Revealing 21% of GDP in Hidden Assets: Evidence from Argentina’s Tax Amnesties

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Nottingham & IFS

NER Public Economics Program Meeting  
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Motivation

- Offshore evasion poses severe challenges for tax policy (Slemrod, 2019; Zucman, 2015)

- Gov’ts worldwide have conducted enforcement initiatives to improve wealthy households’ tax compliance (e.g., CRS, TIEAs, FATCA)

- Voluntary disclosure programs or tax amnesties seek to entice wealthy evaders to disclose foreign income/assets in exchange for reduced penalties and no prosecution
Motivation

- Despite their widespread use, tax amnesties remain controversial and differ drastically in how effectively they improve tax compliance.

- Understanding how and why tax amnesties succeed/fail is crucial to conduct tax policy.

- However, it has been hard to draw lessons; e.g., countries vary in baseline evasion rates and amnesties vary in design and contextual features.
This paper

▶ Studies tax amnesties’ effectiveness and impact on capital taxation and public spending

▶ Argentina is well-suited to examine these issues

1. **There is a lot at stake:** 1/3 of GDP had been stored offshore [Alstadsæter et al., 2018]

2. **Argentines report assets annually** because there is a gross wealth tax

3. **Rich policy variation:** left and right-wing gov’t programs in 2009, 2013–2015, 2016, with varied effectiveness: disclosed assets ranged from 0.5% to **21% of GDP** —world’s most successful amnesty?

▶ Uses detailed data from wealth and income tax tabulations and pension benefits spanning two decades
Argentina owned the equivalent of 36.5% of GDP in offshore wealth.
Summary of main results

1. Despite substantial offshore tax evasion, declared foreign assets quadrupled in 2016

2. Tax progressivity improved because disclosures were extensive among top 0.1%

3. Improving tax compliance has sizable externalities on capital taxes and social transfers
   - Wealth and capital income tax bases more than doubled even four years later
   - Earmarked revenue boosted pension benefits by 15%

4. Limited repatriation response to amnesties and “confiscatory” taxes on foreign assets
Contributions


  \rightarrow \text{Wealthy Argentines kept undeclared assets abroad, but enforcement policy provoked large disclosures, affecting capital taxation and public spending}

- Nascent empirical literature on tax amnesties and voluntary disclosure programs

  \rightarrow \text{Policy revealed substantial offshore assets even in a country with a lot at stake and a history of failed amnesty programs}
Outline

Context and Data

The Effectiveness of Argentina’s Amnesties
  Revealing Foreign and Domestic Assets
  Disclosures by Top Wealth Groups and Tax Progressivity
  Expanding the Wealth and Capital Income Tax Bases
  Increasing Transfers by Earmarking Revenue for Pension Spending
  Do Taxpayers Repatriate Assets in Response to Tax Incentives?

Discussion and Conclusion
Outline

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Discussion and Conclusion
Argentina’s wealth tax

- Argentina levies a gross wealth tax on individuals and firms on worldwide assets held on Dec 31.

- Broad tax base (e.g., real estate, vehicles, foreign currency, cash, checking account balance, shares) with two exemptions:
  
  1. Savings accounts and term deposits at Argentine banks
  2. Securities, bonds, other negotiable instruments issued by the public sector

- Taxpayers must file an annual tax return and pay any balance in June of year $t + 1$

- Large variation in wealth tax rate and number of taxpayers due to reforms and bracket creep

More info on AFIP website [here](#)
Argentina’s wealth tax rates have ranged from 0.25% to 2.25%

<table>
<thead>
<tr>
<th>Year</th>
<th>Tax Rate (%):</th>
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<tr>
<td>1991</td>
<td>0.25%</td>
</tr>
<tr>
<td>1993</td>
<td>0.5%</td>
</tr>
<tr>
<td>1995</td>
<td>0.75%</td>
</tr>
<tr>
<td>1997</td>
<td>1%</td>
</tr>
<tr>
<td>1999</td>
<td>1.25%</td>
</tr>
<tr>
<td>2001</td>
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<td>2003</td>
<td>1.75%</td>
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<tr>
<td>2005</td>
<td>2.25%</td>
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<tr>
<td>2007</td>
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<tr>
<td>2009</td>
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<td>2017</td>
<td></td>
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<tr>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td></td>
</tr>
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</table>

Special rates for foreign assets:
- Cutoff: 100k
- Cutoff: 102.3k
- Cutoff: 2m
- Cutoff: 305k
- Cutoff: 750k
- Cutoff: 2m
- Cutoff: 100m
- Cutoff: 6.5m
- Cutoff: 300m
- Cutoff: 1000m
- Cutoff: 3m
- Cutoff: 1.05m
- Cutoff: 800k
- Cutoff: 950k
- Cutoff: 18m
Argentina's wealth tax rates have ranged from 0.25% to 2.25%.
A brief history of Argentina’s recent experience with tax amnesties


- Fernandez de Kirchner implemented two amnesties in 2009 and 2013–15: revealed assets worth 0.5% to 1.3% of GDP, but little impact on tax revenue.

- Macri’s program in 2016 encouraged 255,000 individuals and firms to disclose assets worth US$ 117B (21% of GDP), raised US$ 9.5B (1.8% of GDP) from special tax.

News: [1], [2], [3], [4], [5], [6], [7], [8]
Macri’s 2016 tax amnesty

1. **Scope:** all (foreign and domestic) assets and currencies as of July 22, 2016
   Passed on June 29, 2016, and lasted nine months (Aug ’16–March ’17)

2. **Tax and non-tax benefits:** forgave all liabilities for taxes and fines + no criminal prosecution
   Pre-amnesty, penalty for evasion was 2–10X taxes evaded + imprisonment

3. **Costs:** a one-time penalty of 0% if assets less than US $19k, up to 10% above US $50k (5% for real estate)
   - To encourage early participation, top rate jumped to 15% after Dec 31, 2016
   - Participants could waive penalty by investing 1/3rd of disclosed asset in special Treasury bonds or domestic mutual funds for five years
An ad describing tax evaders’ penalty trade-off

“Why you’ll pay dearly for it later”

Example: a person with a non-declared property worth 3m pesos

Left: A 5% penalty (150k pesos) if evader discloses it before March 31

Right: A potential 202% penalty (6m pesos) + potential criminal prosecution starting April 1

Source: AFIP’s webpage.
Macri’s 2016 tax amnesty: four essential features

1. **Rewarded compliant taxpayers to safe keep tax morale but slashed wealth tax to entice participation**
   - Non-participants who filed wealth tax in 2014 and 2015: 0% wealth tax in 2016–18
   - Participants: wealth tax rate dropped from 1.25% in 2015 to 0.25% in 2018
   - Talks about repealing wealth tax in 2019

2. Earmarked revenue to fund public pension system

3. Massive ad campaign made program salient

4. Threat of detection became more credible: TIEAs with most relevant tax havens (Uruguay, Switzerland), Brazil, Chile, USA + Panama Papers two months prior
Macri’s 2016 tax amnesty: four essential features

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An ad promoting amnesty to contribute to better pension benefits for older citizens
Macri’s 2016 tax amnesty: four essential features

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4. Threat of detection became more credible: TIEAs with most relevant tax havens (Uruguay, Switzerland), Brazil, Chile, USA + Panama Papers two months prior
Massive ad campaign made program salient
Google search trends show amnesty program was salient
Macri’s 2016 tax amnesty: four essential features

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3. Massive ad campaign made program salient

4. Threat of detection became more credible: TIEAs with most relevant tax havens (Uruguay, Switzerland), Brazil, Chile, USA + Panama Papers two months prior
TIEAs made the threat of detection more credible

Source: Slide taken from AFIP’s communication campaign.
Disclosures made under the 2016 amnesty
80% hidden abroad, mostly financial assets

80% hidden abroad, mostly financial assets

- Stock 9.9
- Bank accounts (deposits and cash holdings) 4.7
- Real estate 1.4
- Other assets 1.8

Total disclosed: US$ 117B (21% of GDP)
Disclosures made under the 2016 amnesty
80% hidden abroad, mostly financial assets

<table>
<thead>
<tr>
<th>Disclosed value ( % of GDP )</th>
<th>Total disclosed:</th>
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<tbody>
<tr>
<td>Foreign stocks</td>
<td>US$ 117B (21% of GDP)</td>
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<tr>
<td>Domestic stocks</td>
<td>0</td>
</tr>
<tr>
<td>Foreign bank acc.</td>
<td>2</td>
</tr>
<tr>
<td>Domestic bank acc.</td>
<td>4</td>
</tr>
<tr>
<td>Foreign real est.</td>
<td>6</td>
</tr>
<tr>
<td>Domestic real est.</td>
<td>8</td>
</tr>
<tr>
<td>Other assets</td>
<td>10</td>
</tr>
</tbody>
</table>

Stocks

Bank accounts (deposits and cash holdings)

Real estate

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Tax Revenue
Administrative data

1. Detailed IRS tax tabulations from wealth tax and income tax (FYs 2002-20)
   - **Wealth tax:** number of filers, taxpayers; wealth value, tax base, tax liability. Broken by: gender, location (domestic vs foreign), type of asset, industry sector, ~15 brackets
   - **Income tax:** number of filers, taxpayers; wealth value, debts, net worth. Tax base split into 4 sources: rental, capital, business, wage income

2. Spending: monthly retirement benefits from SSA; reparation spending
   - Number of retirees, average benefit, decomposed by deciles
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Discussion and Conclusion
A 310% increase in the number of wealth taxpayers declaring foreign assets

Notes: There are 28,816 returns for foreign assets and 1,241,683 for domestic assets at baseline (2015).
There is a more than 310% increase in the value of declared foreign assets.
Argentines now report that half of their assets are located abroad.
The likelihood of declaring foreign assets increased for all asset types.
The value of declared foreign real estate increased by over 1000%
By contrast, smaller change in no. of taxpayers declaring domestic assets

See cases

Number of tax returns (2015=100)
By contrast, smaller change value of declared domestic assets
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Discussion and Conclusion
The increase in reported assets is greater for Argentina’s top 0.1%
Amnesty tripled the share of foreign assets declared by top 0.1%
An increase in the progressivity of the wealth tax in 2019
Outline

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Discussion and Conclusion
The amnesty raised the total value of wealth reported by tax filers
As a result, wealth tax revenue doubled—and tripled when tax rate ↑
The number of taxpayers subject to capital income tax doubled.
The capital income tax base tripled—and the increase persisted
Outline

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Discussion and Conclusion
By earmarking revenue, the amnesty raised pension benefits by 15%
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Discussion and Conclusion
Argentina raised top wealth tax rate to 2.25% for foreign assets in 2019.
However, little change in declared foreign assets (relative to 2018)
And effective tax rate remains constant
As a result, big spike in wealth tax revenue to GDP ratio in 2019
Outline

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Discussion and Conclusion
Quick recap

- Argentina had unprecedented success in encouraging evaders—especially the wealthiest 0.1%—to reveal assets hidden offshore.

- The expansion of the wealth and capital income tax bases turned out to be key later when gov’t needed to raise revenue to deal with the COVID-19 crisis.
  - Wealth tax surcharge on the wealthiest 12.5k Argentines

- Will our results replicate in other countries or even a future Argentina?
What made the 2016 amnesty different?

- Combined generous tax incentives while retaining support and compliance of honest taxpayers
- A credible threat of detection thanks to TIEAs and leaks
- A favorable political economy thanks to a pro-market and business-friendly gov’t + earmarking revenue to garner taxpayer support
- High salience and low compliance costs
Thanks!

Macri and a shower of dollars
Appendix
# Wealth Tax Form 762/A

## Table of Contents
- **Income Tax Form 762/A**
- **Back**

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**Apellidos y Nombre o Denominación:** FREYRE, JOSE LUIS

**Responsable por declara esta de:** NO

### Income Tax Form 762/A

<table>
<thead>
<tr>
<th>Nature of Income</th>
<th>Value</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income in Spain</td>
<td>1208</td>
<td>34.020,00</td>
</tr>
<tr>
<td>Income abroad</td>
<td>906</td>
<td>0,00</td>
</tr>
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**TOTAL INCOME**

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<td>0,00</td>
</tr>
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Declaro que los datos consignados en este formulari son correctos y completos y que he confeccionado la presente utilizando el programa aplicativo (software) entregado y aprobado por HPP, con miértil de hacer de ello algunos que debe continuar, atento del expuesto de la verdad.

---

**Back**
<table>
<thead>
<tr>
<th>Fiscal Years</th>
<th>Exemption Threshold</th>
<th>Bracket 1</th>
<th>Bracket 2</th>
<th>Bracket 3</th>
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<td>(notches)</td>
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<td>2016</td>
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<td>2019-2020</td>
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</tr>
<tr>
<td>domestic assets</td>
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<td>0.5%</td>
<td>0.75%</td>
<td>1%</td>
<td>1.25%</td>
</tr>
<tr>
<td>foreign assets</td>
<td>2m</td>
<td>0.7%</td>
<td>1.20%</td>
<td>1.80%</td>
<td>2.25%</td>
</tr>
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</table>

Notes: Thresholds (in current pesos) are reported in blue. For 2007-2015 the thresholds operated as notches.

Filing thresholds (earnings): 2007-2014: $96k; 2015: $200k; 2016: $500k; 2017: $1m; 2018: $1.5m; 2019: $2m; 2020: $2.5m.
Wealth Tax Filers and Wealth Tax Payers

<table>
<thead>
<tr>
<th>Year</th>
<th>Tax Filers</th>
<th>Taxpayers</th>
<th>Exemption cutoff (right)</th>
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<tbody>
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<td>2004</td>
<td>1m</td>
</tr>
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<td>2005</td>
<td>2005</td>
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<td>1.5m</td>
</tr>
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<td>500k</td>
</tr>
<tr>
<td>2020</td>
<td>2020</td>
<td>2020</td>
<td>750k</td>
</tr>
</tbody>
</table>
Revenue from the 2016 Amnesty’s Special Tax

Total collected: AR$ 148,600 mill (USD 9,522 mill)
A 256% increase in wealth tax revenue!
Revenue with and without “Good Compliers”

Wealth tax revenue (left) 2009 Amnesty 2013-15 Amnesty 2016 Amnesty
Adding good compliers exempt tax

Billions of 2015 pesos


Wealth tax revenue (left)

Adding good compliers exempt tax
Wealth reported in income tax returns

Robustness: Reassuringly, people also report more assets abroad in their income tax returns.
Wealth reported in income tax returns

Assets located in Argentina and abroad 2016 Amnesty

Value of assets located abroad increased 590% in Argentina

Robustness: Reassuringly, people also report more assets abroad in their income tax returns.
Annual inflation [2000-2017]
~20% increase Jan 23, 2014
~30% increase Dec 17, 2015
Currency controls lifted (dollar clamp)
~24% increase Aug 30, 2018
~24% increase Aug 12, 2019
Tax Revenue collected in December 2016 almost doubles due to amnesty’s special tax
## Details of disclosed assets

<table>
<thead>
<tr>
<th>Type of Asset</th>
<th>Value (in mill USD)</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>Investments - Abroad</td>
<td>54,999</td>
<td>47</td>
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<tr>
<td>Investments - in Argentina</td>
<td>860</td>
<td>1</td>
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<tr>
<td>Cash deposits - Abroad</td>
<td>25,925</td>
<td>22</td>
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<tr>
<td>Cash deposits - in Argentina</td>
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<td>0</td>
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<td>National/foreign currency - in Argentina</td>
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<td>6</td>
</tr>
<tr>
<td>Real Estate - Abroad</td>
<td>10,124</td>
<td>9</td>
</tr>
<tr>
<td>Real Estate - in Argentina</td>
<td>10,434</td>
<td>9</td>
</tr>
<tr>
<td>Rest of Assets</td>
<td>6,685</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>116,775</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td><strong>% of GDP</strong></td>
<td></td>
<td><strong>21%</strong></td>
</tr>
</tbody>
</table>

*Notes: Investments abroad: 30% located in the US, 26% in Switzerland, 15% in the UK; Cash deposits abroad: 45% located in the US, 32% in Switzerland, 9% in Uruguay; Real estate abroad: 49% located in Uruguay, 37% in the US, 4% in Brazil. Rest of assets: cars, boats, airplanes, art, jewelry, etc.*
Tax returns reporting foreign assets

- 2009 Amnesty
- 2013-15 Amnesty
- 2016 Amnesty

Number of tax returns reporting foreign assets:

- 2009
- 2016

Number of tax returns (2015=100)

- Stocks abroad
- Stocks in Argentina

2016 Amnesty
Bank deposits and currency abroad vs in Argentina

Deposits & Currency abroad

Deposits & Currency in Argentina

Number of tax returns (2015=100)

2016 Amnesty

Deposits & Currency abroad

Deposits & Currency in Argentina
Massive disclosures of foreign stocks, cash, and real estate
Domestic real estate and cash also increase (but smaller in %)

Billions of 2015 pesos

2016 Amnesty

Real Estate
Deposits & Currency
Vehicles
Business
Accounts Receivable
Share of Male Wealth Tax Payers

Male Taxpayers (%)

Wealth reported in income tax returns

Wealth value (2015=100)

Assets located in Argentina and abroad

2016 Amnesty

Assets located in Argentina and abroad

in Argentina
Fiscal Externalities into the Income Tax

Capital Income: Tax base

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Income (tax base)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>0</td>
</tr>
<tr>
<td>2016</td>
<td>10,000</td>
</tr>
<tr>
<td>2017</td>
<td>20,000</td>
</tr>
<tr>
<td>2018</td>
<td>30,000</td>
</tr>
<tr>
<td>2019</td>
<td>40,000</td>
</tr>
<tr>
<td>2020</td>
<td>50,000</td>
</tr>
</tbody>
</table>

2016 Amnesty
Fiscal Externalities into the Income Tax

Capital Income: Taxpayers

- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015
- 2016
- 2017
- 2018
- 2019
- 2020
- 2021

Taxpayers (2015=100)

2016 Amnesty

Capital income (taxpayers)
Fiscal Externalities into Pensions

Average pensions

Jun'16 law was passed
Sep'16 SSA accepts applications
Dec'17 pension reform

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Pension (pesos Dec'15)</th>
<th>Minimum benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014m1</td>
<td>3000</td>
<td></td>
</tr>
<tr>
<td>2015m1</td>
<td>3500</td>
<td></td>
</tr>
<tr>
<td>2016m1</td>
<td>4000</td>
<td></td>
</tr>
<tr>
<td>2017m1</td>
<td>4500</td>
<td></td>
</tr>
<tr>
<td>2018m1</td>
<td>5000</td>
<td></td>
</tr>
<tr>
<td>2019m1</td>
<td>5500</td>
<td></td>
</tr>
</tbody>
</table>
Distribution of wealth (assets)

Bunching at the exemption cutoff • Back
Translation:

Tax Amnesty

Declaration of assets

Report your assets, contribute to your country. **We achieve better pensions.** We all grow.

Source: AFIP's webpage.
An ad to encourage the disclosure of real estates

Why is it going to be more expensive afterwards?

The banner shows an example of a citizen with a non-declared property worth 3m pesos.

The left blue panel shows a 5% penalty (150k pesos) if the person comes forward and disclose it.

The right red panel shows a potential 202% penalty (6m pesos) if the person doesn’t disclose it and is detected by AFIP.

Source: AFIP’s webpage.
What makes for a successful tax amnesty?
A roadmap

▶ The tax incentives
▶ The threat of detection
▶ A favorable political economy
▶ High salience and low compliance costs
What made the 2016 amnesty successful at disclosing hidden assets?

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>Fernandez</td>
<td>Fernandez</td>
<td>Macri</td>
</tr>
<tr>
<td>Political inclination</td>
<td>Left</td>
<td>Left</td>
<td>Right</td>
</tr>
<tr>
<td>Can you disclose foreign currencies?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Can you disclose assets?</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Is there a penalty for disclosing?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Is there a reduced penalty for repatriation?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Is repatriation required?</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Is there a credible information exchange threat?</td>
<td>~</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Is there legal certainty? (currency controls)</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>How many people disclosed?</td>
<td>35k</td>
<td>16k</td>
<td>255k</td>
</tr>
<tr>
<td>How much was disclosed? (% GDP)</td>
<td>1.3%</td>
<td>0.5%</td>
<td>21%</td>
</tr>
</tbody>
</table>
A credible threat of detection? Yes

- The threat of detection was not credible prior to 2014 because Argentina had no TIEAs ⇒ It is difficult to catch people evading taxes offshore

- In October 2014, Argentina commits to exchange information by September 2017 (for FY 2016) for OECD-AEOI

- In 2016: TIEAs with **Uruguay** (Sep’16), **Switzerland** (Nov’16), **Brazil** (Dec’16), and the **US** (Dec’16)

- In April 2016: Panama Papers were leaked
TIEAs made the threat of detection more credible

Timeline of agreements signed during the 2016 amnesty

- **Agosto**: Declaración conjunta para el Intercambio de Información Tributaria. A partir de 2017
- **Setiembre**: Convenio de intercambio de información. A partir de enero de 2017
- **Octubre**: Acuerdo bilateral para el intercambio de información. A partir de 2018
- **Noviembre**: Acta de Entendimiento (retroactivo últimos 5 años) y Acuerdo de Intercambio (inmuebles, autos, cuentas bancarias). A partir enero de 2017
- **Diciembre**: Acuerdo de intercambio de información tributaria (IRS), automatizado, a requerimiento y espontáneo.

Source: Slide taken from AFIP’s communication campaign.
A credible threat of detection? Yes

Panama Papers leaked in April 2016

Google search interest

- "Tax Amnesty"
- "Panama Papers"
A credible threat of detection? Yes
Argentina’s TIEAs are being used to enforce taxes

▶ AFIP crackdown on foreign accounts thanks to TIEAs
▶ “3,000 foreign bank accounts under investigation”
▶ “They were not reported to AFIP in 2016 and 2017; the AFIP will continue to investigate information received from other tax entities around the world”
▶ Reinforces the value of TIEAs

Source: La Nacion, October 9, 2021.
Generous tax incentives? Maybe

Unlike for previous amnesties, 2016 amnesty participants expected the **wealth tax** to be progressively eliminated ⇒ encourages participation of evaders

Notwithstanding, 2016 participants also paid the highest **penalty rate**: up to 15% compared to only 8% in 2009 and 0% in 2013–15 ⇒ discourages participation of evaders but retains support and compliance of honest taxpayers

Moreover, conditional on participating, penalty rates do matter (but appear to have a limited effect if **repatriation** is required). Recall the 2016 penalty schedule:

⇒ 10% vs 15% for assets above US$ 50k if disclosed before or after **Dec 31, 2016**
⇒ 0% if 1/3 disclosed value is invested in **treasury securities** or in domestic **mutual funds** for 5-yr
Most assets disclosed in Dec 16, before top penalty rate ↑
Revenue from Amnesty’s Special Tax

Total collected:
AR$ 148,600 mill
(USD 9,522 mill)
A favorable political economy? Yes

Confidence in government (UTDT Index)

Macri took office in 2019 and introduced currency controls. Mean confidence in government from 2009 to 2016 was 1.3, from 2013 to 2015 was 1.7, and from 2016 to 2018 was 2.5.
Salience? Yes
A massive advertisement campaign
Low compliance cost? Yes

Screenshot of AFIP’s main webpage

Translation:

Tax Amnesty (Sinceramiento Fiscal)

“HOW TO DISCLOSE ASSETS’

“Access this video-tutorial for a step-by-step guide to report your undeclared assets and enjoy the benefits”
Low compliance cost? Yes
An App and a calculator to simulate the tax penalty
Low compliance cost? Yes

Screenshot of AFIP’s main webpage

Translation:

Tax Amnesty (Sinceramiento Fiscal)

“This is an opportunity to do your part, declare all your assets, regularize your debt and, if you complied, find out about the benefits”
Low compliance cost? Yes

Screenshot of AFIP’s main webpage

Translation:

Tax Amnesty (Sinceramiento Fiscal)

“DO YOU HAVE UNDECLARED CASH?”

“You have until October 31st. Don’t miss it out. You still have time!”
Under What Conditions is a Tax Amnesty Successful?

What does seem to work?

✓ A credible threat of detection thanks to TIEAs and leaks
✓ Large tax incentives for evaders to disclose (but maintain support of compliant taxpayers)
✓ A favorable political economy thanks to a pro-market and business-friendly government and earmarking revenue for a perceived good cause
✓ High salience thanks to massive info campaign
✓ Low compliance cost by simplifying the procedure to disclose

What does not seem to work?

► Tax incentives to repatriate assets
► Tax benefits for investing in treasury securities
An increase in the wealth tax to raise revenue for COVID-19

- The increase in reported wealth enabled the gov’t to raise revenue progressively in 2020 to deal with the COVID-19 crisis  

- A one-time wealth tax surcharge was levied on the 12.5k wealthiest people: MTRs between 2% to 3.5% for domestic assets and 3% to 5.25% for foreign assets

- Revenue was earmarked for health expenses (e.g., medical supplies, vaccines), subsidies for SMEs, and welfare for low-income households

  ⇒ 10k people filed, with \( \approx \) USD 80B in taxable assets (50% located abroad)  
  
  Reference: pre-amnesty taxable assets of wealthiest 10k \( \approx \) USD 41B

  ⇒ Collected \( \approx \) USD 2.66B (\( \sim \)80% of the projected revenue); \( \equiv \) 1 month of VAT revenue

  ⇒ Non-filers were subject to higher audit rates