

1st Latin America and Caribbean Tax Ministerial Summit

Cartagena, Colombia, July 27-28th, 2023

Briefing Report

For ICC Membership internal use



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Summary

During the first Ministerial Tax Summit for the Latin American and Caribbean Region (Cartagena - Colombia, 27-28 July), ICC has coordinate the private sector engement in this new initiative. The Ministerial brought together 16 Ministerial delegations from the region and the newly established regional platform aims to include more countries in the future.

The aim of this platform is to

The decisions that will be taken by the platform will not have binding nature.

The Secretariat functions for the platform will be managed by UN Economic Commission for Latin America and the Caribbean (ECLAC/CEPAL) and pro-tempore presidency for this year will be assumed by the Colombian government.

The person in charge for the presidency will be María Fernanda Valdés (Colombian Vice-Minister of Finance/Hacienda).

During the Summit we presented the private sector recommendations on the three key tax policy areas to be prioritized by Ministers from the Region, namely:

1. **Taxation of the Digital Economy**
The introduction of uncoordinated unilateral measure increases fragmentation and tax uncertainty. A multilateral solution is the best way forward.
2. **Corporate Tax Reforms and Tax Incentives**
In the implementation of the Global Minimum Tax consistency is fundamental. The newly created Ministerial platform can also represent an opportunity to reflect how to design tax incentives in accordance with Pillar Two
3. **Prevention and Resolution of Tax Disputes**
it is vital to have a disputes prevention and resolution mechanisms that give confidence and increase tax certainty for the benefit of both taxpayers and tax authorities

After every participating ministerial delegation has indicated their preferences in relation to which tax policy area should be prioritized, **four areas where indicated as the one on which the platform will start working:**

1. **Tax Progressivity**

- 2. Tax Incentives**
- 3. Environmental Taxation**
- 4. Taxation of the Digital Economy (including remote working)**

ICC has successfully managed to secure an Advisory Council for the Private Sector and the role and structure within the governance architecture of the platform will be discussed with ECLAC/CEPAL, similarly as it will be done for the Advisory Council for Civil Society.

The Ministers part of the platform will meet once a year. The two technical groups that will be constituted will be also meeting once a year. Civil society, private sector and academia will be allowed to participate to the meetings of the technical working groups.

ICC Secretariat will keep you posted on the next steps and we warmly invite you to share this report with your colleagues responsible for tax matters in Latin America and the Caribbeans. Should you or regional colleagues be interested in actively being involved or being updated to future developments in relation to this workstream please contact luisa.scarcella@iccwbo.org (English) or melanie.laloum@iccwbo.org (Spanish).

Introduction

As we have previously informed, in January 2023, the Colombian government has announced the intention to organise [the first Ministerial Tax Summit for the Latin American and Caribbean Region](#). The aim was to create a platform where governments from the Latin American and Caribbean countries could form their own cohesive voice and views in advance of negotiations and discussions at OECD and UN level.

The first phase of the process that led to the Summit which took place on July 27th and 28th in Cartagena included [an academic conference](#) which took place in Bogota on May 2 and 3. During this conference, different panels have focused on the list of topics that have been initially identified by the Colombian government.

Following this first event, in mid-May the second phase involved a meeting at the UN Economic Commission for Latin America and the Caribbean (ECLAC/CEPAL) to discuss the governance of the to-be-created Ministerial Platform. ECLAC/CEPAL will in fact serve as technical secretariat of the Ministerial platform.

On May 31st, the ICC has organised an online workshop to gather and collect views from ICC member, other business organisations, tax consultants and lawyers on the topics that were first listed for the academic event which included: taxation of the digital economy, corporate tax reforms and tax incentives, environmental taxation, disputes prevention and resolution.

This first event was the starting point for the preparation of the Policy Brief Document including the Private Sector recommendations on which tax policy areas should be prioritized by the Ministers of the Region. A similar document was requested by Civil Society as well.

Important information:

The recording of the Ministerial sessions can be found at this links: [Day One](#); [Day Two](#).

No recording is available for the conference that took place on July 26, in advance of the Ministerial Summit.



Pre-Summit Event : Private Sector Conference

During the Pre-Summit Event on July 26, ICC has organised a pre-summit conference to discuss the tax policy priorities identify in the Policy Brief Document of the Private Sector.

The event brought together ICC members, ICC national committees officers from the region, national, regional and business organisations, tax consultants and lawyers.

The opening remarks from María Fernanda Valdés Colombian (Viceministra técnica de Hacienda de Colombia), Manal Corwin (Director of the OECD Centre for Tax Policy and Administration), Michael Lennard (Chief of International Tax Cooperation and Trade in the Financing for Development Office (FfDO) of the United Nations), were followed by three panels, addressing each of three tax policy areas which were covered in the Policy Brief Statement, namely: the taxation of the digital economy, corporate income tax reforms and tax incentives, and finally, tax disputes prevention and resolution.

Panellists were global and regional experts from international organisations (OECD, UN), law firms, business organisations and academia. Speakers came from several countries, including the United States, Mexico, Colombia, Bolivia, Chile, and Brazil.

The conference concluded with a joint session with Civil Society where both Private Sector and Civil Society were invited to present the tax policy areas that they would recommend Ministers to prioritise on the first day of the summit.

The three policies priorities that were initially selected by Civil Society included: tax and human rights, progressivity in taxation and the taxation of the digital economy.

First Day of the Ministerial Summit

The first day of the Summit started with opening remarks from the Colombian Minister of Finance, Ricardo Bonilla, followed by intervention of the Brazilian and Chilean, as the Brazil and Chilean governments acted as the two joint co-organiser.

After a brief intervention from ex Colombia Finance Minister Jose Antonio Ocampo, now part of the ECLAC/CEPAL Secretary, Ministers and delegated presented first observations.

The governments participating to the Summit were 16 in total (including Brazil, Bolivia, Chile, Colombia, Dominican Republic, Ecuador, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, and Peru),. Only Chile, Colombia and Mexico are already members of the OECD. Peru and Brazil have issued the “Initial Memorandum” to start the process to become an OECD. It will be followed by technical discussions to ensure the convergence towards OECD standards.

No Ministers -except those from Colombia, Chile, and Brazil- came to the Summit. Instead, the delegates were mostly Vice Ministers or tax administrators (Ecuador, Haiti), suggesting an already low level of commitment from LAC governments.

From this first round of interventions it emerged that **not every government had a clear view of the objectives** of the Summit and **while many of them saw an added value in implementing this platform as a forum for exchanging best practices others were more focused on the possibility to use this platform to identify a unique and cohesive voice for the region for negotiations and discussions at OECD and UN level.** For instance, Mexico clearly stated that it will continue to be aligned with the OECD work while Haiti and Bolivia complained they received the declaration at the last minute.

Another point of concern was whether future deliberations within this platform would be binding. Both the Colombian government and ECLAC/CEPAL clarified that point by stating that **decisions taken within the platform will not be binding, but instead based on consensus.**

A joint declaration (“Cartagena de Indias Declaration”)¹ was signed with the signatory countries affirm their commitment to generating knowledge, sharing experiences, contributing to the forging of shared positions and non-binding concrete solutions that would guide ministerial decision-making in addressing the region’s tax policy challenges.

After the signing ceremony, the structure and governance of the newly born platform have been described by delegates from ECLAC/CEPAL.

Vision	Goals	Structure	Decisions & Meetings
<ul style="list-style-type: none"> Regional Ministerial space to contribute to the construction of common positions and solutions that guide decision-making to address tax policy challenges in an inclusive, equitable, sustainable and growth-friendly manner. 	<ul style="list-style-type: none"> Facilitate the creation of regional positions for a better international tax system Contribute with analysis and exchanges to decision-making on tax policies 	<ul style="list-style-type: none"> Council of Ministers of Finance Rotating Pro Tempore Presidency for 12 months: Colombia Technical Secretariat: ECLAC Technical Working Group: ministerial technicians, advised by civil society (Advisory Council), academia and the private sector 	<ul style="list-style-type: none"> Member countries will have a voice and a vote each Decision-making by consensus Annual meetings of the Council of Ministers to define positions, approve/monitor the work plan and elect the Presidency Annual meetings of Technical Working Groups to supervise and approve outcomes

The new body’s pro tempore Presidency will be held by Colombia for the next 12 months, with the support of ECLAC serving as the platform’s Technical Secretariat.

¹ <https://www.cepal.org/en/pressreleases/authorities-16-countries-approve-creation-regional-tax-cooperation-platform-latin>

Surprised by the unexpected presence of a Civil Society advisory council, we formally requested the creation of a Private Sector Advisory Council as well and sent a formal letter to the Colombian government and delegates from ECLAC/CEPAL.

At the beginning of this week of August, the Colombian pro-tempore presidency has informed us that our request have been accepted and granted the Private Sector an Advisory Council . We will be informed of the details of the council (governance structure, work plan) on the upcoming weeks.

Private Sector and Civil Society have been asked to give a brief speech and formally hand their recommendations to the Ministers.

Second Day of the Summit

The second day of the Summit started with a presentation from Joseph Stiglitz. As expected, the presentation was very critical of the OECD Two Pillars Project and he invited countries present at the Summit to not sign or ratify the upcoming OECD Multilateral Convention (MLC). He was very critical of Pillar One (taxation of the digital economy) and called for a higher tax rate for the Global Minimum Tax (Pillar Two). He also called for reforming the corporate income tax system and expressed very strong criticisms towards multinationals. Additionally, he called for the termination and revision of all tax, trade and investment treaties as well as a taxation of windfall profits. He also strongly believes in the UN democratic legitimacy to represent the voice of the Global South as well in its capacity to reach a consensus.

Stiglitz's speech was then followed by a panel including representatives from academia, civil society, private sector, tax administrations.² This second panel was more balanced than Joseph Stiglitz's presentation as panellists put emphasis on the following points:

- An excessive taxation can also deter investment, especially in innovation
- It is hard to tax wealth as you need to have asset information (cadasters) and it could increase informality
- LAC countries tax system are not progressive (and Personal Income Tax collection is too low) because the tax base is small. This can be explained by a high degree of informality.
- Inefficiency in public spending. Taxation is only one side of the fiscal policy. Both tax revenue and spending should be more progressive.
- To ensure more progressivity, countries also need to strengthen their tax administration
- It is important to align the political messages to technical capacities.

In his presentation, our new Vice-Chair Alejandro Machorro (Mercado Libre), briefly presented the tax policy priorities identified by the private sector in the policy document that you can find at this [link](#).

The document was drafted in consultation with the members of the ICC Global Commission, ICC national committees, international regional and local business organisations, tax lawyers and tax consultants.

² You can find the agenda of the Summit as Annex 2 of this report.

COLOMBIA	<ol style="list-style-type: none"> 1. Environmental Taxation 2. Tax Progressivity 3. Tax Nexus: review and update the concept of permanent establishment in relation to digitization and remote work
BRAZIL	<ol style="list-style-type: none"> 1. Tax Progressivity 2. Tax Incentives 3. Environmental Taxation 4. Taxation of the digital economy
CHILE	<ol style="list-style-type: none"> 1. Taxation of the digital economy 2. Tax Progressivity 3. Tax Nexus: review and update the concept of permanent establishment in relation to digitization and remote work
REPUBLICA DOMINICANA	<ol style="list-style-type: none"> 1. Tax incentives 2. Tax progressivity (which according to them should also include the review of the tax nexus) 3. Taxation of the digital economy
PERU	<ol style="list-style-type: none"> 1. Environmental Taxation 2. Tax Incentives 3. Tax Progressivity
PARAGUAY	<ol style="list-style-type: none"> 1. Tax Progressivity 2. Taxation of the digital economy 3. Taxation of remote working
NICARAGUA	<ol style="list-style-type: none"> 1. Tax incentives 2. Environmental Taxation 3. Taxation of the Digital Economy
PANAMA	<ol style="list-style-type: none"> 1. Tax incentives 2. Taxation of the digital economy including remote working 3. Environmental taxation
MEXICO	Still to be decided on whether they will join the Ministerial Platform but they will put emphasis on addressing the topic of tax progressivity
HONDURAS	<ol style="list-style-type: none"> 1. Tax incentives 2. Tax Progressivity

	3. Environmental taxation
HAITI	1. Tax incentives
ECUADOR	1. Tax progressivity 2. Exchange of information
BOLIVIA	1. Tax progressivity + Exchange of Information 2. Tax incentives 3. Environmental taxation

The Vice-Minister Maria Fernanda Valdes concluded the round of interventions by specifying that this platform could also be used to discuss on the UN Resolution on International Cooperation (to be object of further negotiations startin in September at the next UN General Assembly).

The platform has finally identified 4 areas which have received most votes from the participating delegations and that will be addressed by the new platform:

- 1. Tax Progressivity**
- 2. Tax Incentives**
- 3. Environmental Taxation**
- 4. Taxation of the Digital Economy (including remote working)**

Steps ahead and possible ways to contribute to the Private Sector engagement

ICC Secretariat will keep you posted on the next steps and we warmly invite you to share this report with your colleagues responsible for tax matters in Latin America and the Caribbeans.

As we prepare to set up the Private Sector Advisory Board and to have balanced representation of the private sector in this platform (Civil Society has allocated substantial resources to this project with a [budget of 275.000 \\$](#) and the active participation in the Summit of 120 persons onsite) we count on the active participation of members based, active and operating in the region.

Should you or regional colleagues be interested in actively being involved or being updated to future developments in relation to this workstream please contact luisa.scarcella@iccwbo.org (English) or melanie.laloum@iccwbo.org (Spanish).

ANNEX 1

PRIVATE SECTOR PRE-SUMMIT CONFERENCE AGENDA



Private Sector Pre-Summit Conference

1st Latin America & Caribbean Ministerial Tax Summit

Time: 8am – 5 pm

Participation Modalities: Onsite/Online

Location: Hyatt Hotel, Cra. 1 #12-118, Cartagena de Indias, Provincia de Cartagena, Bolívar, Colombia

8:00 – 8:30 Registration	
8:30 – 9:00 Welcoming and Opening Remarks	Master of Ceremonies: Maria del Pilar Alfaro (ICC Colombia) Welcoming remarks: Maria-Monica Conde Barragan (ICC Colombia - online) and Luisa Scarcella (ICC Global); Opening remarks: María Fernanda Valdes (Viceministra técnica de Hacienda de Colombia) Michael Lennard (UN) Manal Corwin (OECD - online) Alejandro Machorro (Vice-chair ICC Global)
9:00 – 10:30 Session on the Taxation of the Digital Economy	Moderators: Luisa Scarcella (ICC Global) and Melanie Laloum (ICC Global)

	<p>Presenter: Leopoldo Parada (Associate Professor in Tax Law, University of Leeds) - online</p> <p>Panellists:</p> <p>Ciro Meza (Baker Mckenzie, Colombia)</p> <p>Alejandro Machorro (Mercado Libre Mexico, Vice-chair ICC Global)</p> <p>Watson M. McLeish (US Chamber of Commerce)</p>
10:30 – 11:00 Coffee Break	
11:00 – 12:30 Session on Corporate Tax Reforms and Tax Incentives	<p>Moderator: Carolina Gutierrez (ICC Bolivia)</p> <p>Panellists:</p> <p>William Morris (Global Tax Policy Leader, PwC)</p> <p>Juan Jose Rodriguez Arbelaez (Jefe de Impuestos/Tax Policy Lead ANDI, Colombia)</p> <p>Carla Maldonado (Head of Tax Latam - Anglo American)</p> <p>Gemma Giner (Senior Manager Industry Taxation, IATA) - online</p>
12:30 – 14:00 Lunch Break	
14:00 – 15:00 Session on Tax Certainty, tax disputes prevention and resolution	<p>Moderator: Luisa Scarcella (ICC Global) and Melanie Laloum (ICC Global)</p> <p>Panellists:</p> <p>Michael Lennard (Chief of International Tax Cooperation and Trade in the Financing for Development Office, United Nations)</p> <p>Edson Uribe (Galicia Law Firm, Mexico)</p> <p>Christian Olea (Villegas Aldazosa & Asociados, Bolivia)</p> <p>Ana Claudia Akie Utumi (Utumi Advogados, Brazil) - online</p>
15:00 – 15:30 Coffee Break	
15:30 – 17:00 Joint session with Civil Society	

ANNEX 2

AGENDA MINISTERILA TAX SUMMIT

Fecha

Julio 27 - 2023

Agenda



8:00-9:00

Registro

9:00-9:45

Palabras de bienvenida

Ministro Ricardo Bonilla, Ministerio de Hacienda de Colombia
Ministro Mario Marcel, Ministerio de Hacienda de Chile
Ministro Fernando Haddad, Ministerio de Hacienda de Brasil

9:45-10:05

Cooperación y gobernanza tributaria para la región de América Latina

Orador: José Antonio Ocampo – Asesor Principal de la Secretaría Técnica (CEPAL)

10:05-10:30

Espacio para comentarios de los ministros

10:30-11:00 Rueda de prensa / Coffee Break

11:00-12:00

Ceremonia de firma ministerial

12:00-14:00 Almuerzo

14:00-14:45

Presentación de la estructura de la plataforma

Designación de la Presidencia Pro-tempore
2023-2024 Secretaría Técnica: CEPAL

14:45-15:00

Entrega de las recomendaciones de la sociedad civil y del sector privado a la plataforma

A partir de las 3:00 pm, los asistentes tendrán la tarde libre para conocer la ciudad

19:00 Coctél de Bienvenida y evento cultural



Fecha

Agenda



Julio 28 - 2023

9:00-9:15

Apertura de la primera sesión ministerial

Ricardo Bonilla, Ministro de Hacienda y Crédito Público de Colombia

9:15-10:00

Construyendo una agenda de política fiscal desde el Sur Global

Orador: Joseph Stiglitz

10:00-11:30

Comentarios de los ministros

11:30-11:50 Coffee Break

11:50-13:00

Panel para la priorización de los principales asuntos de la tributación global

Moderadora: María Fernanda Valdés, Colombia

Panelistas:

* Luis Eduardo Schoueri, Profesor de derecho tributario de la Universidad de São Paulo

* Alejandro Machorro, Vicepresidente de la Comisión Global de Impuestos de ICC

* Claudia Vargas, Jefe de la Oficina de Tributación Internacional en la Dirección Nacional de Impuestos y Aduanas de Colombia (DIAN)

* Luis Fernando Mejía, Director Ejecutivo de Fedesarrollo

* María Emilia Mamberti, Coordinadora de justicia fiscal del CESR y de la Iniciativa por los Principios de Derechos Humanos en la Política Fiscal

13:00-14:30 Almuerzo

14:30-15:30

Definición y priorización por parte de los delegados de las autoridades miembro de la plataforma del plan de trabajo 2023-2024

Moderador: Daniel Titelman, CEPAL

15:30-15:45 Coffee Break

15:45-17:00

Definición y priorización por parte de los delegados de las autoridades miembro de la plataforma del plan de trabajo 2023-2024

Moderador: Daniel Titelman, CEPAL

17:00-17:30

Palabras de cierre

Luis Carlos Reyes, Director del Departamento de Impuestos y Aduanas Nacionales de Colombia (DIAN)

19:00

Cena ministerial

About the International Chamber of Commerce

The International Chamber of Commerce (ICC) is the institutional representative of more than 45 million companies in over 170 countries. ICC's core mission is to make business work for everyone, every day, everywhere. Through a unique mix of advocacy, solutions and standard setting, we promote international trade, responsible business conduct and a global approach to regulation, in addition to providing market-leading dispute resolution services. Our members include many of the world's leading companies, SMEs, business associations and local chambers of commerce.



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