



Tax systems' at a glance: Recent progress and reforms in Paraguay

In 2020, the tax-to-GDP ratio in Paraguay was 12,4 percent, 0,8 percentage points less than in 2019.

To respond to the health crisis brought on by Covid-19, measures implemented by government during this time focused on containing and mitigating the spread of the virus. As a result, Paraguay experienced a sharp downturn in economic activity. Over the course of 2021, Paraguay worked to formulate an appropriate framework to regenerate the economy. Part of the growth experienced by Paraguay during this time was a due to the implementation of a new tax law, which prioritized new taxes, such as corporate income tax, for collection.

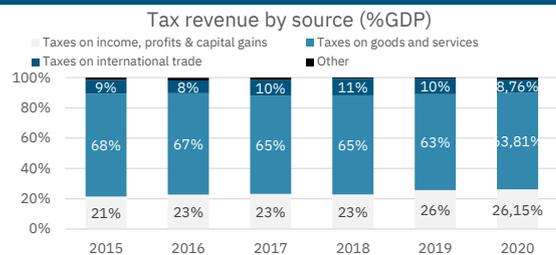
With regard to fiscal measures for environmental sustainability, the National Constitution enshrines the protection of the environment, as can be seen in several articles on the right to a healthy environment and environmental protection. The national tax system also establishes exemptions for corporate income tax, value added tax and selective consumption tax where income or consumption are geared towards improving environmental conditions.

Enhance Domestic Revenue Mobilisation



The graph reports the tax-revenue-to-GDP ratio trend for years where data is available.

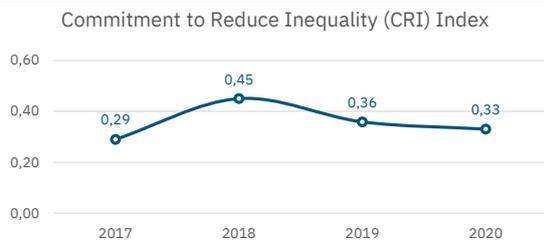
Source: Government Revenue Dataset (GRD).



The graph presents the composition of tax revenues in the country by source of revenue for the period 2015-2020.

Source: Government Revenue Dataset (GRD) (ICTD-UNU-Wider).

Equitable tax systems



The graph reports the trajectory of the Commitment to reduce Inequality (CRI) Index. The CRI Index scores from zero (least progressive) to one (most progressive).

Source: Oxfam international, the Commitment to Reducing Inequality Index.

Efficient revenue administration

- Paraguay does not manage large taxpayers and High Net Worth Individuals (HNWIs) programmes



Source: Global Tax Expenditure Database (GTED).

Coherent and coordinated policies

The data reported by Paraguay regarding tax expenditures is:	Provision level
The regularity of data reporting regarding tax expenditures in Paraguay is:	Irregular

The Executive's Budget Proposal or any other documentation present information on tax expenditures for at least the budget year	Yes, information beyond the core elements is presented for all tax expenditures.
The government ensures all existing and new tax expenditures are provided for in tax legislation, and is scrutinised by parliament	Yes

Source: Global Tax Expenditures Database, Country Profiles; Open Budget Survey; 2020 ATI Monitoring Survey.

Engagement with accountability stakeholders



The graph displays scores on the basis of whether countries meet all (100), most (67), a limited part (33) and none (0) of the requirements for each of these citizen engagement indicators.

Source: IBP Open Budget Survey, questions 127, 130, 131, 137 and 138.

Combat tax-related illicit financial flows

- Paraguay is not yet a signatory country to the CRS Multilateral Competent Authority Agreement (CRS MCAA).
- Paraguay has put in force the Amended Multilateral Convention on Mutual Administrative Assistance in Tax Matters for EoIR.

Source: OECD Global Forum on Transparency and Exchange of Information for Tax Purposes, Compliance ratings following peer reviews against the standard of EoIR."



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