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Cooperative Compliance: SWOT Analysis for the Brazilian CONFIA Program

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Resumo/Abstract

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Abstract

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Keywords: Cooperative Compliance; Tax Administration; Taxpayer; Tax advisor; Trust.

1. INTRODUCTION

Tax uncertainty is the constant game in tax relations, played by both taxpayers and tax administrations. On the one hand, taxpayers are faced with the burden of increasing transparency obligations, emphasizing several reports and the demand to disclose procedures applied to reduce tax. On the other hand, tax administrations are expected to make efficient and effective use of their new compliance tools. An excessive amount of information can cause paralysis, especially in a scenario where the tax administration has minimal and scarce resources at its disposal (Bronżewska & Majdańska, 2019, p. 99).

In this context, Cooperative Compliance (CC) is an organizational strategy to establish a relationship with taxpayers based on good faith, trust, and transparency. The goal is to promote voluntary tax compliance and reduce conflict. Some countries have implemented compliance instruments following calls for greater fiscal security (Owens & Pemberton, 2021). However, the actions of the Brazilian Tax Administration have historically been mainly repressive, prioritizing audits on facts practiced for years by taxpayers and the issuance of infraction notices (Almeida, 2018, p. 472).

Approaches such as Cooperative Compliance in taxation can be seen as a "new tax governance" founded on several core elements, namely: 1) a more collaborative relationship between the tax administration and regulated entities based on the recognition that Regulation can operate most effectively when it incorporates the context-specific experiences of private actors and relevant expertise; 2) giving regulated entities greater autonomy to design their internal processes to meet broadly defined outcomes, and 3) a focus on developing regulatory strategies that place responsibility on organizations for their tax compliance and that attempt to foster internal motivations to support compliance (Goslinga et al., 2019, p. 41). This new tax governance underpins a broad shift in Regulation, prioritizing everything from ex post-discovery of tax violation to ex-ante anticipation and prevention and self-discovery through internal tax compliance systems.

Compliance with tax obligations is becoming more complex daily, and tax professionals contribute to tax collection by becoming social collaborators (Bronżewska & Majdańska, 2019). Tax advisors, like accountants and tax lawyers, often provide assistance and information to taxpayers, thus facilitating voluntary compliance with tax obligations. However, sometimes a negative view of the figure of the tax advisor prevails. They are blamed for the implementation of planning mechanisms and strategies that have led to tax noncompliance. On the other hand, the suitable position concerning legal and economic knowledge held by these professionals makes it easier for them to be instruments of collaboration for the tax administration and to be the architects and designers of tax compliance and designers of tax avoidance and tax evasion practices (Gómez Requena, 2020, p. 3–4).

Following this article, the cooperative compliance program will be discussed. Firstly, its objective and performance premises will be exposed. Subsequently, some of the challenges for CC will be discussed, illustrating what will be faced by democratic nations in structuring a new way to formalize the relationship between taxpayer and tax administration. Subsequently, some Brazilian initiatives will be discussed, highlighting the exposure of the CONFIA proposal as a program of the Receita Federal do Brasil. Finally, using a SWOT analysis based on international experiences, we will discuss opportunities, threats, strong and weak points for the success of the CONFIA program. Additionally, some recommendations to ensure an environment of increasing cooperation in the tax field.

2. RETHINKING TAXPAYER AND TAX AUTHORITIES' RELATION

The "cops and robbers" approach, which governed interactions between taxpayers and tax administrations, is rooted in Becker's theory of crime. The tax administration approach that followed Becker's theory of crime suggested that taxpayers, as utility maximizers, always engage in a cost-benefit analysis to decide whether or not to pay taxes (Martini et al., 2021, p. 31). According to Allingham & Sandmo, and Srinivasan, the weaker the deterrence mechanisms (audit probability and penalty rate), or the higher the tax rate, the lower the degree of anticipated tax compliance. Based on these assumptions, tax systems tend to adopt strict and punitive regulations. Tax administrations should make their power noticed and, as such, in their relationship with taxpayers, they should assume a role based on authority and control (Martinez & Coelho, 2019, p. 607–608).

2.1 What is Cooperative Compliance?

Cooperative Compliance (initially called the enhanced relationship) emerged as an initiative in 2005. In a 2008 OECD Report, at the 4th Meeting of the Tax Administration Forum (TAF) held in Cape Town, was discussed for the first time as a relationship that favors collaboration over confrontation and is anchored more in mutual trust than in enforceable obligations and a relationship with tax authorities founded on cooperation and mutual trust. Between both parties, that implies a willingness to go beyond mere compliance with their legal obligations (Chico de la Cámara, 2021, p. 5/24).

So, an important milestone occurs in the TAF's conclusions. The following stand out: a) Tax intermediaries have an essential role in helping the taxpayer and promoting aggressive tax planning. b) The Administrations react in different ways; some by establishing a registry and control of tax intermediaries or disclosing aggressive tax schemes and warning of their use. c) Although the tax intermediary may offer these aggressive schemes, the taxpayer decides and establishes the strategy and the degree of tax risk, which is more critical in large taxpayers. d) Risk management is an essential tool of the Tax Administrations for an optimal application of resources and reacting to changes. e) on excellent risk management, it is essential to have updated, relevant, and reliable information, the best source being the taxpayer himself. If

possible, this could be obtained through an administration-taxpayer relationship based on rapid communication and transparency. f) The characteristics of this relationship should be as follows: i) understanding based on knowledge of the company's environment, ii) impartiality, iii) proportionality, iv) transparency, and v) agility (Fernández, 2019, p. 12).

It is founded on the premise that cooperation between tax administrations and taxpayers must be based on three pillars: mutual trust, understanding, and transparency. These three foundations are formalized in seven characteristics, two of which, transparency and disclosure, apply to taxpayers, and the remaining five (commercial awareness, fairness, proportionality, transparency, and responsiveness) apply to the tax administration (Bronżewska & Majdańska, 2019, p. 100). Since creating the Cooperative Compliance proposition, understanding its key features has been translated into practice and developed in various ways. In July 2013, the OECD followed up the original report with a new report entitled "*Cooperative Compliance: A Framework, From Enhanced Relationship to Cooperative Compliance*." The renamed concept can best be characterized by "transparency in exchange for certainty" (OECD, 2013, p. 45).

A cooperative compliance system is based, above all, on trust, through all agencies that directly or indirectly exercise functions related to taxation, whether they are legislative, judicial, supervisory, or regulatory, must behave coherently. In this way, disappointments due to the feeling of injustice and discrimination are avoided, which would destroy the voluntary cooperation of the taxpayer with the tax authorities, which must overcome the natural insecurity of the taxpayer in the face of the power legally conferred him. (Almeida, 2017, p. 80)

In sum, this new approach implies a dynamic process in which each of the parties will have to leave behind the mistrust of the past and begin a new and renewed phase inspired by mutual trust. Taxpayers should metabolize this new role by assuming that they have to pay their fair share of taxes. Based on the duty to contribute to the general burden. On the other side, a new basis for a "good administration" was to be laid, inspired by the principles of the prohibition of arbitrariness, objectivity, and efficiency, and based on good faith.

At the EU level, several steps have been taken to establish a Cooperative compliance system. Directive 2016/1164/EC sets rules against tax avoidance practices that directly impact the functioning of the internal market. Furthermore, at the end of 2016, the Commission drew up guidelines for a European Taxpayer's Code, which seeks to ensure greater transparency concerning the rights and obligations of parties and to and obligations of the parties and encourage administrations to adopt a more service-oriented approach. Following this first step, the DAC 6 Directive (for which the transposition deadline was December 31, 2019, whose obligations entered into force on July 1, 2020) introduces significant new developments in this area, leading to tax changes relations and responsibilities. and tax obligations (Guervós Maíllo, 2020, p. 16/20).

2.2 The taxpayer in the Cooperative Compliance approach

A taxpayer participating in a CC program needs to disclose how it handles its tax affairs. It is necessary to create a tax control framework (TCF) that measures whether a taxpayer is in tax compliance and can ensure compliance. For tax administrations, it is necessary to demonstrate a deep understanding of the taxpayer's business and industry. The compliance tools applied need to be objective and proportionate. And the tax administration must react to taxpayer inquiries transparently, promptly, and objectively.

The current trend is integrating the tax function into corporate governance, explicitly assigning tax responsibility to the board of directors. Boards should establish the general guidelines for tax policy and strategy and the good governance structure, i.e., tax risk control, compliance model, oversight mechanisms, and transparency. Integrating tax policy and tax risk

management and supervision within the framework of good corporate governance is intended to increase compliance with strictly corporate objectives and establish an instrument for improving tax compliance as a tax control mechanism that tax authorities can use. In addition, good corporate tax governance is a tool for governments in the fight against corporate tax evasion. In this respect, the framework for good corporate tax governance has significant implications that mean that tax payment and compliance are no longer time considered a simple cost to be minimized as with any other operating expenses and have become a strategic function. (Calderón, 2020, p. 110).

The paradigm shift in taxation has affected not only the MNEs of industrialized countries. The new tax principles, imposing on corporations tax contributions in a fair tax share, tax transparency, prevention of base erosion, and profit shifting drive such evolution of the international tax system to reflect the requirements of emerging and developing countries. The new standards of tax corporate governance, combined with the digitalization of tax administrations that have created new tools, systems, and models of tax control based on risk analysis, have changed the traditional role of TCFs, and the tax function. (Calderón, 2020, p. 122) It is time to implement the superior technique of "carrot & stick" in administrative relations. In the symbolic process where the exemplary taxpayer is rewarded, the taxpayer is awarded, just as when one insists on not being one, it is only fair that the total weight of the law should be brought to bear on the non-compliant by stiffening the punishments.

Tax advisors (including accountants and tax lawyers), banks, and insurance companies, among others, have a duty to report to the tax authorities the tax to inform the tax authorities of cross-border schemes that present distinctive features of aggressive tax planning. Such obligation reaches the taxpayer himself in those cases in which professional secrecy can be invoked. Moreover, this information (subject to automatic exchange between the member states of the European Union) may even extend these duties to the extent these duties to purely domestic, not cross-border, transactions.

In this new relation, we can extract the following characteristics of CC programs: a) We are dealing with a relationship between the Tax Administration and taxpayers; b) Cooperation is given priority over confrontation, as a result of which prevention is given priority over repression (imposition of penalties) and c) As a consequence of this last characteristic, there is a tendency to reduce litigiousness, in addition to avoiding the imposition of penalties, there may be an increase in tax collection. (Carrasco Parrilla, 2021, p. 66–67).

A more cooperative and less adversarial system would be ideal, also because it would allow for an increase in the rate of voluntary (not forced) tax compliance. Among the main characteristics of the proposed cooperative tax regulation model, the following stand out (a) the encouragement of cooperation, information sharing, and convergence of interests between tax administration and taxpayers; (b) the prioritization of transparency, dialogue, and preventive conflict resolution; (c) the possibility of taxpayer participation in the elaboration of the applicable normative and regulatory framework, which reduces mistrust and aggressiveness concerning the acts perpetrated by the tax administration; (d) the forecast and concession of benefits and bonuses (carrots) as incentives to the compliance behavior; and (e) the coexistence of the incentives and rewards with the punitive measures, the latter applies only to recalcitrant taxpayers in the noncompliance behavior, prioritizing, as to the others, the collaboration and the preventive solution of conflicts (Vitalis, 2019, p. 20).

The scope of application of the rule reminds us of the classic "prisoner's dilemma," in that the administration will put pressure on "intermediaries" and "taxpayers" to reveal how much they know about this abusive practice since the one who "informs" could comply with his obligation and be forgiven of this responsibility, causing damage to the other contracting

party. But, on the other hand, if everyone (well-coordinated) were to keep silent, that is to say, "keep quiet" according to the well-known "Nash equilibrium" of game theory, following the classic Latin saying "*aequam memento rebus in arduis servare mentem*" (keeping a calm mind in difficult times), it is likely that this obligation would expire within four years of knowledge of its existence, which would have to be proven by any means of evidence valid in law (Chico de la Cámara, 2021, p. 10/24).

Cooperative compliance activities are on the rise. Indeed, consolidating this trend is an excellent way to attract capital and investors, assuming that the level of demand from consumers and society is growing every day, tending to privilege those companies that conduct themselves ethically and responsibly in their routine actions. Therefore, the legal systems must provide for a series of rules that promote and encourage the implementation of these Codes of Good Practices. Furthermore, these guidelines or codes of conduct bring innumerable benefits to companies by reducing their levels of exposure to risks or situations that could compromise their liability. Finally, suppose the ultimate purpose of these good practices is to enervate the values that determine the behavior of corporations. In that case, they should be extended to all the company's scenarios of action with special attention, logically, to those with legal relevance (García Novoa & Caballero Perdomo, 2019).

For this reason, the tax area takes on particular relevance in corporate compliance agendas. In essence, it is intended that, with a series of actions or guidelines provided in these Codes, the proper compliance with tax obligations is promoted, tax risks can be detected at an early stage, and the necessary measures can be established to correct them and, of course, how to address and minimize the tax contingencies that may arise. The timely payment of taxes, the implementation of accounting practices consistent with Generally Accepted Accounting Principles (GAAP), external audits, and compliance by the company -as an employer- with specific tax obligations that affect its payroll, should be part, among other assumptions, of the integrity and transparency policy of a reliable company.

At the same time, it is essential to consider the tax liability (whether joint and several or subsidiary) of those who represent the company, are part of the management bodies, occupy senior management positions or represent the corporate government, because, even when we are facing the criminal liability of the company, it could eventually fall on such individuals, even compromising their freedom in the face of tax crimes punishable with restrictive penalties of liberty for those who are considered responsible or co-participants of the illegal act.

2.2.1 Requirements for a successful Cooperative Compliance Program

For the most collaborative relationship between the parties to be achieved and maintained, both the Treasury and the taxpayers must follow certain model assumptions. The representatives of the tax administration must-have commercial knowledge about the business developed by the company, about the practices usually followed by the market, cost and expense structure, sources of revenue, profit margin, competitiveness in the economic sector, etc.

They must provide impartial decisions, proportionality in the topics dealt with, giving preference to the most relevant issues. In addition, they must guarantee greater openness about their procedures and legislative interpretations and answer questions quickly. The aim must be to provide companies with the information they need to comply with the "letter of the law" and the objectives pursued with the tax rules. In turn, taxpayers must ensure that they act with openness and transparency concerning the tax authorities.

The goal is no longer to report as little as possible to the tax authorities but to ensure that the company's tax treatment and controls comply with the law and that the company is

committed to assess and collect the taxes due correctly (Dias, 2019, p. 6–9). Thus, improving access to information is one of the central requirements for ensuring better tax compliance.

Tax administrations cannot improve their effectiveness and efficiency if they do not have accurate information about taxpayers, their activities, and the transactions they have entered. It is not surprising, then, that one of the current priorities for tax administrations is to increase access to information to reduce systemic blind spots because processing, interpreting, and ultimately making use of all available data is a significant challenge in itself (Majdanska & Schoueri, 2017, p. 632). For example, in **Figure 1**, it is presented the main requirements of the Cooperative Compliance program:



Figure 1: Crucial elements for the success of a CC program

2.2.2 Advantages of a Cooperative Compliance Program

Among the advantages are, on the one hand, the taxpayer reduces insecurity because of the gain in certainty and clarity through a service coordinated in conjunction with the tax administration; of the prior knowledge of the compliance costs in the various tax authorities and the respective chance to reduce them; of the commercial/business perception to be developed in the scope of the inspection activities; of the simplification of the decision systems in the area of the administrative-tax process; of the administration's timely response to consultations and return of resources and credits. The tax authorities, in turn, have greater predictability and security in tax collection due to the gain in transparency with the voluntary disclosure of information; tremendous respect for the spirit of the law by companies; open and transparent dialogue with the private sector; cooperation in assessing tax risks; assistance in understanding business and commercial practices, as well as improved use of tax risk management systems, enhancing the use of tax risk management systems. (Almeida, 2017, p. 79)

Taxpayers who embark on such programs expect certainty and clarity regarding tax items in return, thus bringing greater security for structuring and planning their business. In addition, an approach to the authorities results in a greater understanding of the corporate reality, creating awareness of both the business issues and the compliance costs incurred by companies. Therefore, CC regimes, first, ensure a more transparent environment. This way, divergences as to possible interpretations of the law are dealt with in a coordinated manner, helping to change the profile of the work of these authorities, which stop acting so heavily in an investigative manner and start following more closely the business reality that, once understood, facilitates the application of the existing system (Arandas, 2018, p. 122).

One way to reduce litigiousness is that The Administration will assess compliance risks and segment or group taxpayers according to the threats detected. Through tax risk management, ex-post controls (preventive versus repressive action) disappear, and taxpayers are monitored according to their tax risk. The lower the risk, the greater the assistance and information provided by the administration to taxpayers (Calderón, 2020, p. 67).

One of the advantages of this methodology change for the tax authorities is to ensure better use of their resources since they could prioritize their staff and technical capacity allocated to enforcement measures for higher-risk taxpayers. In addition, a relationship of more dialogue and collaboration would also increase the level of business knowledge of the tax authorities and ensure a higher level of certainty that companies' tax decisions are following the law, reducing the number of disputes.

Additionally, it is expected that CC will allow the tax authorities to have a higher level of assertiveness in their tax collection forecasts since the taxpayers targeted by CC represent a significant percentage of the tax collection. Taxpayers also benefit from collaborative compliance programs materialized in the opportunity to reduce doubts and resolve tax disputes more quickly. It also ensures greater certainty for taxpayers, helping manage tax risks and reducing the need for financial provisions for tax and audit risks. Added as a positive characteristic of the approaches based on CC is the possibility of implementing them utilizing non-statutory rules issued by the tax administration, without the need for changes in laws or regulatory norms.

Any taxpayer, regardless of their tax relationships and profiles, is part of the tax management system according to two segmentation variables: a) Their contributory shape, which is defined by the tax obligations they are subject to according to their legal and economic personality (salaried employee, self-employed professional, commercial company, resident or non-resident, pensioner, etc.). b) Their taxpaying behavior is defined by the tax conscience that governs their actions as taxpayers.

Based on TIPKE's classification, we could, in a simplified and schematic way, define the different profiles of citizens when dealing with the Tax Administration in four types of taxpayers: i) Taxpayer: is any person who correctly pays his taxes; performs an economic activity, is registered in the tax census and contributes to the GDP; ii) Bad Taxpayer: is any person who does not pay all his taxes, either by mistake, or because he has discovered a legal mechanism to pay less, or because he is convinced that he will not be found out; he also carries out an economic activity, is registered in the tax census, and contributes to the GDP economic activity, is registered in the tax census and contributes to the GDP; iii) Defrauder Taxpayer: is any person or entity that should contribute and expressly does not do so. They carry out an economic activity, are not registered with the tax authorities, and contribute to its GDP. Structural and planned fraud also fall under this heading, iv) Delinquent: a person who simulates economic activity intending to benefit from tax refunds on a large scale by deceiving the tax administration. He is registered, does not perform an economic activity, and does not contribute to the GDP (Tipke, 2020, p. 103–110).

Another advantage is to lower the legal insecurity of those taxpayers classified as low risk and allow the tax administration to allocate available resources to enforce compliance with higher tax risk rates, thus fostering mutual trust in applying the tax system. In this way, it is possible to distinguish different categories of taxpayers based on their risk profile (e.g., taxpayers with a higher tax risk profile). This risk profile will determine the type of relationship that the taxpayer may have with the taxpayer. Likewise, the kind of relationship that the taxpayer may have with the tax authorities will depend on this risk profile. The classification of taxpayers according to their tax risk will also allow the Tax Administration to organize the

different preventive, dissuasive or sanctioning measures for noncompliance based on a responsive approach.

It is essential to bear in mind that, in the face of each of these profiles, the administration will have to address them in different ways to maximize efficiency in its operation. The change towards a cooperative model implies a mutation in the tax application schemes presents up to now. First, it is worth remembering which is the prevailing paradigm for the application of taxes at present. The tax system is no longer based on the essential adoption of administrative liquidation acts that the Tax Administration issues and notifies taxpayers, but on self-assessments. And the system also relies on the necessary intervention of private parties who do the administration's work, such as withholders or those who charge VAT.

This phenomenon, which some authors have called the privatization of tax management, changed the application of the tax system forever, transferring to the taxpayer, through self-assessments, a large part of the work previously carried out by the administration, and made the requirements of legal certainty that should surround the system of duties of collaboration particularly important. Suppose it is the private individuals who apply the tax law. In that case, the activity of the administration is confined to a tax police function, limited to selectively controlling specific self-assessments and sanctioning. In this way, the system reveals its main Achilles' heel for the taxpayer: legal uncertainty and the risk of being penalized for interpreting the law in a sense that does not coincide with that of the Treasury.

Therefore, the current model is based on a link between taxpayers, especially companies, based on a distribution of roles: the taxpayer self-assesses and pays the tax, and the administration, a posteriori, verifies, settles, and penalizes. The idea is to replace this model with a permanent relationship model based on a preventive procedure and legal discussion, accompanied by monitoring of taxpayers according to their risk profile. In short, the aim is to gradually introduce something that the OECD is currently promoting, and which has traditionally been a sign of distinction of the British Tax Administration, such as the settlement or agreement culture.

2.2.3 Tax Risk Management and Certification Policies

CC requires transparency, and transparency requires the implementation of tax risk management models. Tax risk management can be carried out in several ways. Firstly, through the companies' self-regulation techniques. Thus, companies that adhere to the code should draw up a Manual of Good Tax Practices.

The Manual must also refer to good practices, indicate the body or subject responsible for them, and propose corrective measures for their non-observance. At the same time, the whistle-blowing channel for possible noncompliance must be regulated. And this, following the Anglo-Saxon line of encouraging the reporting of tax noncompliance (encouragement of whistleblowers), qualified as the maximum expression of tax transparency in the company. Therefore, it is necessary to regulate the forms of reporting, the protection measures for whistleblowers, the company's obligations to verify and process the reports, and the channel's relationship with data protection. In addition, the qualification of a taxpayer as compliant requires that such condition be certified, which will require that some entity officially verifies compliance by taxpayers and, in particular, companies with compliance standards.

It is possible to resort to the so-called standardization to certify that the risk prevention systems comply with the required standards. The Regulation defines standardization as the set of actions to define voluntary technical or qualitative specifications with which current or future production processes, services, or products can comply. And an essential part of standardization is the elaboration of technical norms or standards. Compliance with standards will allow the

certification and, therefore, the qualification of the taxpayer as compliant, which will allow a more favorable treatment before the Tax Administration.

Different cooperative legal compliance programs can be analyzed according to the following instruments. i) Companies have clarity on how to achieve CC (Clarity); ii) Look ahead and act in real-time to ensure that tax uncertainties are prevented or detected when they occur (Timeliness); iii) Put effort into tax (non-tax) related operations; iv) Make compliance with laws and regulations easy and noncompliance difficult (enforcement); v) Actively engage taxpayers, their representatives and other stakeholders with the goal of better understanding and cooperation between parties involvement (Colon, 2017, p. 2017).

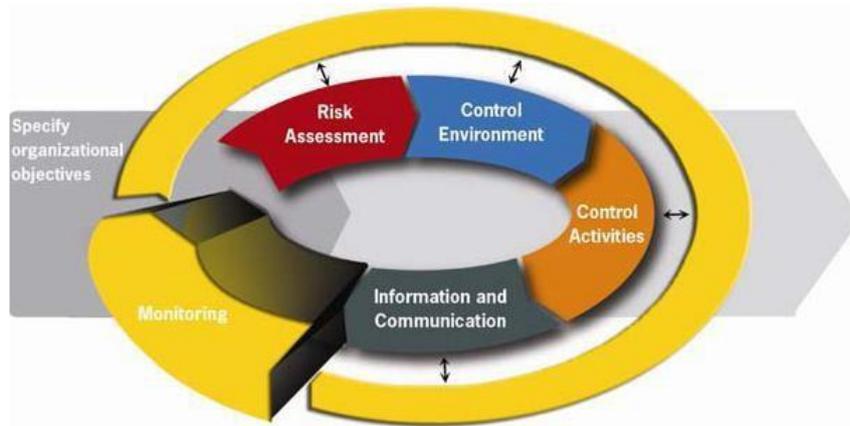


Figure 2: Tax Control Framework for risk tax management by taxpayers

2.2 Cooperative Compliance in Brazil

In Brazil, a change of concept for implementing a more friendly relationship with the taxpayer is still quite timid, especially considering that Brazil is part of the current group of 50 members of the OECD Forum on Tax Administration. As a result, the Brazilian relationship between the tax authorities - covering the three federative spheres, despite the many differences within each municipal, State, and federal tax administration - and the taxpayers have been marked by distrust on both sides. Through the administration's lens, one can see tax evaders on a massive scale. At the same time, through the taxpayers', one can identify vindictive and opportunistic authorities, always on the prowl to produce new interpretations of the rules that result in tax assessments. Thus, insecurity is consolidated in all its vitality (Almeida, 2017, p. 73).

After more than a decade of experience with a CC program, it is clear that they are here to stay and are being implemented by an increasing number of jurisdictions. These programs have evolved and will continue to grow, supported by new technologies, which will take CC to an even higher level. Brazil, starting now, can learn from these experiences and develop a robust and advanced program in the best interests of taxpayers and tax administration.

2.2.1 Previous experiences in Brazil

The customs program Authorized Economic Operator (AEO) can be classified as a Brazilian federal experience that adopts principles and methodology in common with CC. The Normative Instruction RFB 1,598, of December 9, 2015, lists transparency, public-private partnership, and risk management as principles of the program, as occurs in cooperative

compliance. Therefore, it is possible to deduce that this model develops from trust between the parties. Trade operators seek to demonstrate reliability in their actions in foreign trade and customs authorities, feeling confident that these operators' behavior is reliable, choosing to reduce some controls in exchange for a more collaborative, open, and transparent relationship. In addition, the legislation that established the AEO provides benefits to participating companies (in particular, the simplification of customs procedures) and creates additional obligations, such as the duty to consult the tax authorities if they have questions about customs legislation (Almeida, 2017, p. 74; Dias, 2019, p. 12–13).

Still, at the federal level, it is worth noting the monitoring of large taxpayers that was established in 2015 through RFB Ordinance No. 641 of May 11, 2015, and seeks, according to the objectives set in its art. 2º: I - to subsidize the RFB's senior management with timely information on the tax behavior of the largest taxpayers; II - to act close to the taxable event of the tax obligation; III - to know, in a systemic way, the economic-tax behavior of the largest taxpayers; IV - produce analysis on the most relevant negative variations that result, or may result, in a fall in actual or potential Revenue; V - promote tax compliance initiatives with the significant taxpayers, prioritizing actions for self-regularization; and VI - forward proposals for action to be implemented by the areas responsible for specific work processes.

The Brazilian IRS (RFB) has opened RFB Public Consultation No. 4/2018 to receive opinions on a compliance program (Pro-compliance) to be launched, which aims to "encourage companies to adopt good practices to avoid misconduct, through the establishment of a classification of taxpayers according to the degree of risk they represent." As stated in the explanatory memorandum of the Public Consultation: Pro-Compliance aims to promote good relations between the tax and customs administration and the taxpayer, based on the following principles: I - respect for the citizen; II - integrity; III - legality; IV - fiscal transparency; V - good faith, including the ethical duty to pay taxes; VI - legal security, with the predictability of conduct; VII - collaborative capacity with the tax and customs administration; and VIII - fair competition among economic agents. In addition to Pro-Compliance, the National Treasury Attorney's Office also held a public hearing on the Fiscal Positive Cadastre. In short, the federal tax administration already coexists well with several initiatives that encourage voluntary compliance, lacking only the behavioral change to move from a conflictive relationship to a more friendly one.

Another important initiative in Brazil is the Tax Compliance Incentive Program – "*Nos Conformes*," of the State of São Paulo, established by State Complementary Law No. 1.320, of April 6, 2018. The program seeks to create conditions to build a relationship of reciprocal trust between the tax authorities and taxpayers and adopts the following principles: simplification of the tax system; good faith and predictability of conduct; legal certainty; publicity and transparency; legal competition among economic agents. "*Nos Conformes*" seeks to facilitate and encourage tax compliance, reducing compliance costs, and aims to simplify tax legislation and reduce compliance costs. It aims to simplify tax legislation and minimize compliance costs among taxpayers. To this end, it points out that the São Paulo State Tax Administration must disclose its understanding of the concrete application of tax legislation and act transparently in its criteria for classifying taxpayers. Another novelty of the complementary state law is creating a classification (rating) of the taxpayers of the Tax on Operations Related to the Circulation of Goods and Services on Interstate and Intercity Transportation and Communication - ICMS, i.e., classification of the business taxpayers of the State Treasury (Dias, 2019, p. 13).

In early 2021, in Rio de Janeiro and Espírito Santo, the RFB had already created the Regional Tax and Customs Compliance Program (PRC), regulated by SRRF07 Ordinance No. 5 of January 18, 2021. The PRC aims to encourage the self-regularization of tax obligations

before initiating a tax procedure by providing the necessary instructions for proper compliance. As an example, under the CRP, self-regularization of the delivery of Federal Tax Debts and Credits Statements (DCTFs) was allowed after the Tax Authorities sent compliance alert to taxpayers classified as "differentiated" under RFB Ordinance No. 5,018 of December 21, 2020, that is, who have not delivered their DCTFs, or who have submitted them with zero or "close to zero" amounts.

2.2.2 CONFIA – Brazilian Tax Cooperative Compliance Program

On April 20, 2021, RFB Ordinance No. 28/2021 was published in the Federal Official Gazette, establishing the Management Committee responsible for the Tax Cooperative Compliance Program ("Confia") of Federal Revenue of Brazil. The basis of CONFIA is trust, justified by a structure of corporate tax governance, tax control, and risk management in taxpayers. Its goal is to promote benefits for the tax administration, taxpayers, and society, maintaining the equality of tax treatment among taxpayers. <https://www.gov.br/receita-federal/pt-br/aceso-a-informacao/acoes-e-programas/confia>

The Committee will be responsible for defining the guidelines for the creation and operation of Confia within the RFB. It is incumbent upon the Committee, among others, (i) to approve the dialogue forum with the presence of representative entities and companies; (ii) to evaluate the proposals forwarded by the dialogue forum and propose the issue of RFB normative acts relating to the Confia Model, the Code of Good Tax Practices ("CBPT") and the guidelines for the Tax Control Framework ("TCF"); (iii) the institution of specialized taxpayer monitoring teams, as well as the practice of other acts necessary to ensure the operationalization of the program.

Confia's initial objective is the controlled implementation of a pilot project for a cooperative compliance program, based on TADAT (Tax Administration Diagnostic Assessment Tool) and the models proposed by the OECD, and adapted to the characteristics of the IRS and Brazilian taxpayers. In the first stage of construction, the priority will be to work cooperatively with entities representing the largest taxpayers in a working group, to design the model of the program and its constituent elements (code of good tax practices, tax control framework, or adhesion agreement, among others) from its inception.

In this sense, the establishment of the Confia Management Committee is essential for the definition of guidelines and the approval of proposals for the program to be built collaboratively between the RFB and taxpayers in dialogue forums. This could be considered the beginning of a new milestone in the federal tax system, with increased taxpayer satisfaction with the tax administration, reducing the costs of tax bureaucracy, the tax gap, and increasing mutual trust through transparency.

The intention is that the program's guidelines will be structured throughout 2021 to begin a pilot with a small group of companies in early 2022. After this stage, the Revenue Service will implement the program, expand and improve over time. The issues that will be put under discussion between taxpayers and the Tax Authorities. One point that should attract much interest is seeking guidance from the tax authorities on applying tax legislation. Under current rules, companies submit questions through a formal procedure called consultation solution. The answers with the revenue's interpretation on how they should act arrive in 150 days on average. The idea is to create a structure that allows a kind of customized consultation solution. In other words, the company could open operations and planning for the tax authorities to give their opinion in advance, avoiding tax collections usually made years after the business has been done. In short, transparency is exchanged for legal security.

2.2.3 Development of the Code of Good Tax Practices

The Code of Good Tax Practices (CBPT) is an instrument where tax administration should be configured, not as a procedure of opposing parties, but as a collaboration for a common purpose". Note that the CBPT constitutes a soft law instrument, which would try to balance the relationship between the Tax Administration and the taxpayer based on the parties' good faith and mutual trust. Thus, the companies subscribing to the code commit themselves to adopt the following practices: avoid the use of opaque structures for tax purposes, such as the use of special-purpose vehicles through tax havens or territories that do not cooperate with the tax authorities; collaborate with the Tax Agency in the detection and search for solutions concerning fraudulent practices that may be developed in the markets in which they are present; and inform the Board of Directors, by the person responsible for the company's tax affairs, of the tax policies being applied and of the tax consequences of the operations and matters that must be submitted for approval by the Board of Directors. For its part, the Tax Administration undertakes to take into account the administrative precedents and to ensure that the interpretation of the rules is carried out respecting the unity of criteria of the administration itself; to publish the criteria it will use in its control procedures as long as they can be applied generally; to establish adequate procedures so that taxpayers can resolve any doubts regarding the tax treatment to be laid, and to favorably consider the explanatory information of the criteria used by the taxpayers (Ribes Ribes, 2020, p. 128–129).

Through the Code of Good Tax Practices, both the administration and the taxpayers voluntarily accept guidelines to improve the application of the tax system. Likewise, taxpayers willingly receive guidelines to enhance the application of the tax system. From the tax debtor's perspective, these guidelines are mainly summarized as avoiding opaque structures for tax purposes, collaborating in the detection and search for fraudulent tax practices that may develop in the markets, and the particular case of companies, informing the governing body of the tax policies applied to the organization during the fiscal year. For its part, the administration must not only anticipate by preventing possible problematic aspects that could lead to the elements that lead taxpayers not duly to comply with their tax obligations. But it must also try to collaborate to solve the specific circumstances affecting taxpayers, always specific circumstances affecting taxpayers, provided that they provide correct and timely information on their particular case. Information about their particular topic (Gil Cruz, 2020, p. 4/16).

Likewise, it is fundamental, as the Code of Good Tax Practices reminds us, the need that, in the interpretation of tax laws, taxpayers must agree in the understanding of the rules, the administration must respect the unity of criteria of both the jurisprudence and the agreement of standards of both case law and administrative doctrine and the Directorate General of Taxes. In practice, there are situations of extraordinary transcendence in which controversies can arise with taxpayers before the tax authorities—disagreements with taxpayers in the absence of a prior interpretative criterion in applying the regulations to the case.

In the new era of compliance, tax professionals, including accountants and tax lawyers, will play a significant role as social partners. They are in the front line, and thanks to their work, they facilitate the pedagogy of the tax culture, informing taxpayers of the application of the tax system and ensuring compliance with tax obligations that are increasingly complex and numerous in our tax system. The levels of representation of the tax advisor in a broad sense are i) Acting as an advisor; ii) Serving as an assistant to the taxpayer in the proceedings; iii). We have collated the three possible types of liability that a tax professional may incur: civil, tax, and criminal (Gómez Requena, 2020, p. 18/20).

3. SWOT ANALYSIS FOR COOPERATIVE COMPLIANCE IN BRAZIL

This part of the report presents from the perspective of a SWOT analysis, strong and weak points, opportunities, and threats for the success of the CONFIA program to be adopted in Brazil.

3.1 Strengths

In the case of Brazil, the adoption of a CC program does not demand legislative changes but only agreements formalized directly with the taxpayer. In the same way, the entrance in a CC program is commonly offered to a particular class of taxpayers that must satisfy objective criteria, such as complexity of structure or operations and participation in the tax collection. However, the fact is that this entrance depends, in the last degree, on the degree of risk that the candidate taxpayer represents to tax compliance. Thus, those qualified as high risk will hardly be able to participate in a CC program. Instead, they will have to improve their risk assessment through increasingly compliant behavior until they meet the entry requirements. (Almeida, 2017, p. 69–70)

The implementation of a CC project requires, at first, a change in the parameters and routines adopted by the tax authorities. It is not enough to displace or admit public agents only, but, above all, to enable them to operate with a different system, which migrates from the traditional repressive approach to a proactive one. Therefore, for the tax authorities to engage in a joint activity with the taxpayer, it is necessary to promote an effective change of culture and behavior to gain the credibility required to induce the taxpayer to tax compliance (Almeida, 2017, p. 71).

In particular, the transposition of tax information to digital platforms can maximize its value through cross-checking of information. For example, the Public Digital Bookkeeping System (SPED) allows the cross-checking of the tax information provided by different taxpayers.

3.2 Weaknesses

In Brazil, due to the legal tax system itself, some weaknesses may arise even before implementing this project. First of all, it should be noted that the actual assessment of the tax liability is a mandatory and binding activity under the penalty of functional liability. (Przepiorka, 2019, p. 128) Some programs implemented could be considered an initial phase of this change, even though there is considerable prejudice and mistrust in Brazil's relationship between the tax authorities and taxpayers. We need only remember that there is no widespread vision of what taxation is for and how the proceeds are used, not to mention the widespread corruption in the media, which only aggravates the attempts to implement these programs. Another difficulty or stimulus that may arise in implementing such programs is the degree of litigation existing in tax matters, with vacillating interpretative positions of the collecting Agency and the justice agencies.

Restoring trust and promoting collaboration between the Tax Administration and taxpayers is always a desirable objective, which can also be based on the principles of legal certainty and efficiency of the administration and the principle of proportionality. However, the truth is that on many occasions, the origin of distrust is to be found in the increase in aggressive tax planning by large companies and the reaction of the administration against such practices (Russo & Martini, 2019, p. 359–360).

3.3 Opportunities

Implementation of a CC model should deliver benefits for the tax administration, taxpayers, and the State. It should contribute to increasing tax revenues by promoting tax compliance and making tax compliance more manageable. In addition, developing the program

can significantly contribute to securing the timely payment of the correct tax. From the State's perspective, CC may also promote good governance more widely. As such, it is a tax measure that, on the one hand, incentivizes tax compliance and, on the other, supports the tax administration's ability to tackle non-compliant taxpayers.

CC programs are valuable tools for the Tax Administration to deal with new issues that arise daily due to changes in the productive business process or legislative arena. These programs should focus on the interests of taxpayers who wish to comply with the tax norms, even though the lack of trust and room due to reduced confidence and space for institutional dialogue. Additionally, the scarcity of public resources oriented to inspection imposes the need for greater rationality in Tax Compliance policies. In this sense, the focus on programs focused on relevant taxpayers and interested in cooperating shows itself as another tool to assist in collecting and reducing the effects that failures in the inspection may generate on the market. (Arandas, 2018, p. 125)

It is recommended to set up a self-regulation system through a "Technical Compliance Committee" in certain companies. They may integrate it into their current internal structure as a General Compliance Department, now adding the figure of a tax expert who would oversee this area to safeguard against the risk of tax noncompliance. It should be noted that the company's compliance management must be comprehensive and unified, reinforcing all the regions in which the entity may be vulnerable. (Chico de la Cámara, 2021, p. 7/24) Indeed, it is clear that this internal body must ensure compliance in all business areas that generate a risk of noncompliance (commercial, labor, criminal, and also a tax).

Building confidence in internal control structures is essential for new regulatory strategies such as CC programs. The TCF concept highlights the central importance of these structures to the idea of CC. Thus an integral component of CC is an internal control system that is sufficiently robust to provide the tax authority with the assurance that all relevant tax risks can be disclosed on time. That tax returns are filed on time and are complete and correct. Thus, taxpayers joining a CC program must be committed to improving the quality of their TCFs. (Goslinga et al., 2019, p. 44–45) Improving the quality of a TCF can provide more certainty to an organization about its tax position. CC programs encourage organizations to enhance their TCFs, and this can benefit those organizations. Improving the quality of a TCF also leads to better tax compliance and thus also helps the tax authorities, so it becomes a win-win game. For developing countries, CC can help address the practical challenges these economies encounter in modernizing their tax policies and administrations to deal with base erosion and profit shifting and the recommendations derived from the OECD/G20 BEPS initiative (Pemberton & Majdanska, 2016, p. 600).

3.4 Threats

Effective CC cannot tolerate practices that damage the taxpayer's confidence and the credibility of the State. Programs such as the amnesty and remission programs determined by the federal (REFIS, PERT), State (PEP, PPI), and municipal (PPI) challenge the taxpayer who pays his tax burden promptly. Tax amnesties could, in effect, allow taxpayers to avoid contentious litigation. If used consistently, this could prevent the formation of a consistent body of case law. However, it destroys tax morale when used repeatedly, especially those who comply with their obligations on time. Furthermore, not escaping the same context, the tax war between federal entities, the intervention of other public agencies to obtain data entrusted confidentially to the tax authorities through voluntary or the waiver of revenue capable of compromising the balance of public accounts reduce the general welfare. (Almeida, 2017, p. 77).

Criticism may arise about a CC program of a legal nature concerning conflicts with constitutional and administrative law, such as the need for equal treatment before the law and the issue of confidentiality of taxpayer information. A program of this nature should deal very carefully with these issues in Brazil. The system should comply with constitutional rules and be in tune with ensuring the confidentiality of this information (Hambre, 2019, p. 6). The conflict ratio in tax matters is an endemic evil that is not easy to combat unless we act at its root by implementing effective mechanisms to prevent ex-ante this diagnosed litigiousness. As in a disease, it would be desirable to know where the source of infection is to intervene directly in curing it by establishing an agile conflict resolution system. (Chico de la Cámara, 2021, p. 4/24)

Although the concept of CC generally does not result in a different or more favorable tax outcome for the taxpayer (OECD, 2013, p. 45), its benefits may indirectly impact the taxpayer's finances. In this case, Brazil offers additional help within its CC programs that directly affect the taxpayer's tax liability. Considering that the program's benefits are available only to its participants, there is a risk that the principle of legal equality, fundamental to most legal frameworks, may be violated. Programs that provide direct economic advantages require particular scrutiny. Therefore, the examination of CC programs should be focussed on compliance with the formal conception of the principle of equality. (Majdanska & Pemberton, 2019, p. 139)

Changing a working practice based on distrust, repressive and retroactive audits over many years to real-time audit systems is difficult. Under the latter, more reliance needs to be placed on a taxpayer's willingness and ability to be compliant. Consequently, tax administrations must have a well-balanced transformation plan for CC to succeed. (Van der Enden & Bronzewska, 2014, p. 572).

Cooperative compliance will fail without the buy-in of the individuals who have to enforce it. Tax administration civil servants must be appropriately trained in this new audit approach. Tax inspectors must be given tools (technology), guidelines (work instructions), and, if necessary, a legal framework that they can rely on. Crucial to have in mind that nothing is more damaging to a relationship built on trust and transparency than mismanaged expectations.

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Benefits for the taxpayer (Certainty, Reduction of Costs, Real-time working, Decrease of Risk, Reputation Gains) 2. Benefits for tax authorities 3. Tax Control Framework (TCF) 4. Division of work (no duplication of work) 5. Selectivity - selected taxpayers 6. Written arrangement 7. Voluntary character 8. Minimization of Aggressive Tax Planning. 	<ol style="list-style-type: none"> 1. Dispute solving – Settlements 2. Equality perception 3. the rule of law requirements 4. Lack of transparency 5. Fair share concept 6. Lack of sanctions for misbehavior 7. Cancellation of cooperation 8. Performance measurement

Opportunities	Threats
<ol style="list-style-type: none"> 1. Large taxpayer management 2. Tax risk management 3. Risk rating 4. Corporate governance 5. Public relations tool 6. International Cooperative Compliance 7. CSR 	<ol style="list-style-type: none"> 1. Relying too much on risk rating 2. Lack of tax expertise/remuneration issues for tax authorities 3. Implementation 4. Privacy and confidentiality 5. Exchange of information according to double tax treaties 6. Social factors 7. Problems with acceptance and delivery 8. Opportunistic behavior of both parties.

Figure 3: SWOT Analysis for Brazil. *See* (Bronżewska, 2016)

4. RECOMMENDATIONS FOR THE BRAZILIAN'S CONFIA

This part of the article presents some technical recommendations that should be implemented to ensure the success of the cooperative compliance program and reduce the alarming degree of tax litigiousness in Brazil.

- *Enhancing the use of the tax rulings as an agile instrument for a cooperative relationship*

To achieve significant improvements to the current system, the legislator could make tax ruling an even more agile and efficient mechanism for communication between the administration and taxpayers. Furthermore, to achieve the desired fluidity, the response periods currently available should be reduced, for less than six months, avoiding the taxpayer sometimes having to decide blindly at that time due to ignorance of the position of the Tax Administration concerning the issue raised. However, this objective is not possible the tax administration does not provide an increase in the number of people who will decide.

- *An incentive to the use of legislative interpretative provisions*

Parallel to the clarifying function of the decisions issued, the interpretive work of the interpretative provisions should also be highlighted. We advocate the regular use of this instrument, which can be of great help in the interpretation of certain precepts. The aforementioned normative instrument is binding and mandatory for all Tax Administration bodies (tax application and review bodies such as the Administrative Tribunals), requiring its publication in the DOU (Official Journal of the Union), reinforcing the principle of legal certainty.

- *Audit selection of taxpayers based on their track record and risks*

In any case, relief measures for taxpayers who comply with a historical record should be combined with coercive and punitive measures for those who habitually disperse income to the Treasury. Indeed, this type of repressive measures are not exactly popular, but as also stated by Thomas Hobbes, in *Leviathan*, "*Covenants, without the sword, are but words and of no strength to secure a man at all.*". The ones that do not comply must be called to account.

- *Elimination of economic incentives that may encourage litigation*

It is undoubtedly controversial that government bodies receive periodic financial incentives based on the percentage of undeclared debt discovered in their actions. While it would not be fair to the objectivity from the administration's actions, any system of remuneration that is levied proportionally about the "undeclared amounts uncovered" could in some cases compromise the objectivity and professionalism, tarnishing its laudable function at the service of the general interest. It seems coherent that if an "incentive" is received related to the increase of collection of the Public Treasury if the Courts annul the administrative act from which it derives by final judgment, this variable remuneration should also be modulated downwards has not achieved its purpose. This situation has a pedagogical effect for both parties. It helps fan the flame in the cooperative relationship founded on the growing mutual trust that must preside over this new and exciting stage. The tax administration's system of retribution, based on its success in imposing penalties and discovering and proposing the settlement of alleged breaches of tax legislation, acts as a brake on any cooperative system. The remuneration system could turn this institutional deviation into a perverse incentive for the performance of the Agency's staff. On the other hand, we do consider it appropriate that some incentive could be applied to both parties when agreements are reached that prevent disputes in the judicial sphere.

- *The "concretization" of precepts containing "indeterminate legal concepts."*

The indiscriminate use of "indeterminate legal concepts" is fertile ground for generating permanent conflicts between the administration and citizens. Moreover, in many cases, the administration enjoys a wide margin of discretion, which will lead to the Courts having to exercise a posteriori a "negative" jurisdictional control in all those occasions in which the administration defines concepts. Therefore, one should try to identify the "sticking points" in the current regulations and prepare reports that could be used to undertake reforms to resolve specific known niches of tax conflicts. The solution undoubtedly lies in gradually transforming the excessive casuistry of "technical discretion" recognized by the current tax regulations in favor of the administration, redirecting it to "regulated" cases for the benefit of legal certainty. The issue is not trivial since, in regulated powers, the administration can only verify whether the objective fact required in the defined budget follows what is required in the applicable provision, reducing the control of the jurisdiction exclusively to the compliance or noncompliance of the administrative action.

- *Implement a mandatory conciliation mechanism before a tax lawsuit.*

It would be desirable that the process be configured as an extraordinary resource that only functions when it is impossible to reach a prior agreement between the parties. In terms of economic efficiency, both for its high cost and duration until the final judgment and its legal effectiveness, the parties should be offered alternatives to prevent this "confrontation" from increasing the conflict until it reaches a judicial dispute. In the sphere of private law, alternative conflict resolution formulas (mediation, conciliation, and arbitration) have been gaining prominence for many years as an effective means of conflict resolution due to their greater flexibility and adaptability to the search for and achievement of social peace. Instruments of this nature should also be valued in the tax field.

5. FINAL REMARKS

The role of taxation has changed in modern corporations: paying taxes is no longer considered a simple cost. Still, it has become a "tax function" that has strategic importance at the corporate level. Moreover, contemplative tax transparency standards decisively affect companies' tax strategies: greater transparency in tax compliance will require disclosure on the

company's or group's tax contribution, as well as detail on the use of tax incentives and subsidies.

Cooperative compliance ensures that the legal-tax relationship is based on transparency, mutual trust, and preventive actions of assistance and collaboration, which is achieved through good tax practices. Thus, they all aim to generate relationships of trust, transparency, and legal security, both within the organization and concerning external stakeholders and society as a whole. Thus, the adoption of a CC paradigm has a dual purpose: on the one hand, to provide organizations with guidelines for the implementation of a compliance system aimed at minimizing tax risks and, on the other hand, to facilitate the creation of detection and correction mechanisms, as well as learning canons to avoid them in the future, should they occur. This fact highlights the need for all organizations to have management and control systems applied to prevent, detect, manage, and mitigate tax risks.

One of the fundamental elements is the possibility to certify the practical application of the Good Tax Practices Manual, which will allow it to become evidence to demonstrate, before the Tax Administration or the Courts, the willingness of the organization to comply with its obligations. It would be essential that all companies that adapt their compliance protocols to the Standard could enjoy a presumption of veracity. The certification could be used as evidence of the absence of fraudulent intent on the part of the entity.

In defining and adopting the tax compliance management system, it will first be necessary to assess the tax risks that affect or affect the entity to identify, evaluate, and prioritize them for periodic review. In addition, the companies' Board of Directors and Senior Management take a leading role in this context, as they become responsible for compliance and observation of the system. Their functions include leading the design and spreading a compliance culture within the organization. Furthermore, creating a tax compliance body is anticipated to promote and oversee the implementation and effectiveness of the system. Finally, the organization must provide the proper establishment, operation, compliance, improvement, and system control resources. In this sense, the Brazilian Tax Administration assessment is required to confirm whether this low-risk area segmentation approach, with what nuances and, in short, what role it will want to play concerning taxpayers who have adopted a tax compliance model and joined the CBPT.

Additionally, there is a need to delve deeper into penalties for noncompliance, both administrative and criminal. The adaptation to the new tax compliance protocol should undoubtedly act as a modulating index in qualifying possible sanctioning procedures. Third, the implementation of tax compliance as a mechanism for managing and controlling tax risks and cooperative tax compliance is a fact that affects all companies and should continue to evolve. Thus, companies should incorporate tax compliance into their internal practices as an essential part of the overall system of good governance, transparency, and compliance.

There is no question that tax compliance is here to stay. However, it must be emphasized that companies will need centralized tax data platforms (tax data hub) with first-class analytical capability, enabling them to manage information in a tax-ready format to help the tax function in companies automate their processes become more efficient. These technology platforms will allow a transformation process in terms of tax data management. In addition, it would be advisable that these technology platforms, which help manage tax compliance principles, could connect bi-directionally with the IRS systems. The latter's validation would provide a guarantee of reliability for business systems.

Cooperation between public bodies and taxpayers is based on the responsibility of both. Collaboration that needs to be supported by a legal rule with the rank of law principles and criteria scattered throughout the legal system, as well as in the different forums of good practices, so that not only guiding the other platforms of good practices, so that they are perceived, not only as guiding criteria but also as mandatory for both parties. As obligatory for

both parties. In this way, an increasingly sought-after legal certainty in applying the tax system and a model of cooperative compliance are to be followed.

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