Is it possible to develop a regional program in Latin America and the Caribbean?

Multilateral co-operative risk assessment and assurance programmes



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Multilateral co-operative risk assessment and assurance programmes - General International Compliance Assurance

Programme (ICAP)

European Trust and Cooperation Approach (ETACA)

Tax certainty vs Tax comfort









La nueva forma de relacionarse entre los contribuyentes y la Administración Tributaria

"Disclosure and transparency

in exchange for

earlier and greater tax certainty"

Multilateral co-operative risk assessment and assurance programmes - Goals Facilitate and promote tax compliance

- Based on greater cooperation, trust and transparency
 - Between tax administrations and taxpayers
 - Amongst tax administrations
- Reduce tax compliance costs
- Increase tax certainty
- Reduce double taxation, controversy and tax
 SUNAT
 BID



Multilateral co-operative risk assessment and assurance programmes - Benefits

Taxpayers

- ✓ More tax certainty
- ✓ Mapping of risk in covered jurisdictions
- ✓ Understanding of how facts are interpreted by tax administrations

Tax Administrations

- ✓ More efficient use of available documentation
- ✓ Comercial awareness
- ✓ Efficient allocation of resources

Multilateral Approach

- ✓ Enabling consideration of different views
- ✓ Avoiding inconsistent tax positions
- ✓ No arbitrary tax adjustments or unjustified tax benefits

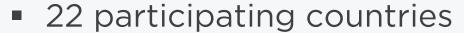








ICAP 2.0



- among which: Argentina, Colombia and Chile
- Covered risks and transactions & periods
 - Mainly TP and PE risks
 - Other risks: E.g. Hybrid mismatches, WHT, treaty benefits

Roles

- Lead tax administration
- Covered tax administrations
- MNE









ETACA

- 14 participating EU Member States
- Covered risks and transactions & periods
 - TP risks → only routine intercompany transactions are covered
- Personal scope: MNEs with UPE located in the EU
- Roles
 - Coordinating Member State
 - Participating Member States
 - MNE





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Potential for programmes with broader scope

Areas and taxes <u>not</u> covered by LCAP/95-ETAF& ETACA)

- Customs duties (ICAP & ETACA)
- Excise taxes (ICAP & ETACA)
- CIT (ICAP & ETACA)*
- Special compulsory levies (ICAP & ETACA)
- Environmental taxes (ICAP & ETACA)
- Payroll taxes (ICAP & ETACA)
- WHT (ETACA)
- Tax treaty matters (ETACA)









Multilateral Cooperative Compliance (MCC) Time-period or Project-based MCC?

- Legal base
- Covered risks and transactions
 - Ideally all taxes related to a large cross-border project
- Tax certainty for large cross-border projects
- Separate vs Common outcome letter(s)







Considerations for introducing an **MCC** programme

- Legal and regulatory barriers
- Importance of standardised documentation
- Entry requirements
 - **Economic footprint of MNE**
 - Economic footprint of the transaction
- Driver for MCC alignment of international tax framework







Considerations for an MCC pilot

- Designed based on the needs of pilot countries
- Fit within general compliance risk management strategy
- Need for national CC programme?
- **Legislation** or **written agreement** between TAs and taxpayer?
- Taxpayers participating in pilot reasonably representative
- TCF approximation of assurance standards
- ♣ SILMANTON ♦ BID pilot from the perspective of tax

La nueva forma de relacionarse entre los contribuyentes y la Administración Tributaria

iGRACIAS!



