

THE GLOBAL MINIMUM TAX IN LATIN AMERICA: MIRRORING, TAILORING, AND WAITING

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On December 20, 2021, the OECD released the model rules of its most ambitious project in global tax policy. It is a part of something called “Pillar Two”, and its goal is to put a floor on tax competition among developed and developing countries. To encourage worldwide adoption, the OECD has proposed it as a set of interlocking “top-up tax” provisions: if one country fails to tax a multinational group at a minimum of 15%, other countries can use Pillar Two to pick up the tab.

Some public policy challenges are too massive for any one country to tackle, and corporate tax is one of those areas in which a race to the bottom can deprive constituencies of much-needed public services. It can also increase income inequality, which is the sort of issue that Latin American countries have had to contend with for many years. On a Gini coefficient scale of 0 to 1 – where 1 indicates the highest level of inequality – Panama scored a 0.5 in 2024. Brazil had a score of 0.52 and Colombia of 0.54. For comparison, the U.S. was at 0.42 the year prior.¹

Most Latin American countries are not members of the OECD – which is not to say that they haven’t engaged with it in projects tailored to their needs. Countries like Ecuador, Paraguay, and Uruguay are members of the OECD’s Global Forum on Transparency and Exchange of Information for Tax Purposes.² Argentina, Brazil, and Peru are on the accession path to becoming OECD members like Chile, Colombia, Costa Rica, and Mexico.³ They are also a part of what is called the “Inclusive Framework”, a broader group of OECD members and non-members that made a commitment to adopt the standards of the Organization’s Base Erosion and Profit Shifting (BEPS) Action Plan.⁴ Tackling aggressive tax incentives offered without substance requirements is one of them. Adopting anti-abuse rules in bilateral income tax treaties is another.

As for Pillar Two, the project was never a winning proposition in Latin America. It has been largely ignored by countries in the region, with three notable exceptions. Colombia, which decided to adopt a domestic minimum tax loosely inspired by the OECD rules; Brazil, which so far has adopted one of those rules; and Uruguay, which followed in Brazil’s footsteps as of January 2026. The story of each of those countries with Pillar Two says a lot about the behavior of Latin America in relation to external, and in this case pervasive, tax policy initiatives.

THE COLOMBIAN DEVIATION

Colombia was the first country in Latin America to react to Pillar Two, and it did it via a tax reform passed in December 2022.⁵ The key difference between the OECD rules and what Colombians legislated is in their scope: while the OECD proposes Pillar Two for multinational groups with revenues exceeding €750 million, Colombia imposes a minimum tax on most local companies, irrespective of whether they are part of a multinational group or the revenues they earned in the relevant fiscal year. The minimum tax rate is like the OECD's at 15% –a recent bill proposed by President Gustavo Petro would have raised it to 20%, but it was rejected by parliament in December of last year.⁶

Colombia had been an OECD member for two years before it enacted its domestic minimum tax, and the Pillar Two rules had been out for a whole year. The reason they are different is party politics. The bill that became Law 2277 of 2022 was proposed the day after Gustavo Petro took office as the President of Colombia. He succeeded his right-wing opponent Iván Duque on August 7th of that year and promised sweeping administrative and tax reforms.

The Colombian minimum tax was born as a correction of domestic inequality, not global tax competition. You can see it in the bill's explanatory statement,⁷ where it says that it would change the country in two fundamental ways: it would reduce "inequitable exemptions" for high net-worth individuals and some companies (and close down pathways for tax evasion and avoidance) and it would also increase tax revenues "to strengthen the system of social protection." These reasons for adopting a minimum tax are not that distant from the rationale behind Pillar Two, but the point is that Colombia never reformed its tax system to adapt to Pillar Two.

Since 2022, Colombia has engaged with the OECD and other Inclusive Framework countries in trying to make the global minimum tax work as intended. If Colombia ever decides to adjust the scope of its domestic minimum tax and align it with Pillar Two, it will likely have an easier time doing so than other countries implementing the OECD model rules. Colombians' minimum tax of 15% on most companies, local and multinational, is far more aggressive than the OECD's 15% on select multinational groups. Petro's government is unlikely to pass a law reducing the scope of the local tax, but if it did, it would actually be a relief for local taxpayers.

BRAZIL IS PLAYING BY THE RULES

On October 4th, 2024, Claudia Pimentel, subsecretary of tax and litigation of the Federal Revenue of Brazil, said during a press conference⁸ that the country would adopt the minimum tax of Pillar Two because it was a part of the “rules of the game”, and that Brazilians would have to play by those rules “as they are laid down.” This was the start of a speedy legislative process that resulted in the approval of the Pillar Two bill by the House and the Senate in symbolic voting sessions. The President of the Senate even said, “those that approve the bill, remain as they are,” and the bill was officially approved a second later.⁹

Not only did Brazil adopt a minimum tax in line with the OECD model rules (which the OECD labels as a “qualified domestic minimum top-up tax”), but it did so by giving immense regulatory power to its local tax authorities, to the point that future amendments to its Pillar Two regulations may very well never have to go through the Brazilian Congress. Aspects of the taxable base, exemptions, and collections of the minimum tax are all in the hands of the OECD and the Brazilian tax authorities, which is a positive for ease of implementation, no doubt, but raises important questions as to fairness and legitimacy. How can taxpayers be affected by those changes and not have a voice on their acceptance by Brazilian law?

Brazil is yet to become a member of the OECD, but the country is a member of the G20 and is the most powerful economy of South and Latin America. You would think that this sort of gravitas would lead to a more combative stance against the

OECD, which is what Brazil used to do in relation to a number of international tax policy matters. Now it seems that the Brazilian government is following a more pragmatic approach regarding the Organization, seeking alignment even if it means a loss of control over its own tax policy design choices.

To be clear, this is not a partisan move. Transfer pricing, the area of taxation concerned with adequately pricing transactions between related parties, was a field of law in which Brazil defended objective rules as opposed to the OECD’s functional, multifaceted “arm’s length” approach. Bolsonaro’s right-wing government proposed the bill that would overhaul local transfer pricing rules and align them to the OECD guidelines. Lula, his left-wing opponent, not only sanctioned the bill after he took office, but has overseen the new transfer pricing regime for two years now.



The Brazilian Congress – a potpourri of right-wing, center, and left-wing politicians – never pushed back against Pillar Two. The statute that implemented it even references another part of the OECD model rules called the “income inclusion rule”, which President Lula was expected to propose by June but ultimately withheld after the United States threatened to retaliate with its so-called “revenge tax” (a threat it later paused, at least for now, following the side-by-side arrangement negotiated with the G7, which later became the side-by-side package released by the OECD this January).¹⁰ As things stand, 2026 will be the first year in which Brazilian entities belonging to in-scope multinational groups will have to pay a minimum tax of up to 15%.

URUGUAY’S MIRRORING TACTICS

Uruguay is neither a member, nor in the accession path to become a member of the OECD. It is a small country in South America with a GDP of around \$81 billion (though it has one of the highest GDP per capita in the region at roughly \$23,900).¹¹ While Uruguay participates in the OECD Inclusive Framework, it only signed and ratified twenty-odd tax treaties with other countries, many of which are not OECD

members themselves (such as Brazil, Ecuador, Paraguay, Singapore, and Viet Nam).

The reason Uruguay announced in September that it would adopt a minimum tax in line with Pillar Two may have more to do with President Yamandu Orsi. He is the political heir of a well-known leftist leader, Pepe Mujica, and he defeated the candidate of the previous right-wing President Lacalle Pou by a narrow margin. Like Colombian President Gustavo Petro, Orsi was elected on a platform of social justice and redistribution. He promised to reverse austerity-leaning policies and expand social spending, which naturally requires an increase in tax collections.

Perhaps timing is the best answer to why Colombia passed a broad minimum tax and Uruguay has decided to follow the OECD. 2022 seems like a decade ago in tax policy, and in 2025 far more countries have adopted a minimum tax along the lines of Pillar Two. Countries like Barbados, Indonesia, Thailand, Türkiye and Viet Nam are neither members of the OECD, nor the G20, but the OECD listed them as having passed a qualified domestic minimum top-up tax by December 2025.¹²



Uruguay would not be out of place on a list featuring those countries. It would also do what Brazil and other developing jurisdictions found to be the simplest, yet most defensive solution to Pillar Two: if they implement an OECD-based minimum tax, at least they will stop other countries from collecting a potential tax on the profits earned by Uruguayan entities. Doing so invites the OECD into their tax system, yes, but it is ultimately a pragmatic approach to taxing global businesses. It carries the institutional support of a respected Organization and secures a place for Uruguay at the table where its global tax policy solutions are discussed and agreed upon. This is ultimately what the Uruguayan National Budget Law of 2025-2029 did by adding a “domestic minimum top-up tax” (impuesto mínimo complementario doméstico) to the local tax code.¹³

This is perhaps the most important takeaway from the impact of Pillar Two in Latin America, and one could argue it translates well into other developing regions in the world. It is less about sovereign control of domestic tax

policies and more about the reputational gains of joining such a big, sprawling policy initiative alongside developed countries. The legislative report that accompanied the Brazilian bill even said that Brazil “needs to conform to the global landscape”, meaning Pillar Two, and that a future update of the Brazilian rules on taxing offshore profits should abide by “best international practices”,¹⁴ meaning those sponsored by the OECD. Government representatives, and legislators among them, have accepted this sort of rhetoric as gospel. Time will tell whether they were right in doing so.



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¹ See World Bank, [Gini Index](#) (last access on 21 January 2026).

² See OECD, [Global Forum on Transparency and Exchange of Information for Tax Purposes](#) (Global Forum members) (last update in October 2025).

³ See OECD, [Members and partners](#) (last access on 21 January 2026).

⁴ See OECD, [Members of the OECD/G20 Inclusive Framework on BEPS](#) (last update on 28 May 2024).

⁵ See Colombia, [Ley 2277 de 2022](#). National Congress of Colombia, published on 13 December 2022 (in Spanish).

⁶ See Juan Escobar Fernández, [Reforma tributaria de Petro: los colombianos no pagarán nuevos impuestos, pero muchos se quedarán sin empleo y sin subsidios](#). [Infobae](#), published on 09 December 2025 (in Spanish).

⁷ See Colombia, [Reforma Tributaria para la Igualdad y la Justicia Social](#). Ministry of Finance and Public Credit, August of 2022, p. 3 (in Spanish).

⁸ See Brazil, [Coletiva de imprensa Ministério da Fazenda](#). YouTube (Ministry of Finance of Brazil), live stream dated 04 October 2024, timestamp [1:09:39-1:09:58] (in Portuguese).

⁹ See Brazil, [Sessão Deliberativa do Plenário – 18/12/24](#). YouTube (Brazilian Senate TV), live stream dated 18 December 2024, timestamp [6:16:32-6:16:33] (in Portuguese).

¹⁰ See OECD, [Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules \(Pillar Two\), Side-by-Side Package](#). Published on 05 January 2026.

¹¹ See World Bank, [GDP \(Current US\\$\)](#) (last access on 21 January 2026). See also World Bank, [GDP per capita \(Current US\\$\)](#) (last access on 21 January 2026).

¹² See OECD, [Central Record for purposes of the Global Minimum Tax \(Qualified Domestic Minimum Top-up Tax Rules and QDMTT Safe Harbours\)](#) (last update on 01 December 2025).

¹³ See Uruguay, [Ley N° 20.446 – Presupuesto Nacional 2025-2029](#). Legislative Power – General Assembly, Article 665. Published on 16 December 2025 (in Spanish).

¹⁴ See Brazil, [Parecer N° de 2024](#). Legislative report authored by Senator Alan Rick, submitted on 18 December 2024, p. 6 (in Portuguese).