

2026 - Vol. 4 - n.º 11 - Artículo 4

Progressive tax reforms in Latin America: Strengthening the redistributive impact of the tax system

Juan Pablo Jiménez^a, James Mahon^b and Dario Rossignolo^c

^a *In memoriam.*

^b *Williams College.*

^c *University of Buenos Aires.*

JEL CODES:

H2; I3; D3

KEYWORDS:

Tax reforms; Inequality;
Tax revenues

Abstract: Why is Latin American taxation such a weak instrument for improving equity? With this background in mind, this article describes three tax reforms in Uruguay in 2006, Chile in 2014, and Colombia in 2022, that explicitly sought to improve equity, in the latter two cases while also collecting more revenue. The reform in Uruguay succeeded on these terms, helped along by a general economic expansion associated with a sustained rise in commodity prices largely due to demand from China. The reforms in Chile and Colombia succeeded only in part, due to political obstacles and less favourable economic conditions. Nonetheless, all three reform processes suggest lessons for progressive-minded reformers elsewhere.

CÓDIGOS JEL:

H2; I3; D3

PALABRAS CLAVE:

Reformas tributarias;
Desigualdad; Ingresos
tributarios

Resumen: ¿Por qué la fiscalidad en América Latina constituye un instrumento tan débil para mejorar la equidad? Teniendo esto en cuenta, el presente artículo describe tres reformas tributarias, en Uruguay (2006), Chile (2014) y Colombia (2022), que buscaron explícitamente mejorar la equidad; en los dos últimos casos, además, con el objetivo de aumentar la recaudación. La reforma de Uruguay tuvo éxito en este sentido, favorecida por una expansión económica general asociada al alza sostenida de los precios de las materias primas, impulsada en gran medida por la demanda de China. Las reformas de Chile y Colombia tuvieron un éxito parcial, debido a obstáculos políticos y a condiciones económicas menos favorables. No obstante, los tres procesos de reforma ofrecen enseñanzas para reformadores de orientación progresiva en otros lugares.

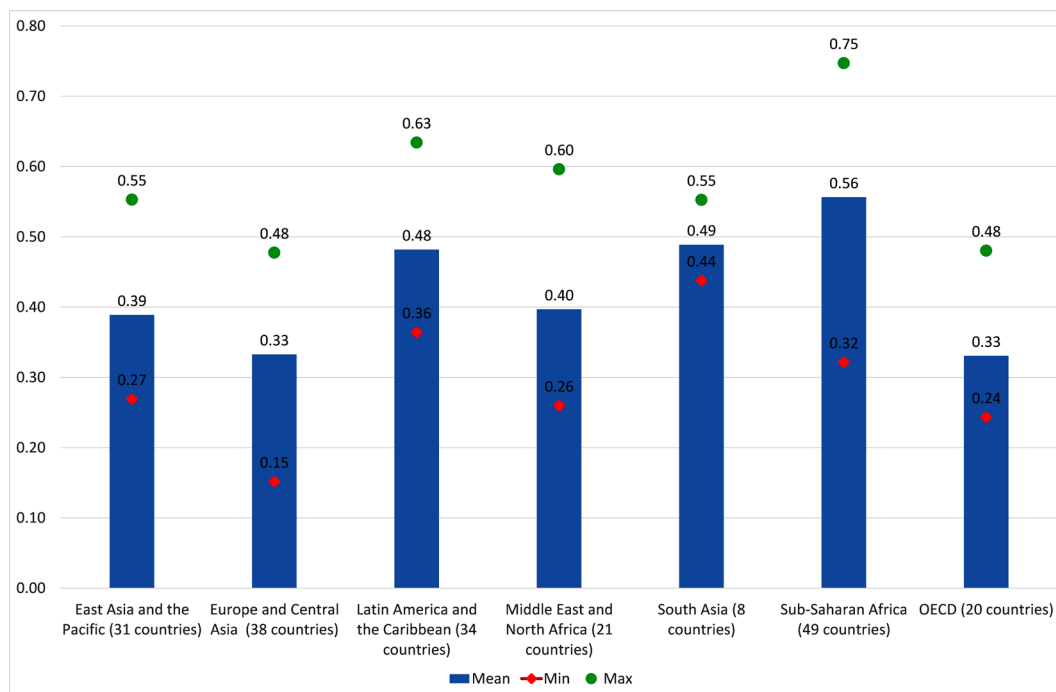
1. Introduction

Taxation lies at the core of economic development, as it makes it possible to finance essential expenditures and services for a society. Yet taxation also influences development through its effects on work, saving, consumption, and - most important here - income and wealth distribution. By its very design, tax policy is an arbitrator of conflicts and

trade-offs, between state and market, among social groups and productive sectors, and across generations.

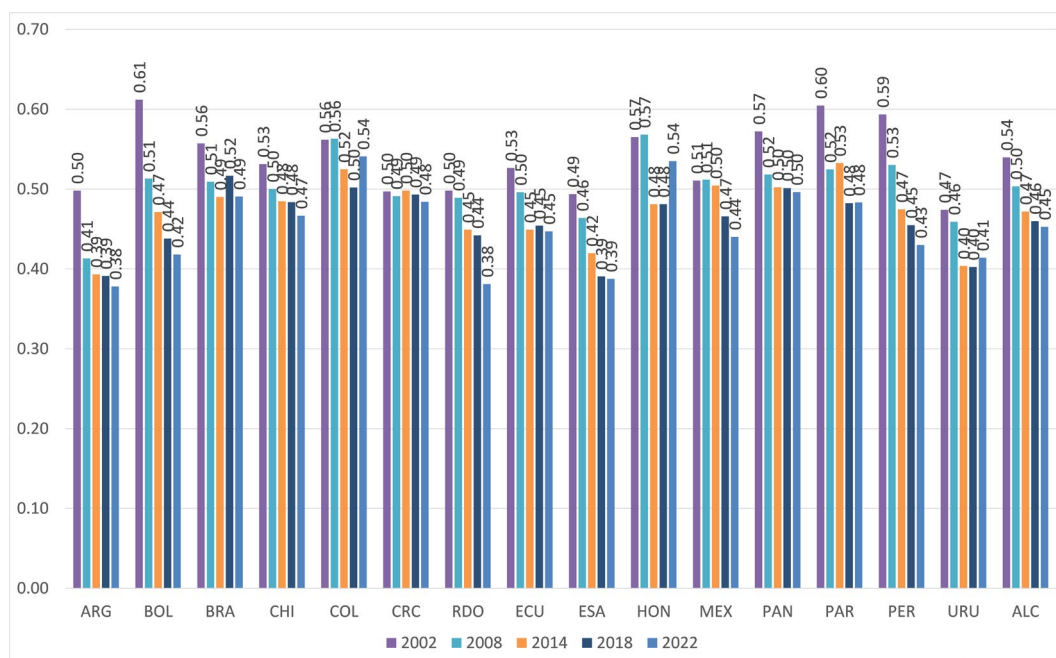
Latin America is a territory of inequalities, with higher levels of income inequality than most other regions of the planet (Figure 1). However, the region has seen a decline in inequality since 2002, although this progress has slowed (or in some cases been reversed) since 2014 (Figure 2).

Figure 1: Latin America and other regions: Gini Index (average 2012-2022)



Source: UNU-WIDER WIID (World Income Inequality Database)

Figure 2: Latin America (18 countries): Gini Index, 2002-2020

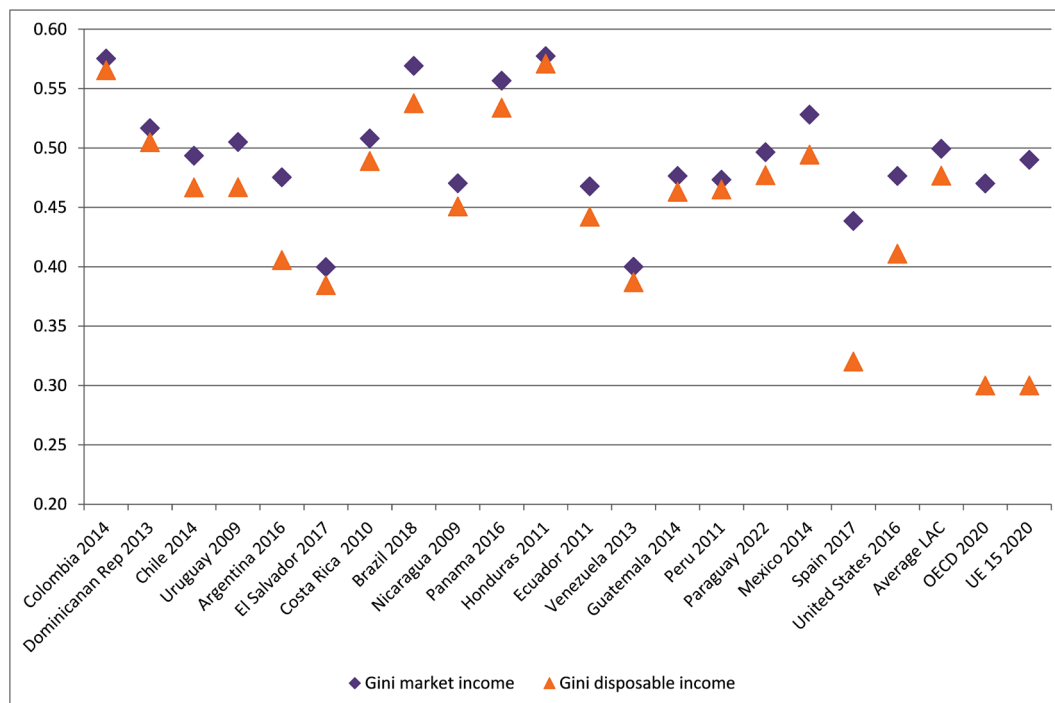


Source: UNU-WIDER WIID (World Income Inequality Database)

The vast majority of Latin American citizens see this as a problem. In its 2024 *Social Panorama*, the Economic Commission for Latin America and the Caribbean (CEPAL) observes that between 1997 and 2023, over 80 percent of respondents in the region believed that the distribution of income in their country was unfair or very unfair. Between 2008 and 2023, public support for state policies to reduce income inequality exceeded 70 percent, although (perhaps reflecting real trends in measured inequality) this figure declined after 2012 (UN ECLAC 2024).

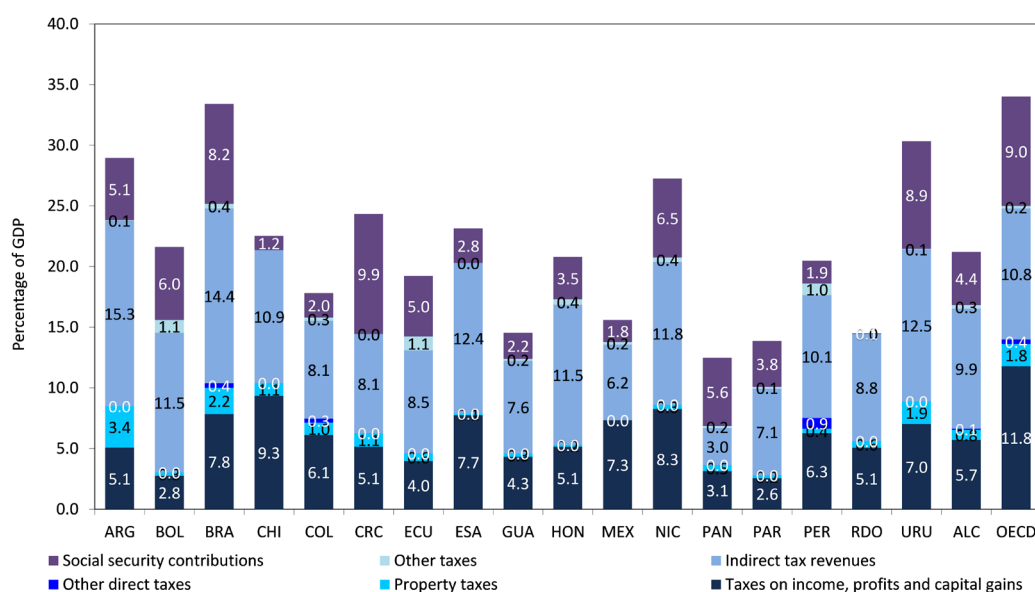
Nevertheless, as Figure 3 shows, fiscal policy does very little to reduce inequality in Latin America. The figure compares inequality prior to fiscal policy intervention with inequality after direct taxes and monetary transfers. The difference between these two Gini coefficients in Latin American countries is much smaller than in European or other OECD countries where fiscal policy has a significant redistributive effect.

Figure 3: Latin America and OECD: Market income inequality and disposable income inequality - total population (Gini index)



Source: CEQ Data Center on Fiscal Redistribution and OECD Stats

Figure 4: Latin America and OECD: Tax structure, 2021 (% of GDP)



Source: own calculations based on CEPALSTAT, IDB-CIAT collection database, OECD-IDB-CIAT-ECLAC Tax Statistics

With regard to taxation, this low distributional impact largely relates to low revenue collection on average and a bias toward indirect taxes and away from direct taxes on income and wealth (Figure 4).

The most important contributor to this gap is the weak personal income tax. Jiménez and Podestá (2016) suggest three factors that have limited the performance and impact of this tax in the region: *the evolution of the legal rates* that led to a reduction in the maximum marginal rates applied in the average of the countries; *the narrow tax base* as a result of a large number of exemptions, permitted deductions, simplified regimes and non-taxable minimum levels that exclude a significant number of taxpayers and income from the tax; and *the high levels of evasion* observed in almost all countries along with high informality. Exemptions tend to have a regressive redistributive impact because they are used by those who have the most income. The net result is that in Latin America, the personal income tax falls mainly on salaried employees. According to the studies compiled in Gómez Sabaini, Jiménez and Podestá (2010), at least 60 percent of revenue from personal income tax comes from salaried workers in countries with available information. Meanwhile, independent workers (mainly professionals) and persons with income from capital have more opportunities for evasion and avoidance. Capital income also benefits from preferential treatment, either because it is generally taxed at a lower rate or because it is simply not taxed.

In this context of high inequality, low distributional impact of fiscal policy, and unbalanced tax structure, several Latin American countries have implemented reforms not only to improve their revenue collection but also fundamentally to enhance the redistributive impact of their tax systems (Arnsen, Bergman, and Mahon, 2015; Arenas, 2018).

This brief describes three such reforms - in Uruguay (2006), Chile (2014), and Colombia (2022) - which made important strides toward enhancing equity and broadening the tax base in their respective countries. All three had declared objectives of improving equity and strengthening those taxes with the greatest redistributive impact. Uruguay's 2006 reform introduced the Personal Income Tax (IRPF), adjusted VAT rates, and modified corporate taxes to improve collection and reduce evasion. Chile's 2014 reform increased corporate tax rates, implemented an integrated tax system to prevent double taxation, introduced environmental taxes, and strengthened anti-evasion measures. Colombia's 2022 reform included the introduction of a wealth tax; expanded the base and enhanced the equity of the

personal income tax; implemented a minimum corporate rate; and enhanced measures to combat tax evasion.

This brief analyses several aspects of each reform: the prior fiscal situation; the political circumstances surrounding its proposal and passage; and the extent to which the reform met its fiscal, macroeconomic, and redistributive goals. It uses a mixed-methods approach, combining quantitative and qualitative analyses. Secondary sources are supplemented with primary data collection through a small number of virtual interviews with key stakeholders and policy-makers in the countries where the reforms took place.

The next section considers basic elements of tax incidence and progressivity, including concepts of equity and criteria of justice in taxation, as it outlines the most important target areas for progressive reforms. It also illustrates the perverse distributive effects of Latin American tax systems, heavily weighted toward taxes on consumption. The following three sections review the three country cases of reform. In the conclusion, we offer some preliminary lessons from the reformers' experience.

2. Key elements of progressive tax reform

What are the most important elements of a progressive tax reform? Reformers commonly seek a more important role for direct taxes, such as the personal income tax or taxes on property (real estate, inheritance, wealth). But they also look for ways to mitigate the regressive impact of the most significant revenue-generating tax in the region, the value-added tax (VAT).¹ Several countries in the region are doing so through the implementation of a Personalized VAT.² Additionally, it is important to consider "tax expenditures," depressingly familiar in developing countries, which often create significant gaps in the base of income taxes, value-added taxes, and property taxes, reducing their redistributive impact.³ And fundamental to all of these is a trusted and effective tax administration agency.

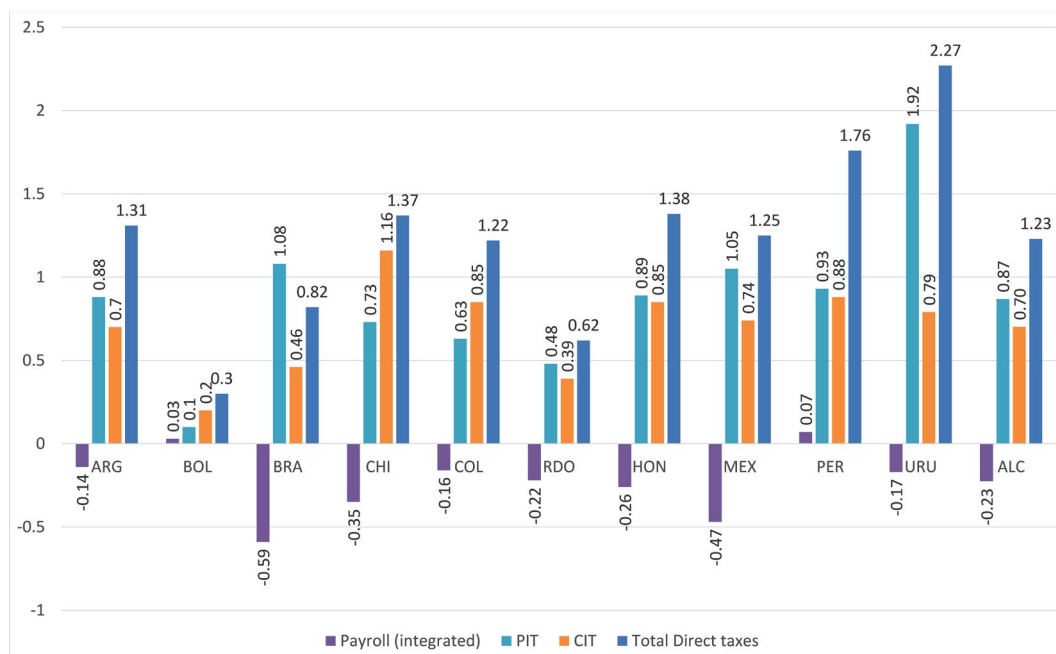
Figures 5 and 6 demonstrate why the first two elements are important in Latin America. They show the marginal contribution to inequality of direct and indirect taxation and its components, in Gini points for several countries in Latin America in 2018. In general, inequality diminishes after the imposition of direct taxes with exception of payroll taxes (personal and corporate income taxes reduce inequality; payroll taxes increase inequality), whereas indirect taxes (mainly driven by the VAT and excises) worsen inequality across households.⁴

¹ Bachas, Jensen, and Gadenne (2024) find that VAT has a lesser impact on the poor in developing countries depends on two conditions for which they provide evidence from Rwanda and Mexico: first, that poor people shop mainly at informal retailers; and second, the wholesale VAT is mostly absorbed by these retailers as they undercut the prices at formal ones.

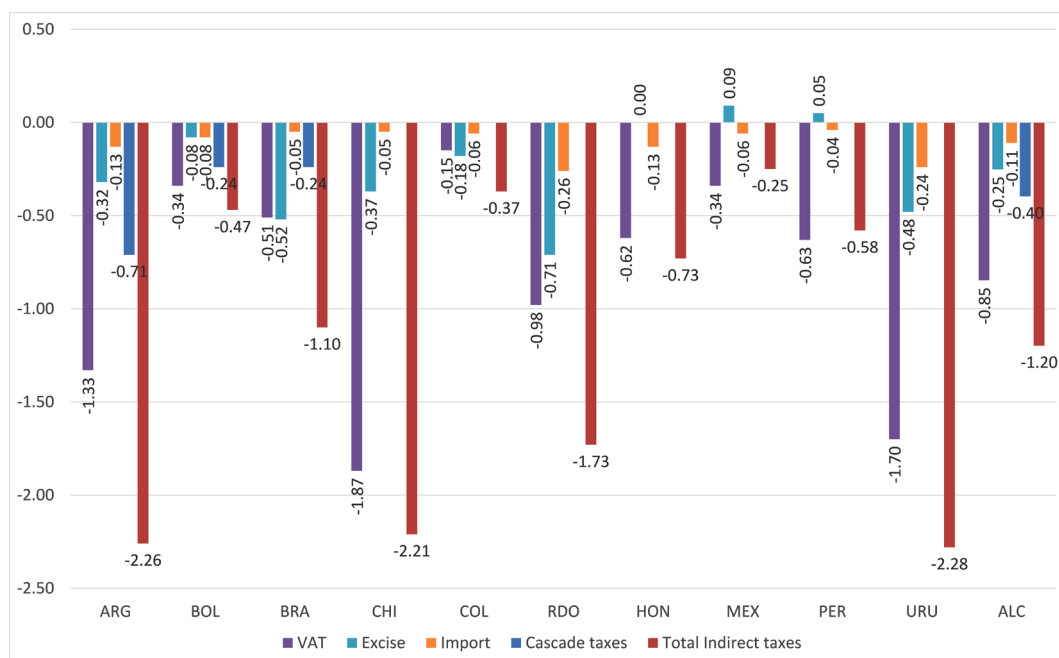
² Personalized VAT refers to adapting the Value Added Tax (VAT) to the individual circumstances of consumers rather than applying a uniform tax rate to all goods and services, leveraging new technologies and large databases. The proposal aims to make the tax system fairer and more equitable by considering each individual's ability to pay (Barreix, Bes, and Pineda, 2022; De la Feria and Swistak, 2024).

³ These tax incentive regimes, which are mainly based on exemptions from the corporate income tax (CIT), should be reviewed in the light of the Base Erosion and Profit Shifting (BEPS) project and the GloBE initiative, promoted by the OECD and explicitly aimed at combating the progressive erosion of the tax bases of the CIT and the shifting of profits from companies to jurisdictions with low or no taxation (Eze et al, 2023).

⁴ The marginal contribution of direct taxes is calculated as the difference between Gini of disposable income without direct taxes and Gini of the same income concept with direct taxes. Gini coefficients are measured on a scale of 0 to 100.

Figure 5: Marginal contribution of direct taxation and its components under alternative incidence assumptions, in Gini points

Source: Pessino et. al. (2023)

Figure 6: Marginal contribution to inequality of indirect taxation and its components, in Gini points

Source: Pessino et. al. (2023)

Exemptions can enhance redistribution or reduce it, depending on who benefits from them. For the personal income tax, decisions on the exempt threshold for income taxes (non-taxable floor) define from which level of income individuals or companies must start paying taxes. It is often advised that this threshold should be above the poverty line, so that those whose incomes imply poverty should not pay any tax. While this principle is intuitive and easy to accept, tax systems can end up taxing the poor not by

design, but because reform is delayed while inflation affects prices and incomes. At the upper end, companies and wealthy individuals with greater capacity to adjust their accounting take advantage of porous tax systems and weak international coordination mechanisms.

These measures should include a major involvement from tax administrations. Strengthening tax administration is a key strategy to improve compliance and reduce evasion. Tax administration agencies are, to a large extent, the ones

who convert a reform package into an instrument with an effective redistributive impact and play a key role in combating evasion. In Latin America, direct taxes, such as personal income and property taxes, have the greatest redistributive muscle but are also enforced less than most indirect taxes, showing higher rates of evasion (Gomez Sabaini, Jiménez and Podestà, 2010).

Finally, compliance costs matter. The greater or lesser complexity in complying with tax obligations also has an important but invisible redistributive effect. Small firms and less wealthy households have fewer resources to hire professional help to address their tax issues. Hence, reforms that simplify tax systems and provide support to small taxpayers could have a significant impact on equity.

Before moving on to the country cases, two caveats. First, although our emphasis is on taxes, any assessment of fiscal equity must also take spending into account. A regressive tax whose revenues are spent to benefit the poorest disproportionately (for example, with targeted transfers that could exceed the burden of the tax) could imply an improvement in equity, if the fiscal system is considered as a whole. For example, based on OECD figures, Barreix, Roca, and Villela (2007, 55-60) show that Sweden, Denmark, and Finland have regressive tax systems, but once spending is considered, they are all highly redistributive, just like the rest of Europe. Some observers argue that the generous welfare states of Scandinavia were made politically possible in part due to their funding via broadly incident consumption taxes (Steinmo 1993). Others consider this an illustration of a “fiscal contract” political logic, whereby those who contribute to the revenue base become the politically favoured beneficiaries of the spending it funds (Timmons 2005).

Secondly, all tax officials, especially in developing countries, recognize that today, the international dimension complicates the implementation of tax policy. Competition takes place as governments offer tax cuts, preferential regimes, and favourable regulation in a non-cooperative and strategic manner, seeking to bolster their “competitiveness” by attracting mobile capital. (Dietsch, 2018).

3. Country cases

Each case study begins with an introduction of the main objective of the reform; a description of the context in which the tax reform was implemented; the key components of each tax reform; an analysis of the technical and political dimensions of the reforms; and effects of each reform in three dimensions: fiscal revenues, equity, and other economic effects (such as economic growth or employment, whenever data is available).

3.1. Uruguay 2006: Reintroduction of the personal income tax

3.1.1. Introduction

Inaugurated in 2004, Uruguay's leftist government passed a reform in 2005-06 that reintroduced the personal income tax, reduced indirect taxes on consumption and direct taxation on companies, standardized employers' contribution to social security and eliminated some highly distorting taxes.

3.1.2. Situation prior to the reform

The tax reform in Uruguay began to take shape in the electoral proposals of the left-wing coalition that since 2004 had majorities in Parliament and control of the executive branch (Rius, 2012). The government proposed to modify and simplify a tax system that since the 1980's had been crowded with narrow-based taxes and *ad hoc* responses to past fiscal crises, as well as efforts to make Uruguay attractive as a financial haven, all of which hobbled revenue collection. The significance of consumption taxes (primarily VAT and excise taxes) had grown. Uruguay lacked a unified personal income tax, treating different types of personal and corporate income with a variety of rates.

The elected government set out to achieve three objectives with the tax reform: (a) To promote greater equity, by coherently linking the tax burden to the capacity of agents to contribute; (b) To promote greater efficiency of the tax system in a broad sense, simplifying, rationalizing and linking the tax structure to the capacity of the tax administration; and c) To adapt tax policy to stimulate productive investment and employment. The reform began to take shape immediately after the new administration took office in March 2005. Although the reform was initially meant to be revenue neutral, increase in commodity prices led to a rise in tax revenues.

The left-wing coalition acted as a relatively cohesive and disciplined party and had well-qualified and respected technical cadres, led by the Ministry of Economy and Finance, which enabled a technically sound reform. Although this step could have been omitted, given the FA's parliamentary dominance, Uruguay's strongly democratic tradition probably helped ensure that the reform proposal was submitted to public consultation and followed a relatively consensual parliamentary procedure.

At that time, the government had a relatively comfortable fiscal position. In 2006, a primary surplus of 3.2% of GDP was reached, in clear recovery of what had been the fiscal deficits of the beginning of the decade (Arenas, 2016). The fiscal room for manoeuvre allowed the reform proposal to be presented as completely dissociated from fiscal emergencies and any conditionality with respect to multilateral credit organizations such as the IMF.

The previous government had already begun a process of strengthening of the tax administration. That process was headed by an official with a technical profile and visible political support, whom the leftist coalition decided to keep in his position when it came to power. This contributed to the perception that the proposed modernization of the tax system was to be a relatively durable state policy.

Prior to the 2006 reform, Uruguay's tax system was regressive and excessively dependent on consumption taxes and an inequitable income tax. Although the pre-reform tax system included a large number of taxes, revenues came mainly from only a few of them. The most important were the Value Added Tax (VAT), which accounted for 35% of total revenue; Social Security Contributions (25% of total

revenues); the Specific Internal Tax (IMESI)⁵ (8.3% of the total); and a tax on the profits of companies that, together with the Tax on the Income from Economic Activities (IRAE) and the Income Tax on Industry and Commerce (IRIC) accounted for 9.6% of the total. The Direct Tax on work and pensions (IRP) contributed only 3% to total tax revenues. This personal income tax was of a schedular type, by which taxes were levied on different sources of income at different rates, while other incomes were not taxed at all (Barreix and Roca, 2007). Costs of administration and costs of compliance were high (Barreix and Roca, 2007).

All in all, the tax system of pre-reform Uruguay worsened income distribution—according to one study, by 1.43 points in the Gini coefficient (Romano, 2008). Inequality had grown during the previous decade with an increase in the Gini index from 0.423 to 0.462 between 1995 and 2004.

3.1.3. Characteristics of the tax reform

To summarize, the tax reform included the following main changes:

- a) the introduction of a Personal Income Tax (IRPF) to replace the previous IRP;
- b) changes in the VAT base and rates and the elimination of COFIS (Contribution to Social Security Financing) and IMESSA (Impuesto Específico a los Servicios de Salud);
- c) modifications on the tax on the labour factor, through the unification of the employer's contribution rate to social security (CESS) for all activities;
- d) changes in direct taxation of companies through the redefinition of the IRAE (Income Tax on Economic Activities), mainly replacing the previous IRIC (Income Tax on Industry and Commerce); and
- e) Income taxation also included the non-resident income tax (IRNR), which is levied on Uruguayan-source income obtained by non-resident entities.

In addition, in order to simplify the tax structure, twelve taxes that accumulated approximately 20% of total tax revenues were eliminated (Llambí et. al., 2009).

The new IRPF is a dual tax, which establishes a different treatment for income from capital and work. Capital income is taxed at rates between 3% and 12% (depending on the source). Income derived from work is taxed with a non-taxable minimum and marginal rate between 10% and 25% according to the taxable bases defined in terms of BCB⁶ (Benefit and Contribution Base) (Barreix and Roca, 2007; Romano, 2008; Rodríguez and Perazzo, 2007).

The modifications in the VAT consisted of the reduction of its basic rate from 23% to 22% and its minimum rate from 14% to 10%. In addition, some goods and services that were exempt before the reform are taxed at the minimum rate

(e.g., health services, passenger transport), or at the basic rate (e.g., tobacco) (Llambí et. al., 2009)

The reform established a uniform employer retirement contribution rate of 7.5% for the industrial, commercial and service sectors, as well as for public enterprises (Llambí et. al., 2009). It also standardized the rates applied to corporate income, which were reduced from 30% to 25%, as a stimulus to investment (Arenas, 2016).

3.1.4. Evaluation of the reform process

3.1.4.1. Fiscal effects

The reform brought a structural transformation of the tax system. Revenue from direct taxes immediately rose to 26.7 percent of tax revenue (from 12-13% before). And after 2007, the evolution in the composition of revenues continued—direct taxes rising to 35.3% of total collections in 2008 and 37.9% in 2014. The share of indirect taxes in total tax revenue correspondingly decreased from 73.3% in 2007 to 64.7% in 2008, and then to 62.1% in 2014. Some of this change was likely due to the greater income elasticity of revenues from taxes on personal and corporate income, as opposed to those on consumption, in the context of general economic expansion (see below).

3.1.4.2. Distributive effects

As previously emphasized, distributional effects were part of the motivation and one of the main objectives of the tax reform, and various studies have analysed them. Rodríguez and Perazzo (2007), González (2007), Amarante, Arim and Salas (2007), Romano (2008) and the World Bank (2008) all conclude that Uruguay's structural tax reform was progressive - that is, once the new taxes were applied, income distribution improved. Estimates vary from a decrease of 1.1 points in the Gini coefficient (World Bank, 2008) to one of 2.5 points on a 100-point scale (Amarante, Arim and Salas, 2007). Martorano (2014), for instance, found that Gini before taxes in 2006 was 46.1, while in 2009 was 45.4; meanwhile, considering only IRP, Gini after IRP was 45.5 in 2006 and 43.3 in 2009 after IRPF. Consequently, inequality fell and this was attributable to the reform. Other analyses with diverse methodologies generally concur (Amarante, Arim, and Salas 2007; Llambí et al., 2009; Bucheli et al. 2013).

3.1.4.3. Economic effects

Llambí et. al. (2009) show that the reform was expansionary in terms of aggregate activity (GDP) and employment, even though it increased tax burden. They perform several simulations in a general equilibrium framework. Their simulations showed, for instance, that when government revenue is allowed to increase in the authors' modelling, due to strict enforcement of the reform (either by allowing government consumption to increase or by allowing government savings to increase, given the increase in tax revenues), the reform results in growth in employment and wages and a reduction in unemployment, generating

⁵ The IMESI (Impuesto Específico Interno) is a tax in Uruguay that applies to the first sale of certain goods. These goods include, among others, alcoholic and non-alcoholic beverages, cosmetics, tobacco, vehicles, lubricants and greases, and fuels. IMESI is levied on both domestic production and imports of these goods.

⁶ In December 2004, the "Benefit and Contribution Base" was created by law, which replaces the national minimum wage as the reference unit for setting various benefits and contributions (Rodríguez and Perazzo, 2007)

a positive general equilibrium effect on average household income and poverty. Other simulations that make government accounts more flexible (either through consumption or savings) tend to generate a crowding-out effect on private consumption or savings, with possible negative future effects on capital accumulation and economic growth. However, when the government budget is kept fixed, the reform generates the greatest positive effect on economic activity and the best results in terms of poverty and inequality.

It is important to note that, in fact, Uruguay experienced an increase in tax revenues after the reform; the country's economy grew strongly between 2004 and 2014. However, it is difficult to disentangle the effects of the tax reform, mainly in terms of tax revenues, from the commodity boom, low international interest rates, and the effect of economic growth among Uruguay's neighbours, which more than doubled the country's structural growth rate.

3.1.5. Key challenges and lessons learned

The primary lesson about the Uruguayan reform is one of modest success: it clearly achieved measurable reduction of inequality and had a favourable effect on economic growth. How did it do so?

On one hand, it appears that the 2005-07 period brought several favourable circumstances, mainly the aforementioned exogenous economic factors that boosted tax revenues. On the other, as Rius (2012) and one of the interviewees for this research point out, there were a few shoals that had to be avoided. The latter related to what our interviewee called "the battle for middle-class opinion." Among the opponents of personal income tax simplification was a sector identified with the governing coalition, professionals (Bogliaccini and Luna 2015).

First, in a world of agents with limited rationality, in which there are perception biases, difficulties in calculating the total effects of complex reforms, and uncertainty about the net fiscal impact that each taxpayer could have to face, "signals" become important. It would be difficult to accept the word of a government that promises net gains for the majority and greater burdens for the richest strata, if at the same time there was not a determined effort to enforce the law on ordinary citizens as well as on the powerful. Thus, the strengthening of the tax authority was not only a technical prerequisite for implementing reforms, but it also granted credibility to a redistributive effort that faced opposition from traditional power bases. In essence, when people struggle to fully grasp the effects of tax reforms, they rely on clear signals to build trust. If a government claims that reforms will benefit the majority while imposing greater responsibilities on the wealthiest, citizens will only believe it if enforcement is consistent and impartial. Strengthening the tax authority was not just about improving efficiency—it was a crucial step in making the redistribution effort credible and overcoming resistance from entrenched power structures.

Second, while the idea of a progressive reform found support among "internationalised" technocrats, it was never associated with any conditionality imposed by multilateral agencies in return for credit. This enhanced its legitimacy, as it was both a sign of care and national initiative in its design and conception. As a consequence, within

Uruguayan politics both the left and the right found less to criticize and in the course of the national debates, some became allies.

Third, a reform such as the one introduced in 2006-07 involves visions of economic efficiency but also notions of tax justice. Concepts of this kind entered the public debate (for example, regarding the "justice" of increasing marginal rates and their effect on efficiency, materialized in individual effort revealed in labour supply and its effect in labour income). It is interesting to note, in this sense, that when such ethical considerations enter the debate, the space for the open defence of privileges or free riding is limited.

3.2. Chile 2014: An increase in the tax burden and education funding

3.2.1. Introduction

Chile's 2014 tax reform mainly aimed to improve the collection and redistributive impact of the tax system, in order to finance the expenses associated with the structural reform of education. Both on the tax side and with regard to how the revenue was to be spent, it sought to address the country's high level of inequality.

3.2.2. Situation prior to the reform

Chile represents an unusual case of development with high inequality (Atria and Otero, 2022). Despite an impressive decline in poverty after its transition to democracy in 1990, along with more than three decades of political stability, no country achieved a higher level of GDP per capita with higher levels of inequality (in terms of the Gini coefficient) than Chile (Repetto, 2016:77).

Where did the pressure for progressive reform come from? One source was the protests of high school and university students from 2011 onwards, demanding changes in the Chilean education system. Demanding free and quality education for all, the students and their allies laid the foundations for the 2014 tax reform. It was understood that financing the structural reform of education, and thereby confronting inequality, required structurally modifying the tax system through reforms that would ensure a sustainable increase in tax collection (Gómez Sabaini and Rossignolo, 2014).

In the 25 years prior to the 2014 tax reform, the Chilean economy had shown significant growth, with per capita GDP rising from US\$8,256 in 1990 to US\$20,782 in 2014 (Arenas, 2016), a rate higher than the regional average. Despite this, both public revenues and the tax burden remained stable as a share of GDP, at a level below the average for countries of similar GDP per capita (Arenas, 2016). In addition, Chile was one of two OECD countries whose tax system produced the lowest redistributive impact (Journard and Pisu, 2012). Chilean society remained highly unequal. According to the Economic Commission for Latin America and the Caribbean (ECLAC), while the incidence of poverty in Chile fell from 38.6% of households in 1990 to 7.8% in 2013, the country's Gini coefficient (0.516 in 2013) made it the most unequal in the OECD (whose average is 0.312).

Income taxation in the Chilean tax system prior to 2014 was characterized by:

- (i) An income tax law that distinguished between capital income, called First Category, and labour income, identified with the Second Category. The former is taxed at 20% and operates as an advance on the personal taxes that shareholders, partners or owners of companies must pay on dividends or withdrawals of profits. In effect, this tax is integrated with the Global Complementary Tax⁷ that affects shareholders, partners or owners of companies. State companies must pay, in addition, a 40% tax on profits. Meanwhile, income from salaries, wages, pensions, and the ancillary or complementary income to the above, is taxed with the Second Category Tax (ISC). This tax is applied with a scale of progressive rates and is withheld and declared monthly by the employer (Jorratt, 2010).
- (ii) A substantial difference between the aforementioned maximum rates of the Global Complementary Tax GCT (40%) and the First Category Tax (20%). This gap created an opportunity for tax planning strategies, where individuals providing professional or personal services could legally establish themselves as companies. By doing so, they could opt for the lower 20% corporate tax rate instead of the higher 40% personal tax rate. Additionally, this structure allowed them to deduct business expenses that would not have been permitted under personal taxation rules.
- (iii) Low taxation of capital income; and
- (iv) Deferral of the final taxation of income from capital, completing its taxation only when these profits are distributed (World Bank, 2015).
- (v) The existence of FUT, a mechanism that helped defer tax payments.⁸

These characteristics gave rise to significant distortions that compromised the neutrality of the tax system, incentivizing strategic behaviour by owners of firms and reducing the progressivity of the tax (López et. al. 2013; World Bank, 2015).

3.2.3. Main features of the reform

Chile's 2014 tax reform included changes in the taxation of the income of companies and individuals, the adoption of new tax incentives for savings and investment to replace the previous ones, substantial increases in the rates of taxes on the consumption of goods harmful to health (corrective taxes), the adoption of new instruments to inhibit the consumption of goods and activities that generate negative environmental effects (green taxes), and a series of legal changes to provide the tax administration with more

powers and institutional capacity for auditing (World Bank, 2015). The original reform proposed to abolish the FUT in order to raise more tax revenue from profits and dividends, but in mid-2014 the government decided to make this optional (while creating a mild incentive not to use the FUT) in order to pass the reform in the Chilean Senate. While disappointing to its supporters, the reform nonetheless resulted in the most substantial increase in progressivity since the end of the Pinochet dictatorship (Fairfield 2015: 50-52).

Several measures aimed to increase revenues from capital. These included taxation on profits on an attribution basis⁹; the increase in the corporate income tax rate from 20% to 25%; the partial integration of personal and corporate taxes¹⁰; and the reduction of the highest marginal personal income tax rate. Changes in the corporate tax structure reduced the incentive for unlimited deferral of income tax applicable at the time of profit distribution (World Bank, 2015). The reform also included measures to improve the efficiency of tax incentives for investment for micro-, small and medium-sized enterprises (MSMEs). It created incentives for the reinvestment of profits through the reduction of a part of the taxable base of the corporate tax or First Category Tax (CPI).

Structural changes to the income tax system were estimated to contribute about 50% of the expected increase in tax collection. Adjustments to indirect taxation and improvements in tax administration to reduce tax evasion and avoidance were expected to supply the other 50% of the additional revenue (World Bank, 2015).

3.2.4. Evaluation of the reform process

3.2.4.1. Fiscal effects

At the time, the Ministry of Finance projected that the tax reform's revenue collection target of 3% of GDP in the system would be met in 2018 (tax/GDP ratio to be 21% in 2018). The increase in collection was to be achieved gradually, starting in 2014, the year in which the increase to 21% of the corporate income tax rate (first-category tax) and the modification to the taxes on alcohol, high-sugar beverages and tobacco came into effect. However, the actual revenue collection results were mixed. Although some increases in tax revenue were achieved, the growth was not as high as expected. Tax revenue rose from about 17 percent of GDP in 2014 to a level of around 17.5 percent from 2015 through 2017 (IMF, *Government Finance Statistics*). It may be worth considering that the reform came into effect just as the commodity super cycle was ending. This depressed economic growth and, as a result, revenue collection.

3.2.4.2. Distributional effects

The reform modestly reduced income inequality (Martínez Aguilar et al. 2017; Candia and Engel 2018). For the World Bank (2015), the 2014 tax reform had a positive impact

⁷ The Global Complementary Tax is a personal, global, progressive and complementary tax that is determined and paid once a year by natural persons with domicile or residence in Chile on taxable income determined in accordance with the regulations

⁸ The FUT was a mechanism that allowed the deferral of income tax payments that fell on the profits withheld in a company (Arenas de Mesa, 2016)

⁹ Profit attribution to Permanent Establishments (PEs) differs from standard Transfer Pricing between group entities, as it involves the allocation of profits between the PE (branch) and its Head Office, which are part of the same legal entity.

¹⁰ The tax paid by companies constitutes a credit—partial or total—that owners can deduct from their personal taxes.

mainly associated with the taxation of profits on an attributed basis, for individuals whose companies chose the attributed system; the increase in the First Category Tax rate, both for companies that chose the attributed system (from 20% to 25%) and for companies that chose the semi-integrated system (from 20% to 27%); and in the latter case, to the partial integration between taxes on individuals and companies. The main difference between the two systems is that the attributed system taxes profits immediately at the personal level, while the semi-integrated system allows for deferral until profits are withdrawn. The reform's distributional effects were strongly concentrated among higher incomes and were reflected in a substantial increase in the effective income tax burden for the highest percentile of this distribution. The reform had no effect on the bottom 75% of the income distribution and a very small effect on those between the 76th and 99th percentiles (World Bank, 2015).

Martínez Aguilar *et al.* (2017), show that the Gini index for market income plus pensions was 0.494 for 2014, the Gini for net market income was 0.487, and the Gini for disposable income (considering monetary transfers) was 0.467. Once indirect taxes and subsidies are taken into account, the Gini for consumable income was 0.464, and the Gini for final income (once education and health expenditures have been considered) fell to 0.42.

3.2.4.3. Economic effects

Some studies suggest that the reform had a negative impact on economic growth due to the higher tax burden on companies and a resulting reduction of investment (ESE 2018). However, this assessment depends on several factors, including the profit distribution policy of companies. With regard to employment, the effect was also seen as mixed. Some companies reported reductions in their staff due to higher operating costs, while others saw no significant changes. It appears that the reform did not have a uniform impact across sectors (World Bank, 2015).

3.2.5. Summary of the results of the reform

The Chilean reform process demonstrates that while social mobilisation can put a major tax reform on the agenda, the institutional and economic power of business can also partially undermine its implementation (Atria *et al.* 2023). As Fairfield (2015) note, the 2014 reform package had to include several important adjustments in it to pass the Senate. In particular, the preservation of the FUT exemption (undistributed earnings), a measure born of financial crisis in 1983-84, favoured large firms until its elimination in 2017¹¹ (Arenas de Mesa, 2016). Other authors observe that in the Chilean case, the concentration of capital in the hands of the richest strata was much greater than the concentration of the income declared to the Treasury by these groups. This raised the stakes for the economic elite and probably energised its opposition (López *et al.*, 2013; Fairfield and Jorratt 2016). Still, despite the opposition from economic elites, the reform did improve income distribution and, more modestly, government revenue.

Although economic policies in Chile have markedly reduced poverty in the last 30 years, inequality still remains high. Fiscal policies have done less than hoped to correct market income inequality, mainly because of the persistent regressivity of the tax system. This may have influenced the social upheaval that peaked in 2019, which in turn led to several successive reforms in the tax system and in social spending, mainly in education expenditure.

3.3. Colombia 2022: Expansion of the income tax base and reduction of tax benefits for higher-income segments

3.3.1. Introduction

Colombia's tax reform of 2022 sought to increase the burden on high incomes, strengthen the revenue base of the state, reinforce the fight against tax evasion, promote public health, and protect the environment.

3.3.2. Situation prior to the reform

Between 2000 and 2014, Colombia experienced significant economic growth along with a significant reduction in poverty and inequality. However, this progress in poverty reduction was moderate compared to what was achieved by other countries in the region, and the level of inequality remained one of the highest in the world (Arenas, 2016). Regarding poverty, extreme monetary poverty (people without sufficient income to access a minimum of food) stood at 12.2 percent in 2021 (Ministry of Finance and Public Credit, 2022). This was higher than the rates observed in comparable countries in the region (Ecuador, Costa Rica, Peru and Paraguay, according to ECLAC). As for income distribution, Colombia's level of income inequality was higher than the average in Latin America, although the Gini index declined slightly between 2020 (0.544) and 2021 (0.523) (Ministry of Finance and Public Credit, 2022).

Colombia's tax system had the region's typical consumption-tax-heavy profile, but with a total revenue collection that was unusually low. In 2021, its general government (all levels) collection stood at 17 percent of GDP, reaching 21.6% if we include social security contributions (OECD data). This was below the average for Latin America and the Caribbean, and even further below the medium and large economies in the region, such as Brazil, Chile, Argentina, and Peru (Ministry of Finance and Public Credit, 2022). In particular, revenues from the personal income tax were notably low (5.9% of total tax revenues including Social Security Contributions in 2021, according to the Interamerican Tax Administration Centre). Considering the central government alone, the situation was more extreme: over 80 % of its revenue came from the Value Added Tax (VAT). Given this structure, it should not be surprising that Colombia redistributed very little through its tax system.

3.3.3. Characteristics of the tax reform

Two major events and one major problem placed a progressive tax reform on the agenda. First, the previous government, in its last full year in office, attempted and largely failed to implement an ambitious tax reform. Proposed in

¹¹ The FUT would be replaced as of 1 January 2017. A semi-integrated taxation system is created, which operates in parallel and is optional to the integrated regime with income attribution

April 2021, it was quickly met with protests, mainly over provisions to apply the VAT to various goods of mass consumption and to reduce the income threshold for the personal income tax. The reform was withdrawn the following month as the Minister of Finance resigned, and in September 2021 the government settled for a smaller reform that raised the statutory rate of the income tax on corporations (Alsema 2021; Deloitte 2021). The second event was the arrival of Colombia's first-ever government of the Left, elected on a platform of expanded social programs and a reduction of economic inequality. The major problem was a fiscal deficit over 5 percent of GDP--over 9 percent of GDP when considering the cost of fuel subsidies to the state oil company.

The tax reform had several objectives. According to Ocampo (2024), Minister of Finance at the time, it sought to increase tax revenues in order to reduce the fiscal deficit and increase social spending; to generate a more progressive tax system; to capture for the government more resources from booming sectors, oil and coal; and to strengthen the use of the tax system for environmental and preventative health objectives. The first two objectives would be advanced by reducing the inequitable exemptions enjoyed by individuals with higher incomes and some companies, thereby closing avenues for tax evasion and avoidance, and by treating different types of income more similarly, in order to achieve greater simplicity of the system. The re-establishment of a wealth tax would also go toward the second goal (Ministry of Finance and Public Credit, 2022). The third objective was targeted by proposals to modify the carbon tax and establish taxes on single-use plastics, sugary drinks, and ultra-processed foods. And progress toward all the goals would be advanced by additional measures to combat tax evasion and avoidance.

The general rate of income tax on corporations remained at 35%, but with several exceptions. A minimum tax rate of 15% was applied to corporate taxpayers. This minimum rate was called the Purified Tax Rate (TTD) and could not be less than 15% (inspired by Pillar 2 of the OECD BEPS Project). Regarding the income tax of households, the reform established that the income associated with labour income, capital income, non-labour income, pensions, dividends, and shares, would all be taxed together at the same progressive rates (between 0% and 39%). This included dividends accruing from the distribution of earnings from companies that bore the legal burden of the income tax. These would be taxed at a rate between 0% and 39%, which corresponds to the level of taxation of the taxpayer's schedular income (previously, rates between 0% and 10% were applied). The wealth tax was re-established, now on a permanent basis, at a 1.5% rate until 2026 and 1% thereafter. A specific selective tax on ultra-processed food products was established and selective taxes on coal and other resources were increased, as royalties were no longer to be deductible from corporate income tax because of the decision of the Supreme Court regarding the issue of confiscatory effect of the tax.

3.3.4. Evaluation of the reform process

The reform passed the Colombian legislature easily, despite the fact that the President's party lacked a majority in both houses. This could be ascribed to several factors: the dire fiscal deficit (along with the debt accumulated under

COVID); the fact that the President proposed the tax package immediately upon taking office; his standing as the first genuinely leftist president in Colombian history; and extensive negotiations with business and civil society led by a popular and respected Finance Minister.

As for its substantive effects, because the reform was fully implemented only in 2023, it is impossible at this writing [February 2025] to assess these with any degree of confidence. However, a few projections and comments serve to illustrate the size and variety of its intended effects.

3.3.4.1. Fiscal Effects

This tax reform aimed to collect 1.72% of GDP in 2023 and, on average, 1.39% of GDP between 2024 and 2033 (Ministry of Finance and Public Credit, 2022). However, revenues did not meet government projections in 2023, due to lower economic growth, lower commodity prices and legal uncertainties (Ocampo, 2024). The most important setback for the reform was the Supreme Court decision to block the non-deductibility of royalties from taxable corporate income, citing what it regarded as the potentially confiscatory impact of the tax. Although the government raised the selective tax on some natural resources in response, as noted, the net cost was an estimated 0.22 percent of GDP (Futten 2024).

3.3.4.2. Distributional effects

It is even harder to assess distributional effects of the 2022 tax reform in the absence of completed studies. However, the Ministry applied a general equilibrium model to the individual reform measures, assuming that the additional resources obtained from these measures would be used in transfers to lower-income households and greater redistributive public investment, thus implementing a balanced budget approach. Under this assumption, the implementation of the reform would have marginally positive impacts on growth and bring a significant increase in the well-being of lower-income households (Ministry of Finance and Public Credit, 2022).

3.3.4.3. Economic effects

Given the recency of the reform, it is premature to assess its economic impacts. However, during the process of discussing the reform, business sectors voiced criticisms that are still difficult to validate. For example, Corficolombiana (2022) raised concerns that the reform would negatively impact investment and savings, because although it would increase revenue in the short term, in a longer time horizon the reform would discourage investment and savings (given the disincentive to buy housing because of the increase in taxes for occasional capital earnings from real estate purchase and sale; increase in corporate taxes and extractive sector taxes).

3.3.5. Summary of the process and its effects

The Colombian tax reform of 2022 did not solve the country's fiscal deficit or make great strides in reducing inequality, but it appears to have made some progress nonetheless. The reform overcame the opposition of the extractive sector, only to lose an important battle in the courts. Most important, perhaps, it showed how a well-balanced progressive reform could be done. It combined a leftist, committed president; a noisy failure at reform by his right-

wing predecessor, fiscal pressure; immediate initiative upon taking power; capable economic and legislative work; and a respected, centrist Finance Minister. However, since the fiscal effects did not meet expectations, distributional effects are marginally positive at best and hard to assess, and economic effects cannot be assessed yet, future Colombian governments can study its achievements and learn from its shortcomings, mainly by broadening the consensus needed to enact the reforms in the Congress.

9. Conclusion

Mindful of the danger of selection bias, here we consider not only the three cases spotlighted above (as well as others mentioned, such as Colombia 2021) but also the broader literature on the political economy of tax reform (Mahon 2004; Mahon, Arnson, and Bergman 2015). While our main focus is on comprehensive reforms that achieve reductions in inequality, we also provisionally assess particular components of these packages, such as the strengthening of the tax administration agency.

What do we learn from these reforms? As noted earlier, the redistributive weakness of Latin American tax systems can be largely ascribed to the marginal role of the personal income tax. Each reform sought to strengthen it by broadening its base, more effectively taxing capital income, and aligning it with the regular corporate income tax rate and the simplified regimes aimed at smaller taxpayers. This alignment could allow for the taxation of all income flowing to the taxable subject, whether from labour, business, financial, or mixed activity. Uruguay represents an intermediate step, a dual scheme, with progressive rates for labour income and proportional rates for capital income.

Although not a feature of all three reforms, wealth taxes—like the one revived in Colombia—can play a role. Here, the idea is to reinforce the redistributive impact while achieving synergy with the personal income tax (Jiménez, Lorenzo, Mahon, and Viñales, 2024).

Regarding the corporate income tax, the Latin American problem lies not in the statutory rates—these are in line with international averages—but in a thicket of incentives, benefits, and exemptions. The three reforms considered here made some progress in this direction, but they left much to be done. The rationalization of these differential treatments (both in Uruguay's ISR and in relation to other taxes) could provide genuine additional resources to public financing, in addition to favouring a more efficient and equitable collection. The Colombian reform sought revenue from an arguably under taxed sector—natural resource exploitation—and succeeded only in part, due to an adverse legal judgment.

The coordination of the rates between personal income tax and corporate income tax is also key, in order to avoid arbitrage by taxpayers with greater economic capacity, between the two systems. Again, these reforms achieved modest results, but often fell short, as in the persistence of the FUT in Chile.

Turning to indirect taxes, reformers can improve both the revenue production and the redistributive impact of the value-added tax (VAT); some steps in this direction were taken in all three cases. The most obvious way to increase

revenue is by raising the general rate; an alternative is to reduce or eliminate exemptions and reduced rates.

Complementing all these changes was the grant of additional powers to the tax administration agency. As noted especially in Uruguay, this can enhance the legitimacy and the effectiveness of reforms by demonstrating a commitment to horizontal equity. A useful technical advancement has been the segmentation of taxpayers based on size, economic activity, compliance history, and fiscal risk, allowing for the deployment of differentiated strategies for inspection, auditing, and outreach.

Improving the distributional effect of taxes need not conflict with a goal of increasing total revenue. Moreover, many of the most important pro-poor policies are spending policies, with progressive effects that might outweigh the regressive taxation that funds them. These reforms often sought to advance both distributional and revenue maximization goals, and their success depended in part on general economic conditions.

References

- Alsema, A. (2021) "Colombia celebrates after Duque withdraws loathed tax reform plans," *Colombia Reports* (May 3).
- Amarante, V., Arim R. & Salas, G. (2007). "Distributive Impact of the Tax Reform". Draft prepared for the Poverty and Social Impact Analysis (PSIA)- Uruguay Development Policy Loan (DPL) II.
- Arenas de Mesa, A. (2016), *Sostenibilidad fiscal y reformas tributarias en América Latina*, Santiago, Comisión Económica para América Latina y el Caribe (CEPAL)
- Atria J., Contreras, D. y Méndez, M. (2023): "Tackling wealth accumulation in a context of social upheaval: the property tax in Chile", *Canadian Journal of Development Studies*
- Bachas, P.; Jensen, A. and Gadenne, L. "Tax Equity in Low- and Middle-Income Countries" *Journal of Economic Perspectives* vol. 38, no. 1, Winter 2024 (pp. 55-80)
- Barreix, A. and Roca, J. (2007): "Reinforcing a fiscal pillar: the Uruguayan-style dual income tax", *ECLAC Review* N° 92.
- Barreix, A., Bes, M. and Pineda, E., (2022), *Revisando el IVA Personalizado: Una herramienta para la consolidación fiscal con equidad*, CIATblog.
- Barreix, A., J. Roca, and L. Villela (2007) "Fiscal Policy and Equity: Estimation of the Progressivity and Redistributive Capacity of Taxes and Social Public Expenditures in the Andean Countries." INTAL-INT Working Paper 33, IDB, Washington, D.C.
- Bogliaccini, J. A., & Luna, J. P. (2016). "Deflecting my burden, hindering redistribution: How elites influence tax legislation in Latin America," (No. 2016/92). WIDER Working Paper.
- Bucheli, M.; Lustig, N.; Rossi, M. y Amabile, F. (2013): "Social Spending, Taxes, and Income Redistribution in Uruguay", *Public Finance Review* 2014, Vol. 42(3) 413-433.
- Candia, B. y Engel, E. (2018): "Taxes, transfers and income distribution in Chile: incorporating undistributed profits", *CEQ WP* 82.
- Corficolombiana (2022): "Tax Reform: Analysis and Expected Impact" Corficolombiana Economic Research.
- De la Feria, R. and Swistak, A. (2024), *Designing a Progressive VAT*, WP/24/78, International Monetary Fund, Washington DC.
- Deloitte (2021) "Tax reform legislation includes increase in corporate income tax rate as from 2022," *Tax@hand* (Sept. 20).
- Dietsch, P. (2018): "The State and Tax Competition: A Normative Perspective" In M. O'Neill & S. Orr (Eds.), "Taxation: Philosophical perspectives". Oxford University Press.
- ESE (2018), *La reforma tributaria de 2014: efectos en recaudación*, Tema de análisis / n° 14, Universidad de los Andes, julio 2018.
- EY (2022): "Tax Reform 2022 approved by Congress."
- Eze, Emmanuel, Sol Picciotto, Muhammad Ashfaq Ahmed, Abdul Muheet Chowdhary, Bob Michel, and Tommaso Faccio (2023), *The GloBE Rules: Challenges for Developing Countries and Smart Policy Options to Protect Their Tax Base*. South Centre.
- Fairfield, T. (2015) "The Political Economy of Progressive Tax Reform in Chile," in Fairfield, T. and Jorratt De Luis, M. (2016), "Top Income Shares, Business Profits, and Effective Tax Rates in Contemporary Chile." *Review of Income and Wealth* 62: S120-S144. <https://doi.org/10.1111/roiw.12196>
- Futten, J. P. (2024) "Reforma Tributaria en Colombia: Aspectos Técnicos y la Situación Actual," manuscript.
- Gómez Sabaini, J.C., Jiménez, J.P. y A. Podestá (2010), "Tributación, evasión y equidad en América Latina y el Caribe", en Jiménez, J.P., Gómez Sabaini, J.C. y A. Podestá (compiladores), *Evasión y Equidad en América Latina*, Serie Documentos de Proyectos N° 309, CEPAL-GTZ, abril.
- Gomez Sabaini, J.C. y Rossignolo, D. (2014), "Taxation on High Incomes in Latin America", *Studies and Perspectives Series* 13, ECLAC Office in Montevideo.
- Jiménez, J.P. y A. Podestá (2016); "Los impuestos sobre la renta de las personas físicas en América Latina", in "Los sistemas tributarios en América Latina", Instituto de Estudios Fiscales (IEF) and Cooperación Española
- Jiménez, J. P., Lorenzo, F., Mahon, J., & Viñales, G. (2024). El postergado fortalecimiento integral de la imposición sobre la riqueza y la propiedad en América Latina: Debilidades persistentes y nuevas oportunidades. En Stoessel y Coronel (Eds.), *La (De)regulación de la riqueza en América Latina: Lecturas interdisciplinarias en tiempos de pandemia*. Guadalajara: CALAS-CLACSO.
- Jorratt, M. (2010): "Fiscal Equity in Chile: An Analysis of the Distributive Incidence of Taxes and Social Spending", in IDB, "Fiscal Equity in Brazil, Chile, Paraguay and Uruguay", IDB Fiscal Equity in Latin America Series.
- Journard, I. y M. Pisu (2012), "Less income inequality and more growth —are they compatible? Part 3. Income redistribution via taxes and transfers across OECD countries", OECD Economics Department Working Paper, N° 926, París, Organización de Cooperación y Desarrollo Económicos (OCDE).
- López, R., Figueroa, E., & Gutierrez, P. (2013), "The 'Lion's Share': New Estimates of the Income Participation of the Super-Rich in Chile". Faculty of Economics and Business, University of Chile. SDT 379.
- Llambí C.; Laens, S.; Perera, M. and Ferrando, M. (2009): "Evaluation of the impact of the 2007 Tax Reform on poverty and inequality in Uruguay" CINVE DT. 05/2009.

- Mahon, J. (2004) "Causes of Tax Reform in Latin America," *Latin American Research Review* 37: 3-30.
- Mahon, J., Bergman, M., & Arnsen, C., eds. (2015). *Tax Reform and Equality in Latin America*, Woodrow Wilson Center Report on the Americas No. 35 (Washington, DC: Woodrow Wilson Center).
- Martínez Aguilar S.; Fuchs, A.; Ortiz-Juarez, E. y Del Carmen, G. (2017): "The impact of fiscal policy on inequality and poverty in Chile", CEQ WP 46.
- Martínez Pabón, V.; Meléndez, M. and Peña-Tenjo, N. (2021): "The role of fiscal policy in reducing inequality and poverty in Colombia: an analysis of the incidence of social spending and taxes" CEQ WP 107.
- Martorano, B. (2014): "The impact of Uruguay's 2007 tax reform on equity and efficiency", *Development Policy Review*, vol. 32, N° 64.
- Ministry of Finance and Public Credit (2022): "Tax Reform for Equality and Social Justice. Explanatory memorandum."
- Núñez, J.; Olivieri, S.; Parra, J. y Pico, J. (2020): "The Distributive Impact of Taxes and Expenditures in Colombia", Policy Research Working Paper 9171, World Bank Group.
- Ocampo, J.A. (2024), La reforma tributaria 2022, *El Tiempo*, Bogotá, junio 2024.
- OCDE/CEPAL/CIAT/BID (2024); Estadísticas tributarias de América Latina, Publicación de la OCDE.
- Pessino, C.; Rasteletti, A.; Artana, D. y Lustig, N. (2023): "Distributional effects of taxation in Latin America" IDB Working Paper Series; 1534
- Rius A. (2012): "The Uruguayan Tax Reform of 2006: Some Considerations of Political and Behavioral Economy", *Development Macroeconomics Series* 125.
- Roca, J. (2010): "Fiscal Equity in Uruguay: How Much and How the State Modifies the Well-Being of Uruguayans", in IDB, "Fiscal Equity in Brazil, Chile, Paraguay and Uruguay", IDB Fiscal Equity in Latin America Series.
- Rodríguez, S. and Perazzo, I. (2007): "Impactos de la Reforma tributaria sobre los ingresos de los hogares", *Quantum*, Vol. 8 N°1.
- Romano, Á. (2008): "La reforma tributaria en Uruguay. Un proceso hacia la equidad", documento presentado en el XXI Seminario Regional de Política Fiscal, Santiago, Comisión Económica para América Latina y el Caribe (CEPAL), diciembre.
- Steinmo, S. (1993) *Taxation and Democracy: Swedish, British, and American Approaches to Financing the Modern State*, New Haven: Yale University Press.
- Timmons, J. (2005) "The Fiscal Contract: States, Taxes, and Public Services," *World Politics* 57: 530-67.
- UN ECLAC (2024) *Social Panorama of Latin America*, Santiago, Chile: UN-ECLAC.
- World Bank (2015): "Distributional Effects of the 2014 Tax Reform" *Global Practices on Macroeconomics and Fiscal Management, Poverty and Government*, in cooperation with the Ministry of Finance of Chile.