

# National tax and budget systems to address social policies, LA experiences

“Tax Justice to Promote Social Justice  
Research on Taxes for Development”

University of Vienna

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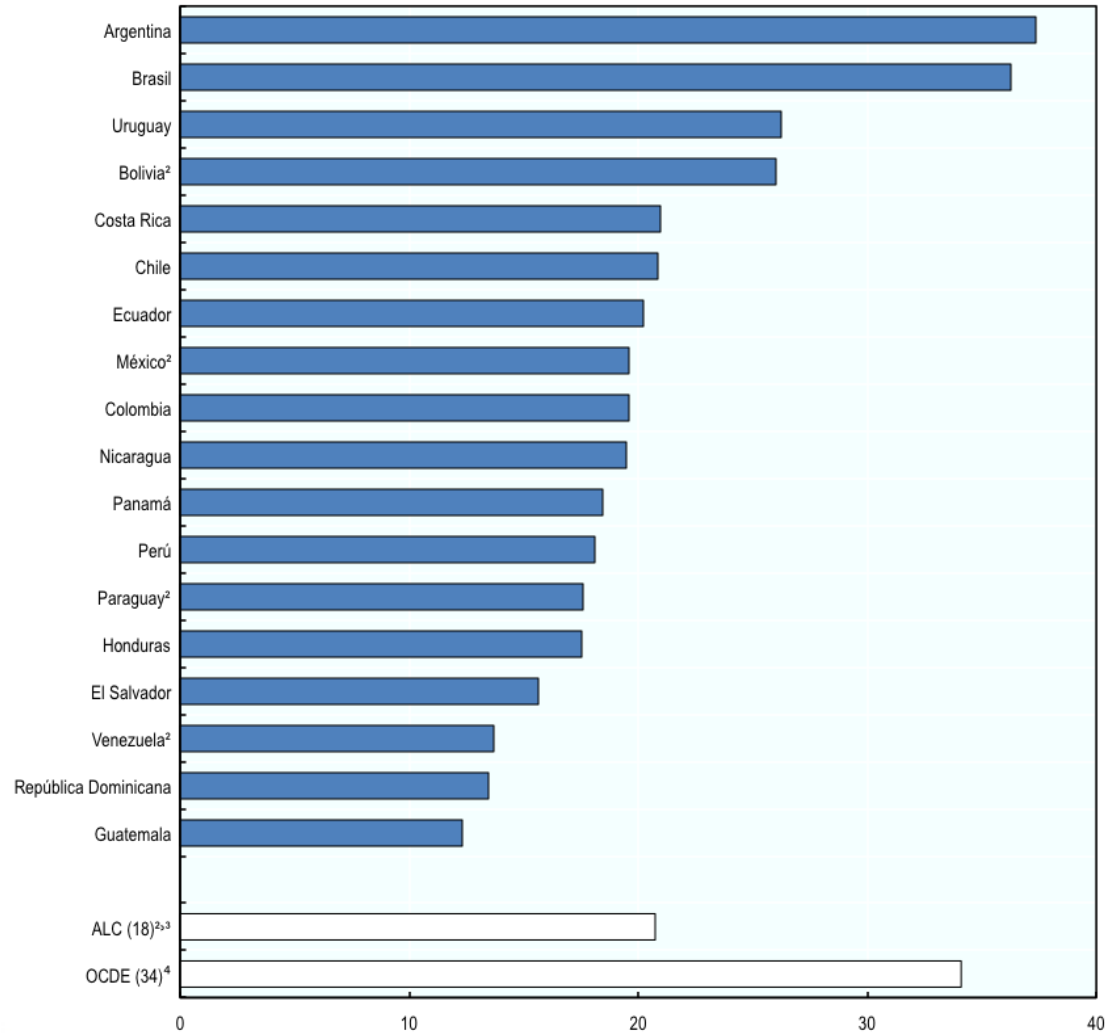
Vienna, 24 February 2015



# Key characteristics in LA

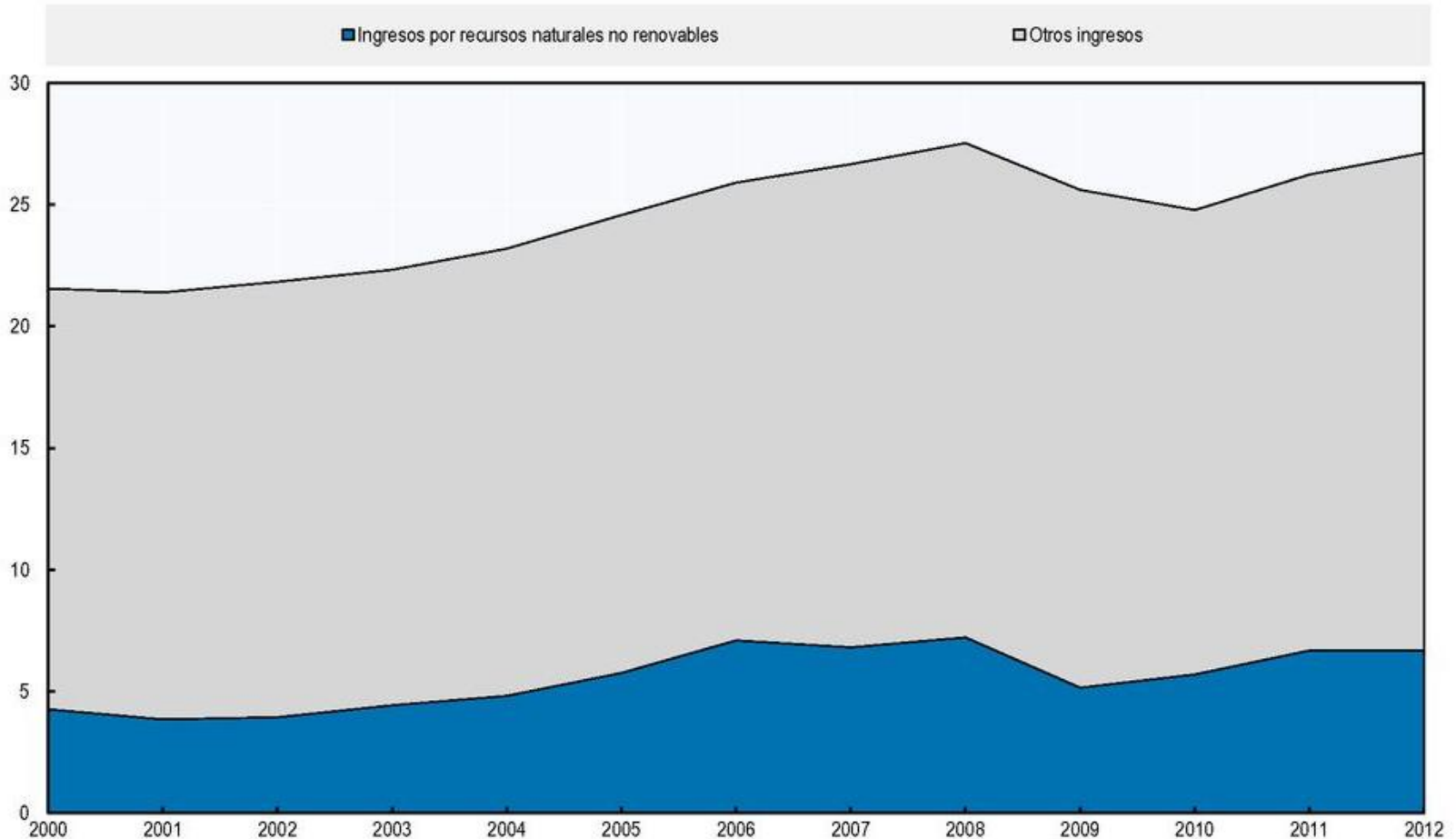
(in %)

Low tax  
burden:  
20,1%



# Key characteristics in LA

Total fiscal and not renewable natural resources revenues (GDP%)



## Key characteristics in LA

- Regressive: 70% indirect taxes, and 30% direct taxes
- Several exemptions, special treatments, bilateral trade agreements (tax free zone)
- High levels of tax evasion, tax avoidance, opacity

# Key characteristics in LA

- Illicit flows from LA to tax heavens: USD 2,000 bn (1970-2011)
- Need of capacity building in tax administration

# Social features in LA

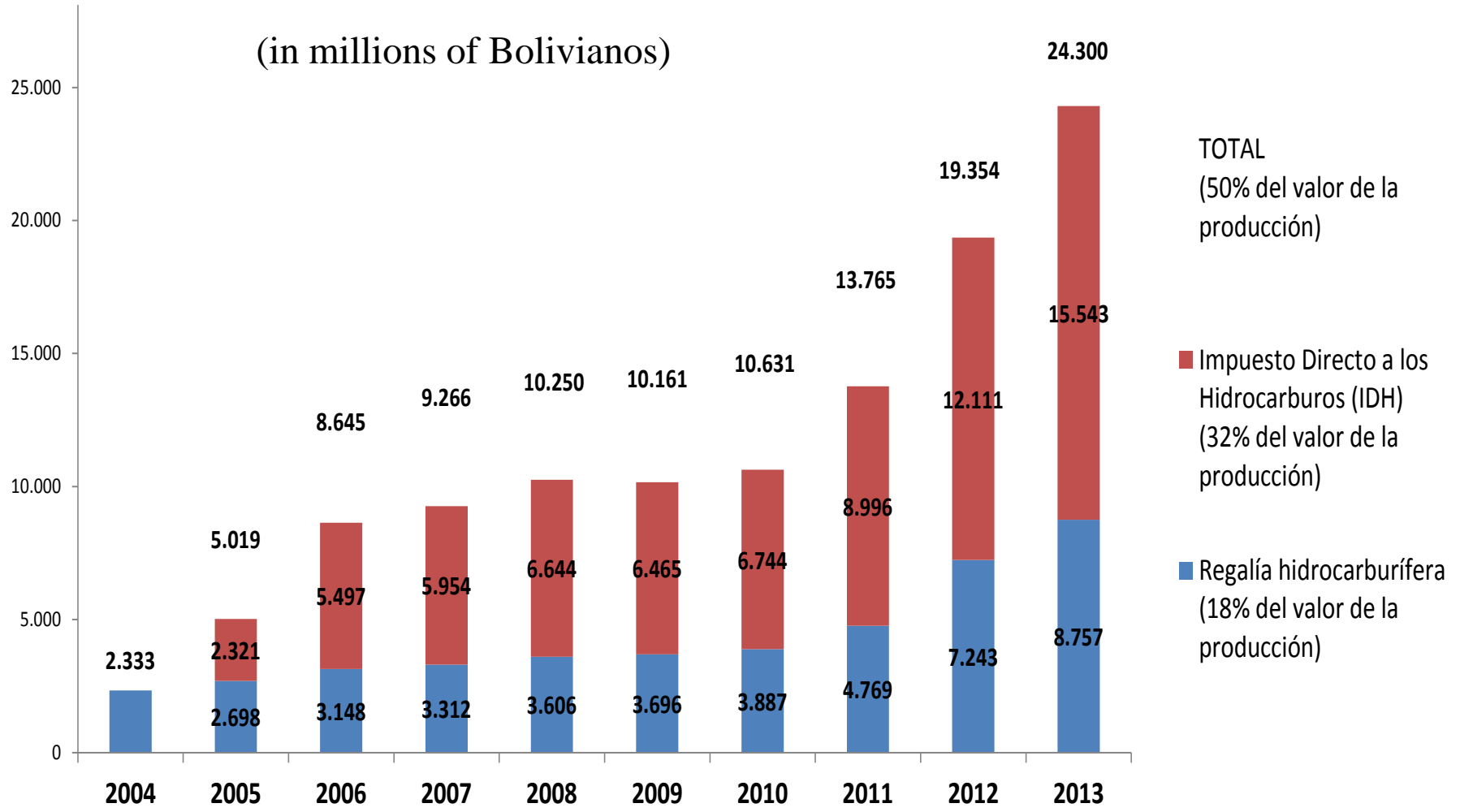
- Poverty reduced from 43.9% to 28.2% between 2002 and 2012
- Still the most unequal region (Gini 0.496)
- In 15 years middle class raised from 20% to 30% of population
- Jobs: informal sector still reaches 70% in people with lower incomes
- Social-environmental impacts (mega projects, extractive ind., indigenous people rights)

# Bolivia's case

- Fiscal revenues multiplied by 5 in 9 years
- Reduced extreme poverty by half, inequality: decreased
- Public investment multiplied by 5
- 8 years of fiscal surplus
- Key revenue: Hydrocarbons direct tax and international prices

# Bolivia: gas revenues

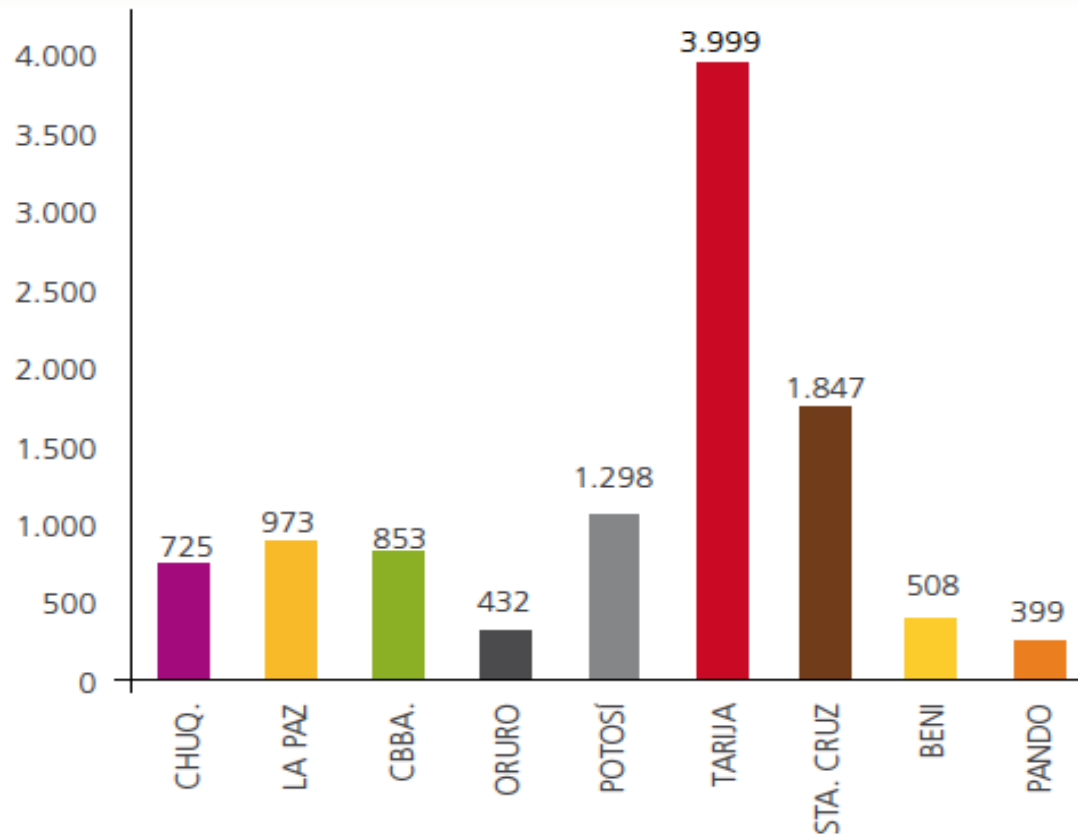
(in millions of Bolivianos)





# Subnational Budget distribution

Distribución del presupuesto para la gestión departamental (Total Bolivia · En millones de Bs)



# National/regional Challenges

- Keep current social achievements, and moreover eradicate poverty and inequality
- Diversification of current productive matrix
- Progressive and inclusive tax system
- Eliminate exemptions
- Fiscal compact

## As civil society

- National: fiscal compact, reform towards a fair tax system
- Regional: Unasur, Celac, CEPAL
- Global: FFD process, LA ambassadors at UN, support G77.
- Sensitisation, include other groups: indigenous, women, youth

**Thanks!**

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