Observatory of Fiscal Reforms and the Strengthening of Tax Administrations in Latin America

Tax Alert (January/July 2026)
English summary

Darío González

Observatory of Fiscal Reforms and the Strengthening of Tax Administrations in Latin America

Tax Alert (January/July 2026)
English summary

Darío González

Observatory of Fiscal Reforms and the Strengthening of Tax Administrations in Latin America. Tax Alert (January/July 2026). English Summary

ISBN: 978-9962-750-17-8 (PDF)

ISBN: 978-9962-750-18-5 (ePub)

Cite as follows:

González, D. (2026). Observatory of Tax Reforms and the Strengthening of Tax Administrations in Latin America. Tax Alert (January/July 2026). English Summary. Inter-American Center of Tax Administrations.

Content

1. Introduction

This report constitutes a "Tax Alert" on the main tax policy and tax administration measures implemented in Latin American countries from January to July 2026.

Its objective is to ensure the timely and broad dissemination of these actions so that they are widely known by the economic and tax authorities of partner countries, as well as by international organizations, research centers, universities, and other stakeholders, for their analysis and possible consideration in enriching tax policy discussions and decisions in their respective countries.

The report describes the main tax reforms and measures adopted to strengthen the management and administration of tax authorities in 19 Latin American countries between January and July (inclusive) 2026.

The tax reforms are presented with reference to the following aspects:

1) Tax Reforms

a. **Substantial** reforms that modify the foundations of the tax system and its pillars,

b. **Corrective reforms** that make important technical adjustments to existing taxes, and

c. **Reforms that grant tax benefits** (e.g., tax amnesties, tax regularization programs, exemptions, tax incentives, accelerated depreciation measures, tax stability agreements, and similar instruments.).

2) Improvements in Tax Administration Management

a) Tax Administration and Auditing

b) Electronic Invoicing

c) Tax Crimes and

d) Regularization of Tax Obligations

The success of a tax system depends both on the technical quality and practicality of tax legislation and on the efficiency and effectiveness of the tax administration responsible for its implementation.

This section also covers improvements in procedures aimed at strengthening taxpayers' rights and ensuring the reasonableness, transparency, and objectivity of actions undertaken by tax authorities.

The "**Observatory Dashboard**" presents the changes introduced in each country, with information organized by topic and accompanied by a reference to the legal instrument through which each measure was proposed or implemented. Color coding is used to indicate the status of each measure (approved, under consideration, rejected/withdrawn, or proposed).

In the Legal Instrument column, the relevant legal provision will be identified. By using the embedded hyperlink (Ctrl + Click), users can directly access the full text of the corresponding legal document.

The report includes not only approved laws and other relevant legal provisions, but also bills and legislative initiatives that have been delayed, rejected, archived, or withdrawn from the legislative process. In addition, Executive Branch decrees and regulatory provisions (whether implementing or interpretative) issued by tax administrations are included when they are deemed to be of significant relevance.

Under the section entitled "**Country-by-Country Developments**," the report describes the tax measures adopted in each country, providing a concise explanation of each measure together with a link to the legal instrument through which it was enacted, thereby facilitating direct consultation by readers.

2. General Executive Summary: Tax trends in Latin America (January-July 2026)

2.1 Introduction

The focus of this study is on the main tax reforms. Although their scope and intensity varied across countries, there is clear evidence of a sustained commitment by governments throughout the region to continuously update both their tax systems and tax administration practices.

Significant changes in both tax systems and tax administrations amounted to 168 measures, of which 90 corresponded to tax reforms and 78 to modifications or innovations in the functions and operations of tax administrations.

The table below provides a quantitative overview of the main tax measures implemented in Latin American countries between January and July 2026:

Main Tax Measures in Latin American Countries (January–July 2026) CIAT			
COUNTRY	**TAX POLICY**	**TAX ADMINISTRATION**	**OBSERVATIONS**
ARGENTINA	14	6	
BOLIVIA	6	5	
BRAZIL	4	17	Implementation of the Previous Year's Tax Reform
CHILE	14	3	Comprehensive tax reform. The reform was approved in three stages and is currently awaiting publication by the National Executive Branch.

Main Tax Measures in Latin American Countries (January–July 2026) CIAT			
COUNTRY	**TAX POLICY**	**TAX ADMINISTRATION**	**OBSERVATIONS**
COLOMBIA	4	1	The tax reform was submitted by the outgoing administration to the Legislature. No legislative action has been taken to date
COSTA RICA	--	1	Tax Proposals Announced for the Remainder of the Period
CUBA	16	1	Tax reform approved. It will enter into force gradually.
ECUADOR	1	5	
EL SALVADOR	5	1	
GUATEMALA	3	1	
HONDURAS	1	4	
MEXICO	7	5	
NICARAGUA	2	1	
PANAMA	1	3	
PARAGUAY	--	8	
PERU	4	7	
DOMINICAN REPUBLIC	10	6	Tax reform approved.
URUGUAY	6	2	Several measures stem from the implementation of the tax reform enacted during the previous period
VENEZUELA	2	1	The National Economic Council is preparing a comprehensive tax reform at the request of the National Executive Branch.
TOTAL	**90**	**78**	**168**

Source: Prepared by the author

As can be seen, and consistent with the trend observed since the launch of the **Fiscal Observatory** in 2024, Latin America has continued to experience a steady flow of tax-related developments, both in terms of tax policy reforms and initiatives aimed at strengthening tax administrations.

As expected, the pace and scope of these developments varied considerably across countries. With regard to tax reforms, two broad approaches can be identified: (i) comprehensive reforms involving substantial changes to the tax system as a whole, and (ii) targeted reforms focused on specific taxes, sectors, or policy issues.

Among the comprehensive tax reforms adopted during the first seven months of 2026, the most noteworthy were those implemented in **Argentina, Chile, Cuba, and the Dominican Republic**, whether enacted through a single legislative package or through a series of related legal measures.

As for initiatives to strengthen tax administrations, **Brazil, Mexico, and Paraguay** stand out for both the number and scope of the measures introduced during the period.

2.2 Tax System

2.2.1 Strategies

Broadly speaking, three main tax policy strategies can be identified from a conceptual perspective:

1) **Increasing tax revenues,** through one or more of the following approaches: i) introducing new taxes, expanding tax bases, increasing tax rates, or reducing and eliminating tax benefits; ii) strengthening tax administration in order to improve the detection and control of tax avoidance and evasion; and iii) simplifying the tax system to enhance its efficiency and overall performance,

2) **consolidating the existing tax system** and/or

3) **Reducing the tax burden and simplifying administrative procedures** in order to stimulate economic activity and investment.

While most reforms incorporate elements of more than one of these strategies, this report classifies each reform according to the objective that appears to be its primary driver and the central focus of the government’s tax policy agenda.

In terms of their scope and depth, tax reforms may also be grouped into three broad categories:

a) **Structural reforms**, which alter the fundamental design of the tax system and its key pillars, including both tax policy and administrative frameworks,

b) **Corrective reforms,** which introduce technical adjustments to existing taxes or improvements in tax administration; and

c) **Tax relief measures,** which reduce the tax burden and/or provide mechanisms for the regularization of outstanding tax liabilities.

Finally, with regard to the strategies used by tax administrations to encourage compliance, the literature generally highlights three principal approaches:

a) **Risk-based compliance**,

b) **Benefit-based compliance**, and

c) **Cooperative compliance**.

In practice, however, experience has shown that an effective tax administration typically draws on all three approaches. A comprehensive compliance strategy recognizes the value of each and combines them in a complementary manner to achieve better outcomes.

2.2.2 Tax Reforms

Early Tax Alert

The first seven months of 2026 are examined in this report as an early tax policy alert, intended to provide timely insights into emerging tax developments across the region and to support informed analysis by policymakers, tax professionals, researchers, and other stakeholders.

As is customary, the Final Fiscal Observatory Report covering the full 2026 fiscal year will be published during the first quarter of 2027.

To facilitate a clearer understanding of the developments observed during the period, the tax measures adopted will be analyzed below on a thematic basis:

2.2.3 General Background

Three countries, **Chile, Cuba, and the Dominican Republic**, enacted comprehensive tax reforms during the first part of the year, seeking to adapt their tax systems to the governance and fiscal challenges they currently face.

Meanwhile, **Argentina, Bolivia, Brazil, and Uruguay** continued implementing and refining major reforms introduced in previous years, advancing the rollout of measures that form part of broader tax modernization agendas.

In **Venezuela**, the National Economic Council was tasked with drafting a far-reaching structural reform aimed at revitalizing and modernizing the country's current tax system.

With new administrations taking office in **Colombia and Peru** during the latter part of the year, particular attention will need to be paid to the tax policy priorities that are likely to shape their agendas throughout the remainder of the fiscal year.

In contrast, some countries have placed greater emphasis on strengthening tax administration rather than introducing significant legislative changes. **Mexico and Paraguay** are notable examples of this approach, having focused on enhancing administrative capacity, compliance, and enforcement.

Elsewhere, governments concentrated on targeted measures designed to improve both their tax systems and tax administrations. This was the case in **Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and Peru**, where reforms were generally more limited in scope and focused on specific policy or administrative issues.

2.2.4 Direct taxation

A) Income Tax

A.1 General Regime

In **Argentina**, tax loss carryforwards are now indexed beginning with fiscal year 2025, based on changes in the Consumer Price Index (CPI). This measure significantly preserves the real value of accumulated losses and enhances their usefulness for future offset against taxable income.

To encourage domestic financial investment and reduce incentives for asset concealment or capital flight, certain categories of investment income were also granted tax-exempt status.

In response to the need to increase the supply of rental housing and improve market competition, tax exemptions were introduced for residential rental income as well as for certain real estate transfers.

With regard to the Simplified Income Tax Regime, which became effective in tax year 2025 and is first reported during the current filing cycle, implementing regulations were issued to improve its administration. These provisions address issues related to tax balances arising from returns, significant discrepancies identified by the tax authority, and the validation of taxpayers' enrollment in the regime.

In addition, a bill currently under consideration in Congress proposes further amendments aimed at improving the regime. The proposal would address concerns related to the treatment of "significant discrepancies" as grounds for exclusion, the allocation of the burden of proof, and the elimination of income and asset thresholds as eligibility requirements for participation.

In **Bolivia**, new legislation expanded tax incentives under the Corporate Income Tax regime. Key measures include enhanced accelerated depreciation provisions, revised treatment of uncollectible receivables, additional benefits for self-employed taxpayers, new deductible expenses, and incentives for the reinvestment of profits.

In **Brazil**, changes were introduced to the Presumed Income Tax Regime, resulting in a higher effective tax burden for affected taxpayers.

Following the inauguration of a new administration, **Chile** enacted a substantial[1] tax reform that introduced a number of significant changes. Under the reform, the First Category Income Tax rate was reduced from 27% to 23%. The Employment Tax Credit was redesigned to provide enhanced benefits for women and young workers. In addition, the tax on capital gains from stock market transactions was eliminated, while a substitute tax was established for the Reinvested Earnings Fund (Fondo de Utilidades Reinvertidas, FUR).

The reform also reinstated full integration within the tax system, allowing shareholders and business owners to fully credit corporate income taxes against their personal tax liabilities. Finally, a 5% flat tax was introduced on rental income derived from qualifying residential properties covered by DFL 2, which applies to certain categories of affordable housing.

In **Cuba**, several tax measures were adopted. Under both the Corporate Profits Tax and the Personal Income Tax, exemptions were granted for various activities related to renewable energy equipment. A new rate schedule was introduced for the Personal Income Tax, while fixed charges under the Land Transport Tax and the Vessel Ownership or Possession Tax were increased.

In addition, Cuba launched a far-reaching reform of its economic and tax system through the approval by the National Assembly of 176 measures, which will be implemented gradually over time.

Among the most notable changes, the Corporate Profits Tax was reduced and accelerated depreciation provisions were introduced to encourage investment. At the same time, in order to address situations involving businesses that repeatedly report losses, a Gross Receipts Tax was established for this segment of taxpayers.

1 As of July, although the reform had been approved by Congress in its third legislative reading, it remained in the Senate for procedural processing and therefore had not yet been forwarded to the Executive Branch for promulgation and publication.

The agricultural sector was granted preferential tax treatment. The reform also included an update of the progressive rate schedule applicable to the Personal Income Tax and increases in taxes based on fixed statutory amounts.

In **El Salvador**, an authoritative interpretation was issued regarding the deductibility of business costs and expenses under the Income Tax Law (ISR). In addition, transactions involving Bitcoin were exempted from Capital Gains Tax and from withholding tax applicable to nonresident taxpayers.

Guatemala updated the thresholds and values used in the withholding tax schedule applicable to employment income, while Mexico amended withholding tax rates under its income tax regime for taxpayers providing digital platform services and for legal entities earning income through such platforms.

Panama implemented the so-called Economic Substance Law, targeting entities that lack sufficient economic substance within the jurisdiction. Under the new rules, passive income earned by such entities is subject to a 15% tax, supported by the application of an anti-abuse provision.

This reform reflects the evolution of international standards on tax transparency and the growing requirement that certain economic activities demonstrate genuine business presence and substantive operations in the jurisdiction where their tax effects arise.

By contrast, **Peru** introduced a new tax framework for the Agricultural Regime, updated the rules governing tax incentives for research, development and innovation (R&D&I) activities, and established new criteria for income recognition and advance tax payments under the regulations implementing the Income Tax Law (LIR).

Similarly, the **Dominican Republic** revised the personal income tax brackets and, for corporate taxpayers, established a new general corporate income tax rate of 27%, together with a temporary 30% rate for higher-income companies through 2028. The reform also exempted microenterprises and agricultural producers from advance tax payments and introduced new tax installments for small businesses.

With respect to capital gains derived from real estate transactions by individuals, a single final tax of 10% was introduced. The reform also imposed taxation on income earned from technical assistance services provided to residents domiciled in the country.

Finally, **Uruguay** focused on implementing the far-reaching tax reform enacted in 2025, which became effective during the current fiscal year. Key measures include the introduction of the Domestic Minimum Top-up Tax, the extension of income taxation to certain indirect transfers of assets located in the country, and an exception from dividend taxation for certain nonresident recipients of dividends distributed by Uruguayan entities[2].

A.2 Investment Promotion

As is widely recognized, the emerging economies of the region require sustained investment to support long-term economic growth. One of the principal tools available to governments for attracting such investment is the use of targeted tax incentives.

These measures are also part of an increasingly competitive landscape, as countries seek to attract domestic and foreign investment. Investors typically require a predictable policy environment, including fiscal incentives and legal certainty, particularly in projects involving substantial capital commitments and long investment recovery periods.

Among the income tax incentive regimes introduced or expanded during this period, the following deserve special mention.

In **Argentina**, while the Incentive Regime for Large Investments (RIGI) had already been established for this purpose, it was expanded during the current year to cover new investments in the oil, natural gas, and renewable energy sectors.

In addition, the government created the Incentive Regime for Medium-Sized Investments (RIMI). A further proposal, known as the “Super RIGI”, is currently under legislative consideration. This initiative would establish an enhanced tax incentive framework for large-scale investments in new industries.

By contrast, **Chile** focused on implementing a 25-year tax stability regime for investments of USD 50 million or more[3] providing long-term certainty for large-scale investors.

Similarly, **El Salvador** enacted the Investment Promotion Law, granting tax incentives and establishing specific regulatory frameworks for strategic productive sectors.

[2] If the profits were not subject to corporate income tax (IRAE), the dividends are exempt from non-resident income tax (IRNR), except under recent regulatory updates that levy the tax if the recipient’s country grants a foreign tax credit.

[3] Under the RIGI framework, Argentina provided that for participating Single Project Vehicles (VPUs) during the 2024 fiscal year, the total tax burden will not increase for 30 years, protecting them against tax hikes, new levies, or statutory modifications.

In **Nicaragua**, the Free Trade Zone regime was expanded for both operating and user companies through the introduction of an unlimited exemption period for dividend income, thereby enhancing the attractiveness of the regime.

Finally, **Uruguay** expanded the incentives available under its Investment Promotion Regime, with a particular emphasis on directing tax benefits toward companies that prioritize the hiring of individuals facing greater barriers to labor market participation. The reform also seeks to encourage the geographic decentralization of investment toward regions currently experiencing higher levels of unemployment and poverty.

A.3 Other Direct Taxes

With respect to property taxation, **Chile** approved the gradual elimination of the property tax for individuals over the age of 65, while **Cuba** suspended the application of taxes on the ownership and possession of agricultural land, as well as taxes on residential properties and vacant lots, for the current fiscal year.

As for the gift tax, which remains relatively uncommon throughout the region, **Chile** introduced a temporary reduction in tax rates, while **Guatemala** repealed the tax altogether.

2.2.5 General Consumption and Excise Taxes

In **Argentina**, several excise taxes were repealed, including those applicable to: a) Insurance, b) Mobile and satellite telecommunications services, c) Luxury goods, d) Motor vehicles and engines, e) Recreational and sporting vessels; and f) Aircraft.

With regard to the Value Added Tax (VAT), **Bolivia** revised the method for determining the taxable base by calculating the tax on the net value of the transaction, thereby eliminating the mathematical distortion that had increased the effective rate to 14.94%. The reform effectively restores a transparent and consistent VAT rate of 13 %.

Bolivia also repealed the provision that limited the VAT input tax credit available on fuel purchases, restoring taxpayers' right to claim 100% of the VAT credit included in the corresponding invoices. In addition, the country issued regulations governing the application of the new specific excise tax rates (ICE) applicable to both alcoholic and non-alcoholic beverages.

In **Brazil**, the application of PIS/COFINS was eliminated for the importation and exportation of diesel fuel and for crude oil exports.

In the real estate sector, **Chile** proposed a temporary one-year VAT exemption for the first sale of newly constructed homes that had received final or partial municipal occupancy approval prior to the enactment of the measure. The exemption would also apply to parking spaces and storage units sold together with the residential property.

As part of its comprehensive tax reform, **Cuba** approved the gradual introduction of a Value Added Tax (VAT) to replace the current General Sales Tax. Initial implementation is expected to focus on production and distribution chains before broader application across the economy.

In **Ecuador**, the requirements for compliance with VAT obligations were tightened. A taxpayer is now deemed to have fulfilled its VAT obligations only when both the tax return has been filed and 100% of the tax due has been paid. In addition, in response to differing interpretations, the Internal Revenue Service (SRI) issued clarifications regarding the VAT rates applicable to food products.

In **Mexico**, new VAT withholding rates were established for legal entities conducting sales of goods, providing services, or granting the temporary use or enjoyment of property through digital platforms. The rules also address deposits held in bank accounts abroad.

With respect to the Special Tax on Production and Services (IEPS), an 8% tax rate was introduced for video games containing violent, extreme, or adult content and therefore restricted to individuals aged 18 and over. The measure applies both to physical sales and to digital access or download services offered by domestic companies and foreign providers without a permanent establishment in the country.

Nicaragua modified the VAT taxable base applicable to the sale of alcoholic beverages, beer, cigars, cigarillos, cigarettes, juices, soft drinks, carbonated beverages, flavored or sweetened soft drinks, and energy drinks. The tax base is now determined using the distributor price rather than the retail price.

A similar change was introduced for excise taxes (ISC) applicable to alcoholic beverages, wine, and beer. For imported beverages and tobacco products, the taxable base was changed from the retail price back to the customs value. Additionally, a 0% VAT rate was granted to twenty-five food products.

In **Peru**, a temporary reduction in the rate of the General Sales Tax (IGV) was introduced for microenterprises and small businesses.

Meanwhile, **Uruguay** extended the tax relief available under excise tax (IMESI) for service stations operating in border regions.

Finally, **Venezuela** granted a tax exemption for hydrocarbons covering both definitive imports and domestic sales of hydrocarbon-based fuels carried out by the State, state-owned enterprises, mixed-ownership companies, or private entities. The exemption also applies to inputs and additives used to improve gasoline quality.

2.2.6 Regimes for Taxpayers with Limited Tax Capacity

Given the large number of small-scale taxpayers that continue to operate in the informal economy across Latin America, countries throughout the region have shown considerable creativity in designing special tax regimes aimed at encouraging formalization.

Two broad approaches can be identified: a) regimes that combine tax formalization with social inclusion by granting access to social security and pension systems; and b) regimes that focus solely on simplifying tax obligations and compliance requirements.

Argentina, Brazil, and Uruguay fall within the first category, often referred to as third-generation simplified regimes, while most other countries have limited their efforts to tax simplification measures.

For a comprehensive analysis of the scope and significance of these regimes in Latin America, readers may refer to the CIAT study Special Taxation Regimes for Taxpayers with Lower Capacity: Theory and Strategies in Tax Policy and Administration in Latin America.

In **Bolivia**, the government submitted to the Legislative Assembly a proposal to reintroduce the Special Tax Regime for Small Taxpayers. However, due to the characteristics of the proposal and the negative public reaction it generated, the Executive Branch ultimately decided to withdraw the bill from the legislative process.

In **Brazil**, a new Nanoentrepreneur Regime was introduced during the current fiscal year for individuals classified as very small taxpayers, whose business activities generate only subsistence-level income. Under this regime, taxpayers are exempt from taxes and relieved of both formal and substantive tax obligations provided their annual gross income does not exceed R$40,500. The regime also covers individuals who already hold another job and supplement their earnings through small entrepreneurial activities, subject to a monthly income limit of approximately R$3,375. Following the reform, eligible individuals may operate legally as natural persons without obtaining a CNPJ (Brazilian taxpayer identification number) and are not required to issue invoices.

The principal distinction between the Nanoentrepreneur Regime and the existing Individual Microentrepreneur (MEI) regime lies in income thresholds and benefits. While MEI participants may earn up to R$81,000 per year, pay a modest monthly contribution, and gain access to benefits such as credit facilities, social security coverage, and other programs, nanoentrepreneurs enjoy full tax exemption but do not qualify for the benefits available under the MEI framework.

In **Cuba**, following the unsuccessful attempt to incorporate small taxpayers into the general tax regime, the tax reform enacted this year approved the reinstatement of the Simplified Tax Regime.

Meanwhile, the tax reform approved in the **Dominican Republic** expanded the scope of the Simplified Tax Regime (RST). The measure is intended to facilitate the formalization of small businesses and reduce administrative burdens for entrepreneurs and producers. In addition to individuals and sole proprietorships, the reform extends eligibility to legal entities and other business organizations, while also increasing the maximum gross income threshold for participation in the regime. This expansion is expected to broaden access to simplified taxation and encourage greater voluntary compliance among small and medium-sized taxpayers.

2.3 Tax Administration

2.3.1 Tax Administration and Compliance Activities

Tax administrations play a critical role in ensuring the effective and efficient operation of tax systems. To fulfill this responsibility, they require continuous modernization and adequate human, technological, and financial resources.

They must also adapt their organizational structures and operating models to address emerging compliance challenges, particularly those arising from tax evasion and avoidance.

Facilitating voluntary compliance has become one of the core functions of modern tax administrations. Achieving this objective requires ongoing investment in staff training and the continuous upgrading of information technology systems.

Among the initiatives aimed at improving tax administration performance during the first seven months of 2026, **Argentina** introduced several measures designed to promote voluntary compliance, including: a) The implementation of the Voluntary Compliance Promotion Program, b) The expansion of the taxpayer web portal “Nuestra Parte” (Our Information), c) Taxpayer outreach and compliance-induction campaigns, d) Increased use of electronic audits; and e) Expanded electronic procedures for responding to tax authority requests and audit actions.

With respect to fuel control, Argentina also required service stations to conduct chemical testing for every fuel delivery, thereby increasing retailers’ responsibilities within the tax control framework.

In **Bolivia**, the government shortened the statute of limitations for tax assessment and enforcement actions to four years. The period applies to the tax administration’s authority to: 1-Audit, investigate, verify, and inspect tax obligations; 2-Assess tax liabilities; 3-Impose administrative penalties; and 4-Enforce assessed tax debts.

The tax administration's authority to enforce penalties expires after two years. However, the general limitation period may be extended by an additional two years if a taxpayer or responsible third party fails to register with the appropriate tax registry or registers under an improper tax regime.

Bolivia also required the electronic filing of financial statements together with the submission of supplementary information.

Brazil introduced significant changes to its compliance strategy by further advancing a cooperative compliance model through the implementation and operational regulation of several programs, including a) Sintonia, which rewards compliant taxpayers through a system of incentives and benefits; b) Confia, under which participating taxpayers must implement governance, planning, and monitoring systems for managing tax obligations in exchange for enhanced cooperative treatment; and c) the Authorized Economic Operator (AEO) program, designed to streamline customs procedures and promote compliance with both tax and customs regulations.

With respect to the Personal Income Tax (IRPF), the Brazilian Federal Revenue Service (RFB) introduced a series of measures to simplify tax return filing and improve data quality, including a) updated mandatory reporting criteria; b) an accelerated refund schedule; c) automatic tax refunds; d) expanded use of pre-filled tax returns through the integration of structured databases; e) the gradual replacement of the DIRF information return system with continuous data reporting; f) incorporation of financial market information through the REVAR platform; g) a new dependent-based model reflecting household composition; h) mandatory reporting of sports betting income; i) additional registration fields to enhance data accuracy; j) a more interactive and preventive online filing environment; and k) a more automated, integrated, and proactive compliance system.

The changes introduced to the 2026 Personal Income Tax (IRPF) framework represent part of a broader transformation in Brazil's tax information management model. Through expanded data integration and greater process automation, the Brazilian Revenue Service is moving toward an approach focused on preventing errors before they occur, rather than merely identifying and correcting them after the fact. This reflects the administration's broader objective of creating a more efficient, data-driven, and taxpayer-oriented compliance environment.

As part of its transparency agenda, the Brazilian Federal Revenue Service (Receita Federal) published the results of its 2025 tax audit activities, providing greater visibility into its enforcement efforts and overall performance (Anuncio Receita Federal de Brasil).

To strengthen oversight, **Chile** introduced a Special Registry for Charitable Organizations as a prerequisite for accessing VAT exemption benefits. The country also adopted new compliance measures for the digital VAT regime, including registration and payment requirements applicable to digital platforms.

From an audit and information-sharing perspective, Chile's tax reform granted broader access to information held by the Internal Revenue Service (SII), making such information available to all government agencies and public administration entities.

As part of its tax administration modernization agenda, **Costa Rica** implemented adjustments to the organizational structure of the General Directorate of Taxation (DGT) and introduced reforms affecting several administrative and procedural frameworks.

Ecuador introduced new mechanisms for taxpayer identification, authentication, tracking, and fiscal traceability of goods and services. Under the new rules, taxpayers designated by the Internal Revenue Service (SRI) must implement control systems that enable authorities to track the movement of specified goods and services throughout the formal economy. The measure seeks to strengthen tax verification processes and reduce the risks of tax evasion and fraud.

The reform also expands the scope of these controls by incorporating physical, digital, and technological components connected to platforms capable of generating information on production, importation, commercialization, and tax-related activities.

With respect to tax administration strategy, **Paraguay** has prioritized strengthening the operational capabilities of its tax authority, the National Directorate of Tax Revenue (DNIT), rather than increasing tax rates or introducing major new taxes.

To improve oversight, Paraguay established mandatory reporting requirements for cryptocurrency transactions and introduced new disclosure requirements concerning profits and reserves in the notes accompanying financial statements.

The country also created the National Unified Cadastre Registry, operating under the Real Estate Taxation Department of the DNIT, with the objective of improving property-related tax administration and information management.

In addition, the Executive Branch appointed the Minister of Economy and Finance as General Coordinator of activities related to the Second Round of Peer Reviews conducted by the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes.

Finally, Paraguay introduced a mandatory rotation regime for external tax auditors, providing that the signing auditor may not issue audit reports for the same taxpayer for more than three consecutive fiscal years. This measure is intended to reinforce auditor independence and enhance the credibility of external tax assurance processes.

Due to budgetary constraints, Paraguay's National Directorate of Tax Revenue (DNIT) is subject to annual limits on the amounts that may be credited in respect of:taxes paid improperly or in excess, VAT refunds on purchases made by nonprofit organizations (NPOs), and interest and surcharges arising from tax credit recovery procedures.Accordingly, the DNIT is authorized to carry forward any unreimbursed amounts to the following fiscal year without generating statutory interest or other ancillary charges.

In **Peru**, new security measures and administrative simplification procedures were introduced for the Single Taxpayer Registry (RUC). With regard to tax audits and enforcement activities, the tax administration must now align its procedures with requirements established by the Constitutional Court. The Court ruled that if electronic notices sent to registered email addresses are rejected because those accounts are inactive or unavailable, the tax administration is required to use alternative notification methods at the taxpayer's registered tax domicile.

As part of the tax reform enacted in the **Dominican Republic**, several amendments were introduced to tax procedure rules, including: a) an expansion of the circumstances under which the statute of limitations and late-payment surcharge periods may be suspended; and b) an update of compensatory interest rates, together with a reduction in late-payment interest rates.

Finally, **Venezuela** adopted a series of measures aimed at simplifying administrative procedures, guided by the principles of administrative simplification and greater operational efficiency within the tax administration.

2.3.2 Electronic Invoicing

As highlighted in previous Observatory reports, Latin American countries have been pioneers in the adoption of electronic invoicing, and their successful experience has been widely recognized at the international level.

Nevertheless, electronic invoicing systems require continuous updating and refinement to maintain their effectiveness. Tax administrations across the region therefore continue to introduce adjustments and improvements to preserve their value as compliance and enforcement tools.

In **Argentina**, the tax authorities reduced the scope of exceptions that had allowed certain economic activities to operate without issuing electronic invoices. They also authorized monthly settlement procedures for specific sectors and updated the transaction threshold above which the recipient of the invoice must be identified.

In **Bolivia**, changes were introduced to invoicing requirements associated with the calculation of VAT input credits for fuel purchases.

Regarding the transmission of electronic invoices to the tax authority, **Ecuador** established that, beginning in 2026, taxpayers must transmit electronic tax documents at the time they are issued. As a result, the previous four-business-day submission period that had been in effect through 2025 was eliminated.

In addition, invoices issued under the designation "Final Consumer" may no longer be cancelled, nor may tax documents that have already been used in tax refund procedures.

In **El Salvador**, the electronic invoicing framework was updated through the introduction of new compliance requirements applicable to Electronic Tax Documents (DTEs).

Continuing its tax digitalization strategy, **Guatemala**'s Superintendency of Tax Administration (SAT) announced a series of enhancements to the Declaraguate platform beginning in June, aimed at modernizing tax administration and facilitating compliance.

As part of this transformation, several forms previously prepared through Declaraguate must now be submitted exclusively through the taxpayer's Virtual Agency portal. The implementation is being carried out gradually. In the initial phase, the changes affect approximately 6,438 large taxpayers, while roughly 300,000 taxpayers registered under the General VAT Regime are expected to migrate to the new system beginning on September 1.

In response to fraudulent schemes involving the issuance and use of fake invoices, **Mexico** introduced a broad set of measures designed to strengthen invoicing controls and taxpayer identity verification. These measures include tighter controls over the issuance of tax receipts, shorter cancellation periods for CFDIs (Digital Tax Receipts), expanded authority for the Tax Administration Service (SAT) to combat simulated transactions, and simplified compliance requirements for certain taxpayer regimes.

The reform targets not only those who issue fraudulent invoices but also taxpayers who purchase them in order to claim unwarranted tax deductions. As part of the enhanced enforcement framework, SAT was granted additional audit and compliance powers, including the authority to deny registration in the Federal Taxpayer Registry (RFC) to newly created companies whose shareholders or legal representatives have previously been associated with entities identified as issuers of fraudulent invoices.

In addition, a new expedited audit procedure, commonly referred to as an "express field audit," was introduced. Its primary purpose is to verify the authenticity of transactions underlying issued invoices. Tax authorities are also empowered to immediately suspend a taxpayer's invoicing privileges if irregularities are identified during these inspections.

Finally, **Panama** expanded mandatory fiscal digitalization requirements to both the public and private sectors. The scope and timing of implementation vary according to taxpayers' income levels, reflecting a phased approach to the broader adoption of electronic invoicing and digital tax compliance systems.

Electronic invoicing has ceased to be an option and has become the mandatory standard for tax documentation in **Paraguay**. The National Directorate of Tax Revenue (DNIT) has been designating taxpayers, group by group, who are required to issue all their tax documents exclusively in electronic format through the National Integrated Electronic Invoicing System (SIFEN).

The year 2026 marks a turning point, as mandatory compliance became effective on January 2 for government suppliers, and six new groups of taxpayers, comprising approximately 3,000 companies, were incorporated into the regime, with staggered implementation dates between June 2026 and September 2027.

As part of the broader strategy of progressively expanding the mandatory use of electronic invoicing, **Peru** established that taxpayers designated as electronic issuers under the Electronic Issuance System (SEE) by determination of SUNAT will be subject to this obligation from the date of their registration in the Single Taxpayer Registry (RUC). This applies to newly registered taxpayers who choose the MYPE Tax Regime, the Special Income Tax Regime, or the General Income Tax Regime.

Likewise, such designation will take effect on the first calendar day of the month following the change for taxpayers who move from the New Simplified Single Tax Regime (Nuevo RUS) to another third-category tax regime and carry out transactions requiring the issuance of payment vouchers that allow the exercise of input tax credit rights or may be used to substantiate tax-deductible expenses and/or costs, such as an invoice.

In line with this trend toward broadening the use of electronic tax documents, the **Dominican Republic** has made electronic invoicing mandatory for small and medium-sized enterprises (SMEs).

Finally, **Uruguay** has extended the deadline for implementing mandatory electronic invoicing for the last segment of taxpayers, granting them additional time to adapt to the system.

2.3.3 Enforced Tax Collection

The enforced collection of tax debt is the final stage available to the tax administration for recovering outstanding tax obligations.

After the initial phases aimed at securing compliance with overdue tax liabilities through persuasive notices, so-called amicable collection efforts, and the implementation of tax regularization programs, enforcement actions become the last resort.

Given that not all tax debtors exhibit the same behavior, as some act in good faith while others do not, the success of collection management requires recognizing that “different debtors must receive different treatment”.

Based on this approach, **Brazil** created the legal concept of the “habitual tax debtor” (devedor tributário contumaz) and introduced a special regime. This category applies to taxpayers who accumulate significant unpaid tax liabilities through repeated conduct toward the tax authorities with the intention of evading payment of their tax obligations.

Taxpayers administratively classified as habitual tax debtors are barred from receiving any type of tax benefit, including the use of tax losses to offset taxes. They are also prohibited from participating in public procurement processes or applying for judicial reorganization proceedings.

Additionally, habitual tax debtors will have their CNPJ (National Registry of Legal Entities Tax Identification Number) suspended and, at the federal level, will be subject to administrative procedures with more limited opportunities to file appeals or challenges.

Another measure adopted by Brazil in response to non-payment is the exclusion of individual micro-entrepreneurs (MEI), microenterprises (ME), and small businesses (EPP) from the Simples Nacional tax regime, similar to Argentina’s[4] Monotributo system.

In **Cuba,** the National Office of Tax Administration (ONAT) was granted authority to collect outstanding tax debts directly from the taxpayer’s bank accounts.

Finally, **Peru** expanded the grounds for enforced tax collection by allowing amounts deposited in tax withholding accounts (cuentas de detracciones) to be transferred to the tax authority when the account holder has an enforceable tax debt, that is, a final and binding tax liability for which no pending appeal or challenge exists.

4 In this case regarding individuals (after 10 months of non-payment).

2.3.4 Tax Crimes

With regard to tax crimes, **Argentina** allows the extinguishment of criminal prosecution through the payment of the outstanding tax debt and related charges. Furthermore, following the amendment introduced by Law No. 27,430, an additional requirement was established: the payment of 50% of the amount owed, plus the corresponding surcharges and interest.

This additional payment constitutes a legal condition for the admissibility of the extinguishment of criminal action and is directly linked to the underlying tax obligations and related interest, as it is calculated on that basis. Its payment is required jointly and in addition to the settlement of the tax debt itself.

Finally, **Peru** updated the criminal provisions applicable to the electronic issuance system for tax receipts and invoices, while also clarifying the procedural requirements that must be met before the Public Prosecutor's Office may initiate criminal proceedings in tax-related cases. In addition, Peru introduced a new criminal offense associated with the Tax Obligations Payment System (SPOT).

2.3.5 Tax Regularization

Within the framework of tax regularization, it is important to clearly distinguish between two situations: (a) the regularization of tax debts, and (b) the disclosure of assets or income.

In the case of overdue tax liabilities, countries typically establish installment payment plans or debt restructuring programs to facilitate compliance, often granting full or partial forgiveness of surcharges, interest, and penalties.

Disclosure programs, on the other hand, may target assets held abroad, assets held domestically, or both. In such cases, tax amnesties are generally implemented through the application of a special tax with a specific taxable base and preferential rate.

During the first seven months of this year, as is common practice throughout the region, several new programs have been introduced to recover overdue tax liabilities or taxes arising from previously undeclared or evaded income. These initiatives are in addition to the permanent tax regularization regimes that already exist in many countries.

In this context, **Bolivia** enacted, during the current fiscal year, a full forgiveness program for tax debts related to principal amounts, penalties, and tax violations arising before January 2018. It also introduced a tax regularization regime covering the period from January 1, 2018, through December 31, 2025, allowing taxpayers to settle omitted taxes by paying the updated tax amount plus fifty percent (50%) of the inflation adjustment. The remaining inflation adjustment, interest, and penalties associated with tax or customs fraud, failure-to-pay violations, and breaches of formal obligations arising from the regularized tax are forgiven.

Regarding the regularization of tax obligations, **Chile** established a new installment payment regime for tax debts, including reductions of penalties and interest based on the age of the debt. The National Reconstruction Law also includes a foreign asset and income disclosure program with a general tax rate of 10% and a reduced rate of 7% for assets repatriated to the country. In addition, it provides installment payment arrangements for tax debts owed by individuals and by micro, small, and medium-sized enterprises.

Colombia implemented a complementary tax regularization levy of 19% for the disclosure of assets or the elimination of liabilities. With respect to outstanding tax debts, it also provides reductions in penalties and compensatory interest.

In **Hondura**s, the Tax Amnesty Program granted taxpayers a four-month period to regularize outstanding obligations accrued through December 31, 2025, without the application of penalties, surcharges, or interest.

To address unpaid federal tax liabilities, **Mexico** introduced a tax regularization program for taxpayers whose total income is below 300 million pesos and who have final and unappealable tax assessments outstanding. The tax incentive consists of a 100% waiver of penalties, surcharges, and enforcement costs for taxpayers who meet certain requirements.

Regarding capital repatriation, Mexico also enacted a tax amnesty that imposes a temporary 15% tax, without any deductions, provided that the funds returned to the country remain invested domestically for at least three years.

Paraguay, in turn, established a tax debt regularization regime applicable to VAT (IVA) and Corporate Income Tax (IRE) liabilities. The benefits include the full forgiveness of default interest and up to a 50% reduction in penalties for tax fraud, or the application of the minimum statutory penalty, depending on the circumstances.

Finally, the **Dominican Republic** enacted a regime under which tax debts corresponding to fiscal periods through 2023 (inclusive) may benefit from reductions in surcharges, although taxpayers must pay the full principal amount and compensatory interest.

Additionally, as part of its tax reform, the Dominican Republic introduced a tax amnesty program that includes reductions in interest and surcharges, partial elimination of penalties, payment facilities, and the regularization of liabilities that are subject to administrative or judicial proceedings.

2.4 General Overview

A) Tax Policy

An analysis of the measures adopted during the first seven months of 2026 reveals the intense efforts undertaken by countries across the region to address tax-related challenges, both from a legislative and an administrative perspective.

Income Tax has attracted the greatest attention in terms of tax policy, as evidenced by the number of countries and legal provisions enacted to adapt it to new economic scenarios and emerging challenges.

Beyond routine adjustments to tax brackets and thresholds for inflation, several significant measures have been introduced, some of which are unprecedented.

Given that Latin American countries are emerging economies with a strong need for resources to support their development, investment promotion regimes have become a key area of focus. Through the granting of tax incentives[5], these regimes seek to attract investments of substantial economic significance.

Regarding comprehensive tax reforms, three countries, namely Chile, Cuba, and the Dominican Republic, implemented major reforms during this period, while others adopted complementary measures related to substantial tax reforms enacted in previous years.

Among the reforms aimed at updating specific aspects of taxation, Argentina's Simplified Income Tax Regime stands out due to its innovative nature. The regime introduces new methods for determining taxable income, with one of its principal objectives being the regularization of taxpayers who have allocated part of their income and assets to the informal economy.

A second major area of activity, although involving fewer innovations, has been general consumption and excise taxation. Most of the measures adopted in this field have focused on determining the taxable base, modifying tax rates applicable to certain goods and services, or adjusting their taxability or exemptions.

Tax regimes for taxpayers with lower contributory capacity continue to be a priority for governments. As this segment represents the largest group of taxpayers and tends to operate to a greater extent within the informal economy, it also remains a significant concern for tax administrations seeking to strengthen oversight, particularly through monitoring relationships with suppliers of greater economic importance.

5 Especially when investments exceed a certain amount.

One noteworthy development is Brazil's implementation of the Nano-Entrepreneur category, aimed at very small individual taxpayers with low levels of income. As part of its tax reform, Brazil exempted income up to a specified annual threshold and relieved these taxpayers from formal registration and invoicing obligations.

In Cuba, following the unsuccessful attempt to incorporate small taxpayers into the general tax regime, the reform enacted this year approved the reinstatement of the Simplified Taxation Regime for this category of taxpayers.

For its part, the Dominican Republic expanded the income thresholds applicable to the Simplified Taxation Regime (RST) and also allowed legal entities[6] to qualify as eligible taxpayers under the regime.

B) Tax Administration

The current period has been particularly productive in terms of measures aimed at improving tax administration and addressing the challenges associated with tax compliance in emerging economies.

With respect to administration and auditing, the two fundamental pillars of tax administration, countries have adopted a variety of measures suited to their particular circumstances and environments. Argentina, for example, implemented several tools and instruments designed to facilitate voluntary compliance.

Bolivia reduced the statute of limitations period in order to provide greater legal certainty to taxpayers, while Brazil focused its efforts on implementing its cooperative compliance strategy through the operational deployment of the Sofia, Confia, and AEO (Authorized Economic Operator) programs.

As part of its tax reform, Chile proposed enhancing tax oversight by granting all State Administration bodies access to information held by the Internal Revenue Service (SII).

Under its tax administration modernization plan, Costa Rica introduced adjustments to the organizational structure of the General Directorate of Taxation (DGT) and reformed certain tax administration mechanisms.

Ecuador introduced new mechanisms for taxpayer identification, authentication, tracking, and fiscal traceability of products and services. Under the new rules, taxpayers designated by the Internal Revenue Service (SRI) must implement control tools that enable authorities to track the movement of certain goods and services within the formal economy. The measure is intended to strengthen tax verification processes and combat the risks of tax evasion and fraud.

6 Previously, it applied exclusively to individuals and sole proprietorships.

Regarding tax administration strategy, both Paraguay and Mexico have continued to prioritize strengthening their tax authorities rather than increasing tax burdens. In Paraguay's case, the focus has been on reinforcing the capabilities of the National Directorate of Tax Revenue (DNIT).

Among other measures, Paraguay established a requirement to report cryptocurrency transactions and introduced new disclosure requirements regarding profits and reserves in the notes to financial statements. It also created the National Unified Registry of the National Cadastre Service, operating under the Real Estate Taxation Department of the DNIT.

In addition, to enhance transparency within the tax administration system, Paraguay introduced a mandatory rotation regime for external tax auditors. Under this regime, the same signing auditor may not issue external audit reports for the same taxpayer for more than three fiscal years.

In Peru, new security measures and administrative simplification procedures were introduced for the Single Taxpayer Registry (RUC). Meanwhile, the Dominican Republic enacted regulations governing tax procedures, and Venezuela also implemented administrative simplification measures based on the principles of streamlining and optimizing tax administration processes.

Latin American countries have been pioneers in the implementation of electronic invoicing, and their experience in this area has received international recognition.

This control instrument requires continuous updating to ensure its effectiveness. Accordingly, tax administrations continue to implement adjustments and improvements to preserve its value as a fiscal oversight tool.

During the current fiscal year, the main strategic priorities have remained the modernization of information systems, the gradual expansion of mandatory electronic invoicing to all taxpayers, and the adoption of measures to prevent the proliferation of fraudulent invoices. In this regard, Mexico's initiatives to combat false invoicing have been particularly noteworthy during this period.

The enforced collection of tax debt represents the final mechanism available to tax authorities for recovering unpaid tax obligations. In most countries, this function is carried out directly by the tax administration, although there are exceptions, such as Brazil and Chile, where collection responsibilities are assigned to other government agencies.

Recognizing that not all tax debtors exhibit the same behavior, since some act in good faith while others deliberately evade their obligations, tax administrations have increasingly acknowledged that successful debt recovery requires the principle that "different types of debtors should receive different treatment".

Based on this approach, Brazil introduced the concept of the “habitual tax debtor” (devedor tributário contumaz) and established a special legal regime. This category applies to taxpayers who repeatedly accumulate significant unpaid tax liabilities through conduct intended to evade the payment of taxes. Such taxpayers are subject to a range of restrictive administrative measures.

Another measure adopted by Brazil to address non-compliance is the exclusion of individual micro-entrepreneurs (MEI), microenterprises (ME), and small businesses (EPP) from the Simples Nacional[7] tax regime when they fail to meet their tax obligations.

To improve the effectiveness of tax debt recovery, Cuba granted the National Office of Tax Administration (ONAT) authority to collect outstanding tax liabilities directly from taxpayers’ bank accounts.

Finally, Peru expanded its enforced collection mechanisms by authorizing the transfer of funds deposited in tax withholding accounts (cuentas de detracciones) whenever the account holder has an enforceable tax debt[8].

With respect to tax crimes, Argentina issued regulations governing the application of the additional 50% charge imposed on taxpayers seeking the extinguishment of criminal prosecution through the payment of their tax liabilities and related charges.

For its part, Peru updated the criminal provisions applicable to the electronic issuance of tax invoices and receipts, clarified the procedural requirements necessary for intervention by the Public Prosecutor’s Office, and introduced a new criminal offense associated with the Tax Obligations Payment System (SPOT).

Regarding tax regularization regimes, two principal models can be distinguished according to their purpose: a) Regularization of tax debts, and, b) Disclosure of assets or income.

For overdue tax liabilities, countries typically establish installment payment plans or debt restructuring programs designed to facilitate compliance, often including full or partial waivers of surcharges, interest, and penalties.

Disclosure programs, on the other hand, may apply to assets held abroad, assets held domestically, or both. In such cases, tax amnesties are generally implemented through the imposition of a special tax with a specific taxable base and preferential tax rate.

7 As is the case with the Monotributo in Argentina, where taxpayers are excluded from the regime after 10 months of non-payment.

8 Final or uncontested debt, for which there is no pending appeal.

During the first seven months of this year, as is common practice throughout the region, several new regularization programs were introduced to recover overdue tax liabilities and taxes arising from previously undeclared or evaded income. These initiatives operate alongside the permanent tax regularization regimes already in place in many countries.

While numerous countries maintain permanent tax regularization mechanisms, temporary programs with limited durations continue to play an important role. Within this latter category, the most significant initiatives during the current fiscal year were those implemented by Bolivia, Chile, Colombia, Honduras, Mexico, Paraguay, and the Dominican Republic.

ciat@ciat.org