N° 115-2002-PCM (published in the Official Gazette on 28.10.2002), establishes the institution's organizational chart.

SUNAT's organizational chart may be inquired [here](#).

Additionally, through the Superintendency's Resolution N° 190-2002 and amending rules, the units that report, in hierarchical order, to the organizational units referred to in the ROF have been established and described.

### *5. Budget*

In 2010, the executed budget of SUNAT amounted to S/. 1 387,7 million.

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<sup>140</sup> Information mostly extracted from the portal, created by SUNAT in conformity with the Emergency Decree N° 035-2001, Access to Public Information, and from CIAT's former taxation database.

You can find further information on the budget execution [here](#).

## 6. Human Resources

At 2010, SUNAT recorded 7 314 employees in all, of which 6 098 were permanent staff and 1 216 were hired staff.

You can find more information on staff statistics [here](#).

SUNAT's employees' work system is within the sphere of private activities, with the exception of those who, timely and in agreement with the relevant rules, opted to remain within the scope of the public sector's work system ruled by the Legislative Decree N° 276.

## 7. Taxpayers

As of December 2010, SUNAT recorded 5 165,3 thousand active taxpayers in all.

<b>Tax System</b>	<b>Number (in thousand taxpayers)</b>
Registered in the General System	527,2
- Main taxpayers	14,2
Registered in Simplified Systems (RUS and RER)	836,9
Independent workers	3 892,4
General Sales Tax withholding agents	1,7

Additionally, as of 2009 SUNAT recorded a total of 2 984,2 independent workers, which meet their tax obligations through withholdings made directly by their employers, so they need not be registered<sup>141</sup>.

## 8. Notes on operations

You can find detailed information on SUNAT's management [here](#).

## 9. Tax Culture

SUNAT has a well-reputed tax culture program in place that is intended to raise civil and tax responsibility awareness in the population in order to promote voluntary compliance with tax obligations, raise awareness on abstaining from evasion and smuggling and contribute to building civil responsibility values.

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<sup>141</sup> In the case they earn other income, they may be obliged to register.

To these aims, an Agreement was signed with the Ministry of Education for the purposes of including diverse tax-related contents in the curriculums of primary and secondary education students; also, courses aimed at teachers are in place for them to replicate lessons learned with students.

In addition, university gatherings are carried out, didactic materials are developed, a Fiscal Educator program is managed and a webpage of the [Tax Culture Program](#) is maintained.

### ***International affairs***<sup>142</sup>

Peru has signed Double Taxation Treaties (CDIs, in Spanish) with Brazil, Canada, Chile and Spain. They are all in force, according to the detail presented below, except for Spain. Additionally, it is a multilateral CDI signatory party of the Andean Community of Nations<sup>143</sup> (CAN, in Spanish). The CDI signed with Sweden is no longer in force.

Country	Year in effect
Brazil	2010
Canada	2004
Chile	2004
CAN <sup>144</sup>	2005

Peru has also signed an information cooperation and exchange agreement with the United States, effective since October 1991.

### ***Taxpayers' rights***

Pursuant to the provisions of the Tax Code – TUO N° 135-EF (published on 19.08.1999) and amending laws, the taxpayer may file appeals requesting the reversal of decisions before the Tax Administration, as well as appeal before the Fiscal Court where a resolution is negative. The resolution of the Fiscal Court is the final administrative recourse, but it can be contested before the Judicial Branch.

The [Fiscal Court](#) is a body attached to the MEF, which has deciding powers and depends administratively from the Minister, and has self-sufficiency in the performance of its specific functions.

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<sup>142</sup> Does not include Customs Treaties, Investment Protection Agreements, Agreements on International Transport or Agreements on Social Security. The sources consulted include the country and the International Bureau of Fiscal Documentation (IBFD).

<sup>143</sup> Currently made up by Bolivia, Colombia, Ecuador and Peru.

<sup>144</sup> Decision 578 superseding Decision 40.

## **Dominican Republic**

Latest Update: January 2011

### ***Profile***

The Dominican Republic is a country located in the Caribbean. Its population is 9,0 million inhabitants (2009). The official currency is the Dominican Peso (RD\$). Its Gross Domestic Product (GDP) amounts to RD\$ 1 678,8 billion<sup>145</sup> (2009).

### ***Tax System (in effect in 2010)<sup>146</sup>***

The Central Government has the authority over the following taxes:

1. Taxes on Income, Profits and Capital Gains
  - Income tax
  - Assets tax
2. Taxes on Properties
  - IPI/VSS – Tax on Real Estate, Luxury Homes and Undeveloped Urban Plots, contained in Law N° 18-88 and amendment laws.
  - Tax on the Transfer of Assets, contained in Law N° 288-04 and amendment laws.
  - Tax on the Registry and Recording of Motor Vehicles, contained in Law N° 557-05 and amendment laws.
  - Tax on Successions and Donations, contained in Law N° 25-69 and amendment laws.
  - Surtax on Real Estate Operations, contained in Law N° 3341 and amendment laws.
3. General Consumption Taxes
  - ITBIS – Tax on the Transfer of Industrial Goods and Services.
4. Excise Taxes
  - ISC – Excise Tax.
  - Tax on Hydrocarbons<sup>147</sup>, contained in Law N° 112-00 and amendment laws.
  - Ad-Valorem Excise Tax on Internal Consumption of Fossil Fuels and Oil-based products contained in Law N° 557-05 and amendment laws.
  - Departure Payment<sup>148</sup>, contained in Law N° 199-66 and amendment laws.

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<sup>145</sup> The translation billion refers here to the Spanish “miles de millones”.

<sup>146</sup> Does not include information on i) user fees (rights, licenses, fees, among others); ii) contributions other than social security payments; or iii) taxes under the authority of the Sub-National Governments.

<sup>147</sup> Specific tax on the Consumption of Fossil Fuels and Oil Byproducts.

<sup>148</sup> In spite of its name, it should be considered a tax.



5. Taxes on Financial Transactions
  - Tax on Checks and Bank Transfers.
6. Taxes on Foreign Trade
  - Tariffs, contained in Law N° 14-93 and amendment laws.
7. Others
  - Tax on the Transit of Motor Vehicles, contained in Law N° 241-67 and amendment laws.
  - Tax on Casinos, contained in Law N° 351 and amendment laws.
  - Single Tax on Sports Betting, contained in Law N° 80-99 and amendment laws.

The Tax Code, approved by means of [Law N° 11-92 and amendment laws](#), rules Income Tax (Title II), ITBIS (Title III), ISC (Title IV) and Tax on Assets (Title V).

Social Security Payments are stipulated in Law N° 87-01 and amendment laws.

### ***Tax Administration***

The Directorate General of Internal Revenue (DGII, in Spanish) is the entity in charge of the tax collection for the Central Government, with the exception of those that by nature are of customs (such as Tariffs, ITBIS on imports, ISC on imports, among others) which are collected by the Directorate General of Customs (DGA, in Spanish).

The DGII as well as the DGA are decentralized institutions of the Ministry of Treasury (MH, in Spanish).

Single Tax on Sports Betting is collected by the Ministry of Sports and Recreation.

The Treasury of the Social Security (TSS) collects Social Security Payments.

### **The DGII**<sup>149</sup>

#### ***1. Creation and Operation Rules***

The DGII begins to operate with the enactment of [Law 166-97](#), which merged the former Directorate General of Internal Revenue and Income Tax.

Later, through [Law No. 227-06](#), the DGII was given legal statues and functional, budgetary, administrative and technical autonomy and its own assets.

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<sup>149</sup> Information mainly extracted from the [Transparency Portal](#) that the DGII created in its Internet Webpage, in compliance with the provisions of Free Access to Public Information Act, and CIAT's former taxation database.

Notwithstanding, recently the Organization Act of the MH – [Law N° 494-06 \(approved on 27.12.2006\)](#), has provided for the custody of it over the DGII.

## 2. *Vision*

Be an organization with prestige and credibility that uses policies, procedures and information systems that operate effectively, ethically and professionally unexceptionable people working aligned by the guideline of steadily increasing revenues, reducing evasion and respecting the rights of taxpayers.

## 3. *Mission*

To ensure the full and timely implementation of the tax laws providing a quality service to taxpayers to fulfill their obligations.

## 4. *Organizational Structure*

The [Organic and Functional Regulations of the DGII \(approved on 21.06.2010\)](#) recently redefined the institution's structure.

According to the modifications established by the Organization Act of the MH, currently a Senior Tax Administration Council (CSAT, in Spanish) is responsible of defining and approving policies, strategies and institutional plans, as well as monitoring and evaluating. The DGII maximum executive authority is the General Director.

CSAT is formed by the Minister of Finance (who chairs it), the Minister of Industry and Trade, the Minister of Economy, Planning and Development, the General Director of Customs and the General Director of Internal Revenue.

The current organizational chart of the DGII can be inquired [here](#).

## 5. *Budget*

The DGII budget comes primarily from the 2% commission on the effective collection obtained every month, charged per administered taxes. The use of the surplus to the annual budget is submitted to the approval of the Executive Branch.

In 2010, the DGII executed budget amounted to RD\$ 2 994,9 million.

For more information click [here](#).

## 6. *Human Resources*

In 2010, the DGII had a total of 2 545 active officers.

Human resources management is ruled by statutory regulations by nature internal decreed by the DGII, specifically the [Human Resources Internal Regulations – Decree N° 166-10](#).

The DGII has adopted a uniform and equitable compensation system. Wages are annually adjusted for inflation. There is a system of incentives, which can be physical or economic in nature and moral in character. The DGII provides quarterly economic bonds based on performance evaluations. A special bonus can be granted as from the collections results during the year and/or from the reduction in the cost of collection, in response to the current policy for such purposes.

## 7. Tax Culture

The DGII manages a webpage on [Tax Education](#) to promote tax culture.

### ***International Affairs***<sup>150</sup>

The only Double Taxation Treaty (CDI, in Spanish) signed and in force by the Dominican Republic is with [Canada](#). This treaty came into effect in 1977.

Dominican Republic has also signed a cooperation and information exchange agreement with the [United States](#). This treaty is in effect since 1989.

### ***Taxpayers' Rights***

Taxpayers who consider improper or unfair the estimate made of the income for their trade and the tax or the adjustments they are charged in their tax returns or that are not in accordance with the determination of any other tax, may submit an appeal for reconsideration before the DGII.

Once all remedies are used, taxpayers, withholding agents, collection agents, information agent, however, natural persons or bodies corporate, invested with a legitimate interest may file a Contentious Tax Remedy before the Contentious Tax and Administrative Court<sup>151</sup>, in the cases and within the deadlines and forms provided for by the tax code.

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<sup>150</sup> Does not include Customs Treaties, Investment Protection Agreements, Agreements on International Transport or Agreements on Social Security. The sources consulted include the country and the International Bureau of Fiscal Documentation (IBFD).

<sup>151</sup> Initially created as the Contentious Tax Tribunal by Law N° 11-92.

# Uruguay

Latest Update: January 2011

## **Profile**

Uruguay is a country located in South America. Its population is 3,3 million inhabitants (2009). The official currency is the Uruguayan Peso (\$U). Its Gross Domestic Product (GDP) amounts to \$U 711 137,4 million (2009).

## **Tax system (in force in 2010)<sup>152</sup>**

The Central Government has the authority over the following taxes:

1. Taxes on Income, Profits and Capital Gains
  - IRAE - Tax on Income from Economic Activities.
  - IRPF - Tax on the Income of Individuals.
  - IRNR - Tax on the Income of Non-Residents.
  - IIEA - Tax on the Income of Insurance Entities.
  - ISAFI - Tax on the Financial Investment Companies.
  - ICOSA - Control tax on Joint-Stock Companies.
  - IASS - Assistance Tax for Social Security, contained in Law N° 18314 and amending laws.
2. Taxes on Properties
  - Wealth Tax
  - Property Transfer Tax<sup>153</sup>
3. General Consumption Taxes
  - VAT<sup>154</sup> – Value Added Tax.
4. Excise Taxes
  - IMESI – Internal Specific Taxes.
  - IMEBA – Tax on the sale of Agricultural Goods<sup>155</sup>.
5. Taxes on Foreign Trade
  - Taxes on Imports and Exports.
6. Others
  - Tax for the Sanitary Inspection Fund.

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<sup>152</sup> Does not include information on i) user charges (rights, licenses, fees, among others); ii) any kind of contributions; or iii) taxes under the authority of the Sub-National Governments.

<sup>153</sup> Includes an additional tax.

<sup>154</sup> For small taxpayers there is a minimum monthly VAT payment.

<sup>155</sup> Includes two additional ones for the Movement for the Eradication Rural Unsanitary Housing (MEVIR, in Spanish) and INIA (Spanish acronym for the National Institute for Agriculture Research).

In the Amended Text of the Competition Standards of the Directorate General of Revenue (DGI, in Spanish), approved by [Decree 338/996 and amending rules](#), are regulated the IRAE (Title 4), the ISAFI (Title 5), the IIEA (Title 6), the IRPF (title 7), IRNR (Title 8), IMEBA (Title 9), the VAT (title 10), the IMESI (Title 11), the Wealth Tax (Title 14), the ICOSA (Title 16), the Tax for the Sanitary Inspection Fund (Title 18) and the Property Transfer Tax (Title 19).

## ***Tax Administration***

The DGI, an executing unit within the Ministry of Economy and Finance (MEF, in Spanish), is the body responsible for the collection of taxes from the Central Government, with the exception of those that by nature are of customs (such as Taxes on Imports and Exports, VAT on imports, IMESI on imports, among others) which are collected by the National Directorate of Customs (DNA, in Spanish).

### The DGI<sup>156</sup>

#### *1. Creation and operation rules*

The legal framework for the administrative performance of the DGI is determined by the standards of the Central Administration.

In 2005, the DGI experienced one of its most profound restructuring with the approval of [Decree N° 166/005 \(issued on 30.05.2005\)](#), which regulated Law N° 17706 (issued on 04.11.2003) whose Article 2 provided for the improvement in the management of the institution enabling it therefore the possibility of obtaining more budget resources and the establishment of a new human resources system on the basis of a performance and conflicts of interests regime for full-time staff with overtime pay.

#### *2. Vision*

Be an organization respected for its effective, efficient and transparent performance, which based on continuous improvement and applicable technological advances, operates with high standards of quality and ethical above reproach and professional staff committed to the institutional mission. In its actions it seeks to optimize voluntary compliance with obligations, meeting both the needs of the taxpayers and their claims, exercise permanent control on the intelligent use of information, equity and highly qualified personnel, with the purpose of securing tax resources that contribute to the development of the country's social justice and the welfare of its inhabitants.

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<sup>156</sup> Information mainly extracted from the DGI's webpage and CIAT's former taxation database.

### 3. Mission

Obtain the collection of the resources of the State from the internal tax system through the effective application of the underlying rules, promoting taxpayers' voluntary compliance, in a framework of respect for their rights, acting with integrity, efficiency and professionalism in order to provide a good service to society.

### 4. Organizational Structure

The organizational structure of the DGI is based on [Decree N° 192/006 \(issued on 21.06.2006\)](#) and [Decree N° 304/006 \(issued on 04.09.2006\)](#).

The current organizational structure of the DGI can be seen [here](#).

### 5. Budget

The financial resources for the operation of the DGI are allocated in the national budget. Within this framework, the regime of Law N° 17706 requires the Executive Branch to grant priority to the improvement of the management of the DGI, allowing additional budgetary resources. In spite of this, this possibility of availability of additional resources has been barely effective.

At 2009, the executed budget<sup>157</sup> of the DGI amounted to \$U 1 375,0 million.

For more information on the budget please press [here](#).

### 6. Human Resources

At 2010, the DGI had a total of a 1 254 officials. Furthermore, it has interns (internship programs).

[Decree N° 166/005 \(issued on 30.05.2005\)](#), established a Full-time and Conflicts of Interests Regime with regards to tasks unrelated to the DGI. The conflicts of interests regime, reaches all the officials of the DGI, recognizing as exceptions some activities such as teaching, the management of personal net worth and literary creation. The Full-time Regime requires the permanence in the service of officials and allows some exceptions to certain activities although more restrictive. Associated to this Full-time Regime a special regime of monthly pay and a premium for group performance was established.

In 2006, the DGI approved a [Code of Ethical Behavior](#) which inspires the behavior and daily tasks of all officials.

### 7. Notes on operations

Detailed information on the plans and management commitments of the DGI can be found [here](#).

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<sup>157</sup> Considers the DGI's operating costs DGI, including those associated to the modernization of the institution.

## 8. *Cultura Tributaria*

The DGI has an [Education Program for Citizen-Based and Responsible Participation](#), which objective is to promote tax awareness in Uruguayan society.

### ***International affairs***<sup>158</sup>

Uruguay has signed double taxation treaties (CDIs, in Spanish) with Germany, Spain, Hungary, Liechtenstein, Mexico, Poland, Portugal and Switzerland. None of them is in effect, excepting Mexico (2011), Germany<sup>159</sup> (1991) and Hungary (1994).

Uruguay has also signed a cooperation and information exchange agreement with France, with effective enjoyment from December 2010.

### ***Taxpayers' Rights***

Taxpayers can demand the annulment of final administrative acts, completed by the Tax Administration, before the [Administration Litigation Court \(TCA, in Spanish\)](#).

The jurisdiction of the TCA includes final administrative acts emanating from the other branches of the State, Departmental Governments, Autonomous Entities and Decentralized Services.

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<sup>158</sup> Does not include Customs Treaties, Investment Protection Agreements, Agreements on International Transport or Agreements on Social Security. The sources consulted include the country and the International Bureau of Fiscal Documentation (IBFD).

<sup>159</sup> Recently a new CDI with Germany was signed and it will replace the current treaty.

# Bolivarian Republic of Venezuela

Latest update: January 2011

## **Profile**

Venezuela is a country located in South America. Its population is 28,6 million inhabitants (2009). The official currency is the Bolívar Fuerte (Bs. F). Its Gross Domestic Product (GDP) amounts to Bs.F 725 185,0 million (2009).

## **Tax system (in effect in 2010)<sup>160</sup>**

The Central Government has authority over the following taxes:

1. Taxes on Income, Profits and Capital Gains
  - Income Tax
  - Extraction Tax
  - Superficial Tax
2. Taxes on Properties
  - Inheritance and Gift Tax
3. General Consumption Taxes
  - Value-added Tax
4. Excise Taxes
  - Tax on the General Consumption of Gasoline and Oil Byproducts
  - Tax on Alcoholic beverages and alcoholic species
  - Tax on Cigarettes and Tobacco Manufacture
  - Tax on Entertainment and Gambling Activities
  - Telecommunications Tax
  - Special Tourism Contribution<sup>161</sup>
5. Foreign Trade Duties
  - Import Taxes
  - Export Registry Tax
6. Other taxes
  - Stamp Tax

## **Tax Administration**

The Integrated National Service of Customs and Tax Administration (SENIAT, in Spanish), a service attached to the Ministry of People's Power for Planning

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<sup>160</sup> Exclusive of information on user charges (rights, licenses, taxes, etc.), contributions or taxes which are the prerogative of Regional Governments.

<sup>161</sup> A tax, in spite of its name.



and Finance (MPPPF, in Spanish), is the entity responsible for collecting the Central Government's taxes, including those that by nature are of customs.

SENIAT is a self-managed, non-incorporated service with functional, technical and financial self-sufficiency.

The Telecommunications Tax is collected by the National Telecommunications Commission (CONATEL, in Spanish).

The Special Tourism Contribution is collected by the Ministry of People's Power for Tourism.

## The SENIAT<sup>162</sup>

### *1. Creation and operation rules*

The SENIAT is the result of the merger between the National Service of Tax Administration (SENAT, in Spanish) and the Autonomous Customs Service of Venezuela (AVSA, in Spanish), as established by the [Executive Order N° 310 \(published in the Official Gazette N° 35525 on 16.10.1994\)](#)<sup>163</sup>.

### *2. Vision*

To become a role-model, modern, intelligent institution, consistent with the country's socio-economic development, promoting the culture and assuring the compliance with customs and tax obligations and duties, thereby contributing to the consolidation of the Bolivarian Socialist Project.

### *3. Mission*

To efficiently administer customs and tax processes within the country and other legally assigned competencies through the execution of Public Policies intended to contribute with the greatest possible wellbeing and social security to the Venezuelan nation.

### *4. Organizational Structure*

The [SENIAT's Law – Law N° 53](#) (published in the Official Gazette N° 37320 on 08.11.2001) regulates the institution's organization and functions.

According to this law, the body's top authority is the Superintendent, who presides over an executive board composed, in addition, of one (1) representative appointed by the MPPPF's Minister, one (1) representative appointed by the Minister at the Ministry of People's Power for Trade, and two (2) members appointed from SENIAT's executives.

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<sup>162</sup> Information mainly extracted from SENIAT's webpage and CIAT's former taxation database.

<sup>163</sup> Originally, this body was named National Integrated Service of Tax Administration.

To the extent applicable, the [Resolution N° 32 \(published in the Special Official Gazette N° 4881 on 29.03.1995\)](#) is still in force, which provided for the body's organizational and functional structure at the time of its creation. By means of other administrative orders, it was adapted to the performance of the new competences assigned by SENIAT's Act.

SENIAT's current organizational chart may be consulted [here](#).

### ***International affairs***<sup>164</sup>

Venezuela has signed Double Taxation Treaties (CDIs, in Spanish) with Germany, Austria, Barbados, Byelorussia, Belgium, Brazil, Canada, Qatar, China, South Korea, Cuba, Denmark, Spain, the United States, France, Indonesia, Iran, Italy, Kuwait, Malaysia, Mexico, Norway, the Netherlands, Portugal, the United Kingdom, the Czech Republic, Russia, Sweden, Switzerland, Trinidad & Tobago and Vietnam. They are all in force, according to the detail presented below, except for Brazil and Mexico.

Country	Year in effect
Germany	1997
Austria	2008
Barbados	2001
Byelorussia	2010
Belgium	1999
Canada	2005
Qatar	2008
China	2005
South Korea	2008
Cuba	2006
Denmark	2002
Spain	2005
United States	2000
France	1994
Indonesia	2001
Iran	2008
Italy	1994
Kuwait	2007
Malaysia	2009
Norway	1999
The Netherlands	1998
Portugal	1999

<sup>164</sup> Does not include Customs Treaties, Investment Protection Agreements, Agreements on International Transport or Agreements on Social Security. The sources consulted include the country and the International Bureau of Fiscal Documentation (IBFD).

United Kingdom	1997
Czech Republic	1998
Russia	2010
Sweden	1999
Switzerland	1998
Trinidad & Tobago	1998
Vietnam	2010

You can find more information on the CDIs [here](#).