JONES DAY

LATIN AMERICA

Jones Day Tax Controversy & Litigation: Latin America

The Trends

Latin American tax authorities are aggressively strengthening enforcement, using digital tools to boost revenue and combat tax evasion. As authorities invest heavily in technology to gather more information and gain deeper insights into taxpayers' financial positions, operational risks from new compliance demands have risen sharply for international companies:

- **Digitalization and E-invoicing.** Countries like Brazil and Colombia now require a digital stamp from the tax authority before invoices can be submitted, giving authorities real-time access to transaction data. Mexico goes further, requiring accounting records and tax disclosures in standardized XML format. If the tax authority concludes the invoices lack economic substance or that income is under-reported, it may suspend or cancel the taxpayer's ability to issue e-invoices and effectively halt business operations.
- **Increased Audit Activity and Penalties.** Authorities are launching more audits, with a particular focus on transfer pricing, related-party transactions, and the validity of business deductions.
- **Focus on High-Growth and Other Specific Sectors.** Governments are implementing higher levies on extractive, financial, and digital industries, including increased VAT enforcement and new taxes on digital services and platforms.

How We Can Help

Jones Day has an experienced tax controversy & litigation team based in Mexico City, which regularly advises on our clients' most significant tax disputes across Latin America, leveraging the Firm's global platform and local counsel relationships throughout the region. We can help with:

- **Compliance and Supplier Risk Reviews.** We assess end-to-end compliance programs, with an emphasis on e-invoicing governance and adapting to rapidly evolving digital filing requirements.
- **Audit Support.** We provide hands-on support through each audit phase, preparing technical defenses and aligning responses to tax authority inquiries.
- **Settlements and Penalty Relief.** We guide negotiation strategies and submissions before tax authorities and ombudsman bodies, including position papers, corrective filings, and applications for penalty/surcharge relief.
- **Litigation.** When administrative resolution is not feasible, we litigate before the competent tribunals, structuring claims around procedural defects, evidentiary sufficiency, economic-substance analyses, and proportionality, supported by expert accounting and data analytics.

Who Will Be Impacted?

Taxpayers with material Latin American operations, cross-border payments, e-invoicing obligations, or related-party transactions in specific sectors face heightened audit activity. Authorities' increasing reliance on digital tools and automatic exchange of information means exposure can arise across a range of business profiles.

Key Contacts

For further information regarding our Latin American tax controversy & litigation practice, please contact your principal Firm representative or one of the lawyers listed below.

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