
From: Diana Patricia Richardson Pena

Sent: Friday, 10 March, 2023 9:12 PM

To: Taxreport2023 <taxreport2023@un.org>

Subject: Call for public input: Promotion of inclusive and effective tax cooperation at UN

Dear Members of the United Nations Tax Committee:

I'm Diana Richardson, I work as Director General of the Agency of the Inspector General of Taxes Revenues and Parafiscal Contributions ITRC (Spanish acronym) in Colombia.

I am writing to you in order to present an institutional and methodological contribution aimed at controlling the areas of fraud and corruption that can affect tax collection in our countries. I thank you in advance for your attention and possible feedback to this communication.

The ITRC Agency in Colombia is a model for the region on the external control of tax administrations.

The relevance and importance of instituting external and independent controls of tax administrations are recognized as an effective institutional tool to detect and neutralize fraud and corruption spaces through which tax resources are misappropriated. This kind of control is useful to identify those harmful corruption spaces and formulate adequate, measurable and efficient corrective measures to respond to the imperative need to protect tax collection.

Thus, at the end of the year 2011, the Agency of the Inspector General of Taxes, Revenues and Parafiscal Contributions was created in Colombia as a national entity, attached to the Ministry of Finance and Public Credit, with the support provided by the Office of Technical Assistance (OTA) of the U.S. Department of the Treasury (U.S. Department of the Treasury).

This entity has a function similar to that of the Treasury Inspector General for Tax Administration (TIGTA) of the United States of America, which was created in 1998, in order to establish an external control over the activities of the Internal Revenue Service - IRS, i.e., it is an external control to the entity to carry out anti-fraud and anti-corruption inspections and/or audits on the procedures of the Tax Administration.

In the Colombian case, this control is exercised over the main entities collecting national taxes in the country, among which is the Colombian tax administration: the National Tax and Customs Directorate – DIAN (Spanish acronym).

The ITRC Agency in Colombia has developed its own methodology to identify areas of tax fraud and corruption, and to manage them preventively. Through the application of this methodology, it has been possible to reduce the exposure indicators of the tax administration's mission processes to the risks of fraud and corruption.

The recommendations issued by the ITRC Agency to the tax administration have made it possible to articulate controls to close spaces that generate corruption risks in the processes. Besides it has allowed to promote the adoption of best practices in the administration of taxes, which has favored the assurance of the State's revenues.

In this way, the ITRC Agency acts through a preventive role as well as a sanctioning role.

The purpose of the sanctioning role is to protect the transparent exercise of the public function and the effective provision of the fiscal service. With regard to this role, the Agency's mission is to investigate and impose disciplinary sanctions on the public officials of the supervised entities for committing serious disciplinary offenses associated with acts of corruption, crimes and the misappropriation of public resources.

The disciplinary sanction of dismissal or disqualification from holding public office, as a result of a rigorous investigative process, serves as a deterrent tool and is also exemplary to discourage corrupt acts by officials of the fiscal administration.

Finally, the ITRC Agency has developed a special tool for the measurement and analysis of information related to the phenomenon of fraud and corruption in the country's tax and revenue collection entities. This public management tool is called the Fraud and Corruption Prevention System - SPFC (Spanish acronym). This system articulates the information coming from the inspection and sanctioning functions to generate predictive instruments of the behaviors prone to corruption and to establish effective preventive measures to avoid them.

This leads to the conclusion that the model developed in the ITRC Agency represents a great contribution to the fiscal sustainability of the State, since its prevention, assurance and disciplinary investigation scheme has a direct impact on the containment of tax revenue erosion.

My proposal consists of strengthening the preventive work of detection and control of fraud and corruption in the tax administrations through continuous investigation and the development of effective methodologies aimed at this objective. For this purpose, the experience of the ITRC Agency and the call for greater international cooperation to replicate models of good practices that allow the protection of tax revenue are put forward for your consideration.

Sincerely,