
AFIP's STRATEGIC PLAN

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MESSAGE FROM THE FEDERAL REVENUE ADMINISTRATOR

Since its creation, the Federal Public Revenue Administration has worked in order to fulfill its mandates in the different economic and social scenarios that the country has gone through, some of which were particularly challenging.

Throughout this period, and based on its design as an agency responsible for managing domestic taxes and social security resources, and for controlling foreign trade, the importance of its activities to achieve fiscal sustainability and promote economic development and social inclusion became increasingly evident.

AFIP is one of the most complex and sensitive interfaces between citizens and the State, which is the reason for our belief that control and collection functions become more viable when society perceives that the agency strives to provide better services to the community, facilitate lawful foreign trade and optimize its resources.

We undertake to set a clear and predictable action framework, disclosing our strategy for the next few years, which is based on our ten-year experience as a consolidated public revenue administration.

Beyond the changing circumstances, we will seek to reach out to citizens, promoting voluntary compliance as a means to sustain a flow of fiscal revenue adequate for a fairer and more responsible society. We will deploy differentiated communication, service and control strategies based on knowledge about the situation of each type of taxpayer. We will apply business intelligence to the different areas of action in order to be more effective, and we will provide security to foreign trade transactions on the basis of reliability criteria applied to operators.

We will make use of technology to perform more intelligent and less intrusive control actions; we will make efforts and invest resources in tax education activities; and we will seek to develop new plans to promote social inclusion.

But all that will not suffice in today's Argentina. We are part of the State; thus, we are responsible for contributing to the development of the country.

Such responsibility is not only about performing the role assigned by the law in an ethical and effective manner. It is about exploring new forms to reach out to citizens with a view to facilitating their relationship with the State and to strengthen cooperation with other agencies. It is also about always remembering our condition as civil servants who must contribute to the economic and social development of our Nation.

For all that we count on the effort and commitment of the more than twenty thousand people that make up AFIP's human capital, the main pillar of the institution.

Alberto Abad



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I. INTRODUCTION

AFIP performs an important role in the economic and social context, because of the nature of its activities in the tax, customs and social security spheres, its geographic coverage and the responsibility entailed in collecting revenue that accounts for 24% of GDP, all of which contributes significantly to the strengthening of the State.

Transaction volumes, processing capacity and the IT network it manages make the agency one of the major technological leaders in the country and one of the champions in the development of e-government.

Based on these capabilities, efforts have been made in the last few years to provide more and better services to citizens, significantly improving processes such as revenue raising, foreign trade control and facilitation, auditing and collection.

The complexity of the relations and transactions managed by AFIP calls for strategic guidelines that can provide a framework for this continuous improvement effort and guide the process of making decisions aimed at fulfilling the mission entrusted upon us by society.

This 2007-2010 Strategic Plan seeks to consolidate AFIP's position as an institution of excellence in Argentina's public sector.

This framework of reference will provide greater rationality and coherence to the agency's activities, facilitating the interaction of action plans, improvement initiatives and the budget with the strategic priorities deployed over a multi-year horizon.

The progress made in the implementation of operational management plans and the general context will be reviewed on a regular basis, making the adjustments required.

This Strategic Plan was developed based on a highly participatory method, by means of which institutional premises were reviewed and validated, and objectives and strategies were defined so that AFIP can take a leap in quality and thus contribute to the development of a thriving and more equitable country.

II. THE ORGANIZATION

From the operational viewpoint, AFIP is divided into three Directorates General, each of which specializes in one specific field of action -the Tax Directorate General (DGI), the Customs Directorate General (DGA), and the Directorate General for Social Security Resources (DGRSS).

The operational management in the tax and social security areas is under the responsibility of the DGI, which operates in a decentralized manner with approximately 170 branches countrywide (regional directorates, agencies and district offices). Operations relative to foreign trade control are under the responsibility of the DGA, which has 172 units (regional directorates, customs offices and border stations).

This territorial structure allows the institution to come closer to citizens and makes AFIP one of the organizations with the greatest geographic coverage in the country.

In addition, AFIP has developed units specializing in the different types of taxpayers that require special attention on account of their nature or size –Large Taxpayers, Large Foreign Trade Operators and Export Rebates.

Activities at the head office are aimed at defining plans and work procedures; planning; doing management follow-up; ensuring achievement of institutional objectives and compliance with rules and procedures; managing human, technological and financial resources; providing advice to the upper management and political levels regarding the tax system and its administration.

AFIP also has an Institute for Tax, Customs and Social Security Studies, which was created to provide a forum for discussion, research, education and dissemination of knowledge and experience.

With this structure and organization, in 2006 AFIP raised approximately 150 billion pesos - 71% of which were taxes; 16%, social security receipts; and 13%, customs receipts.

Every year, AFIP processes more than 25 million tax returns from 5.2 million taxpayers, and it manages more than 1.1 million foreign trade transactions. With an upward trend, there are thousands of payers of social security contributions, which in the last year involved approximately 7.3 million people.

AFIP is gaining an increasingly prominent institutional position based on the expansion of taxpayer services and the results obtained by means of the implementation of control policies. Relations between the tax authority and citizens have improved with more transparent performance, greater citizen participation, and the efforts made to lay the foundations of an adequate tax culture and to favor social inclusion.

An Advisory Board made up of representatives of the different areas of the public sector and prominent experts follows up and evaluates the agency's performance against the annual plans submitted to the Chief Cabinet Minister.

III. CONDITIONING FACTORS

To fulfill its mission, AFIP has to interact with the various players involved in the complex cultural, social, economic and political context of Argentina and the world. The behavior of the different variables that make up such context may affect to a greater or lesser extent the operation of the organization and, consequently, influence the agency's ability to meet the objectives set in this Strategic Plan.

Globalization

The international environment presents a context of market opening, progress in communications and means of transport, and a constant development of new goods and services, which generates greater transaction volumes in increasingly shorter times.

The greater the degree of internationalization of economic and financial relations, the greater the difficulties entailed in knowing and evaluating taxable events and in identifying and acting upon the corresponding taxable persons.

Complex fraudulent schemes

The integration of markets makes transactions increasingly complex. The existence of tax havens and countries with fiscal secrecy hinder actions aimed at detecting unregistered taxpayers and facilitate concealment of the tax base and evasion and avoidance schemes that reduce the tax burden in Argentina.

The development and widespread use of new information and communication technologies favor the expansion of e-commerce, but create difficulties when it comes to controlling the goods and services traded, whether physical or intangible, not only because of the volumes involved but also because this medium makes it easier to conceal the persons responsible for the transactions and their location.

Security at the borders

The dynamics of transnational trade creates greater opportunities to commit crimes associated with international terrorism and drug trafficking, since it provides a global platform for the planning, logistics, sourcing and financing of such activities.

It is also necessary to protect local markets from practices relative to trademark fraud and transactions involving goods subject to non-economic prohibitions.

Consolidation of Mercosur

The evolution of intra-Mercosur trade in general and the bilateral relation with Brazil – Argentina's major trade partner- in particular, are of significant importance for Argentina's economy and are therefore an important factor that influences AFIP's actions. The institutions responsible for the administration of the tax, customs and social security systems of the Mercosur member countries have to make an organizational effort to homogenize procedures, harmonize regulations and provide space to make decisions by consensus.

Economic activity

The evolution of the economy, the productive structure and income distribution, which determine the contribution capacity of the different players in the economy, play an important role among the factors that influence AFIP's performance. The amount of the potentially taxable matter is affected by the economic cycle, the degree of economic opening and the international context.

The fiscal policy creates a framework for the tax administration's actions and is one of the instruments the State has to meet expenditure with the revenues raised and to regulate and guide investment, and promote the development of regional economies, among other objectives.

Fiscal climate

The behavior of individuals and businesses towards the tax authority is influenced by factors that have to do with the fiscal climate that prevails at a given point in time -among them, citizens' satisfaction with government actions, reaction to tax pressure, the setting of clear guidelines to promote compliance with the law, the adoption of concrete measures to combat informality and the generation of sufficient risk by the tax administration. Given the multiplicity of factors involved, the understanding of this phenomenon is at an early stage. AFIP and the other players involved should participate in such debate.

Regulatory stability

The design of regulations and tax policy is under the responsibility of the various branches of power. A stable legal framework that provides legal certainty for relations between businesses as well as between citizens and the tax authority is one of the bases needed to create sound bonds based on predictable behaviors by the parties.

Informality

Even if in a downward trend, labor and economic informality is still high, especially in certain activities and groups of people where it has become structural.

This situation results from a series of converging factors, among them, a lenient attitude regarding compliance with the rules that govern life in society, difficulties in interpreting complex rules, and the cost of compliance with civic obligations.

This serious problem affects registration of taxpayers, compliance with tax and social security obligations, and access to social security benefits.

Demand for citizen participation

Modern societies are moving towards models with greater citizen participation, driven by the great potential of the Internet as a channel for communication.

The greater availability of information is expected to increase society's demand for transparency and accountability on the part of government agencies.

IV. INSTITUTIONAL MANDATES

AFIP has the authority and mandates established under Decree No. 618, which has regulated its activity since 1997. In 2001, it was given greater autonomy for the performance of its functions relative to the enforcement, collection, control and auditing of domestic taxes, control of foreign trade and collection of social security resources.

Since its creation, AFIP has sought to provide quality services to taxpayers and customs users and to strengthen control actions in order to promote voluntary compliance.

As economic and social relations between individuals and businesses became increasingly complex, the institution developed capacities to understand and adjust to changes in the national and international context.

Looking towards the future and beyond the services it provides to society and the State in accordance with its institutional mandates, AFIP intends to double its efforts to learn about citizens' peculiarities and demands, focusing its activity on individuals and businesses.

The capacities and synergies derived from AFIP's structure as a single, consolidated agency will be used to respond to society's demands, through the provision of excellent services, on the one hand, and the execution of effective control actions to ensure compliance with the law, on the other.

In addition, efforts will be made to create awareness among citizens about their rights and obligations within the framework of a fairer and more transparent society, and firm action will be taken upon those who insist on failing to comply with the rules, creating inequalities in the system.

AFIP intends to use its potential to contribute to the development of the country, in the understanding that it should favor a more competitive and formal economy and foster the modernization of the State, helping to increase its efficiency.

The continuity of actions and consistency of the direction taken since its creation are the basis for AFIP's active role as an agency engaged in the management of tax, customs and social security policies.

AFIP intends to create a bond with society based on primary values that guide the agency's daily activities. Thus, all those that are part of the organization are expected to act in accordance with its rules, ethical values and transparency, performing at their highest possible level in their capacity as civil servants.

Responses to society should be offered with professionalism, anticipating demands from individuals and businesses. They should be guided by a sense of responsibility derived from

Mission

To enforce, collect, control and audit domestic taxes and social security resources, and manage activities relative to foreign trade, promoting voluntary compliance, economic development and social inclusion

Vision

AFIP will position itself at a level of excellence in the provision of services aimed at favoring the formal economy, registered employment and foreign trade security, deploying its capacities to interact proactively with the economic and social context

Values

- Legality
- Integrity
- Vocation for service
- Expertise
- Proactive action
- Social responsibility

the awareness of the importance of being part of the State and managing a significant volume of resources that contribute to the economic and social development of the country.

To fulfill its mission, the agency will work on four main areas of action, with the following objectives and strategies:

1. Controlling compliance with tax, customs and social security obligations
 - 1.1 Enhancing risk management as the guiding principle for control actions
 - 1.2 Strengthening primary control actions to reduce delinquency and non-compliance
 - 1.3 Strengthening audit and verification actions to prevent fraud
 - 1.4 Improving mechanisms for the detection and registration of informal taxpayers and transactions
 - 1.5 Developing new mechanisms to systematically induce compliance

2. Providing quality services to offer concrete solutions to citizens
 - 2.1 Developing a scale of services based on citizens' needs
 - 2.2 Harmonizing service criteria
 - 2.3 Simplifying rules, procedures and communication with citizens and businesses
 - 2.4 Personalizing relations with taxpayers and customs users
 - 2.5 Facilitating foreign trade

3. Enhancing organizational quality and transparency
 - 3.1 Developing quality processes to strengthen the internal control environment
 - 3.2 Fostering the development and integrity of human resources
 - 3.3 Making an efficient use of financial and material resources
 - 3.4 Making intensive use of technology
 - 3.5 Enhancing institutional consolidation

4. Influencing the context to favor fulfillment of mission and to contribute to economic and social development
 - 4.1 Strengthening tax culture
 - 4.2 Contributing to economic development and social inclusion
 - 4.3 Promoting alliances with national and international organizations
 - 4.4 Taking proactive action in lawmaking

V. STRATEGIC OBJECTIVES

The four strategic objectives that make up AFIP's 2007-2010 Strategic Plan summarize the priority areas on which the agency will focus its efforts in the next few years in order to take a quality leap in the services offered to the community and the State, in terms of both service and control capacities and internal processes and their interaction with the context.

1 - CONTROLLING COMPLIANCE WITH TAX, CUSTOMS AND SOCIAL SECURITY OBLIGATIONS

To fulfill its mission, AFIP understands that its activities should be focused on achieving voluntary compliance with tax, customs and social security obligations, on the basis of two pillars -implementation of effective controls to deter irregular conduct and correct deviations, and provision of quality services to facilitate compliance.

AFIP's control on transactions done by citizens and businesses, as well as on their payment capacity, contributes to the fulfillment of the principles of fairness, equality and neutrality of the taxation system.

To detect and correct non-compliance with the law, deterrent and corrective measures will be taken in all areas in order to increase the risk of detection and application of sanctions, making voluntary compliance the most attractive option.

Deterrent and corrective measures will be taken in order to increase the risk of detection and application of sanctions

Fraud prevention is a priority; therefore, we will continue to use regulatory, procedural and technological instruments with the two-fold purpose of improving compliance and having precise and timely detection mechanisms to apply direct control actions.

In the next few years, we will increase the use of risk profiles by taxpayer and customs user, both for control and service purposes, with an integrated view of each individual obtained through the conceptual, parameter-based unification of the activities they conduct in their relation with the Tax Administration.

In addition, we will continue to promote the application of the concept of full-cycle control of transactions and follow-up by means of information systems that make it possible to measure the impact of actions taken.

Strategy 1: Enhancing risk management as the guiding principle for control actions

Risk management is a logical and systematic process that requires the development and use of tools to process and analyze detailed information about persons, operations and transactions to identify segments on which specific actions can be applied to increase voluntary compliance and to detect and prevent criminal, evasion and avoidance schemes.

In this sense, we will continue to conduct studies and investigations on the fiscal conduct of individuals and businesses, compiling their obligations and considering the complexity of their transactions, the areas where they conduct their activities and their contact networks.

In addition, we will expand information sources and channels, seeking to enhance knowledge about activities and persons involved in fiscal fraud. For this purpose, we will

further the exchange of information with national and international organizations and entities in the private and public sectors.

The current risk profile will be expanded and its use will be made more widespread, in order to better target control activities. At the same time, taxpayers will be informed of the category they have been assigned to and the reasons for such categorization, with a view to encouraging an improved conduct among those whose behavior is outside of the standard.

Based on the application of objective criteria, AFIP will continue developing tools to control compliance and prevent fraud among the less reliable and potentially risky persons and businesses in the tax, customs and social security fields.

Strategy 2: Strengthening primary control actions to reduce delinquency and non-compliance

The DGI has worked hard to minimize delinquency and non-compliance, promoting the application of the full-cycle control concept in all areas of activity. Thus, for each action undertaken, all activities aimed at an effective correction of the non-compliance events that originated it should be performed.

The application of this criterion implies deep conceptual changes on which we will continue to work, prioritizing effectiveness over the number of activities performed.

The concept of full-cycle control will be applied in all areas of activity

In the next few years, we will gradually complete the implementation of the unified register and the comprehensive control system for tax and social security obligations and customs debts –checking account- which contains data, transactions and characteristics of individuals and businesses in their relationship with the agency.

Special attention needs to be paid to foreign trade transactions, and primary control actions should adjust to their particular characteristics. New investments will be made in infrastructure and technology in order to improve the processes of information analysis and selection of transactions for verification and to enhance control capacity.

In adherence to the principles of the World Customs Organization to ensure and facilitate global trade, AFIP has decided to act upon the need to design mechanisms to increase controls on terrorism, drug trafficking, non-economic prohibitions, money laundering and trademark fraud.

With the purpose of facilitating lawful foreign trade transactions and meeting international standards of reliability and security, the DGA will continue to strengthen its actions and adopt state-of-the-art technology for control actions.

AFIP will meet international standards of reliability and security in foreign trade

Non-intrusive controls will continue to be applied by means of fixed and mobile scanners for the control of containers, packages and luggage. In addition, closed-circuit television systems will be used in operational posts for remote and centralized monitoring of operations.

We will also continue working to secure the international supply chain end to end, comprising transit, import and export transactions.

For this purpose, AFIP will not only focus its attention on goods and associated controls, but it will seek to secure the entire process, requiring that foreign trade players qualify as reliable operators, meeting the relevant quality standards.

Strategy 3: Strengthening audit and verification actions to prevent fraud

The dynamics and complexity of transactions and fraudulent activities make it necessary for AFIP to continue developing and improving audit and verification actions.

In the last few years, procedures were redesigned for all the different types of audits -in-depth, modular, quick, preventive, desk, and *ex post* verifications and audits. Their integral and joint application will make it possible to analyze and investigate complex fraudulent schemes used by economic groups, related companies, tax and trade practitioners, among others. Such activities enable detection of undue use of transfer pricing, fake invoices to generate tax credits, and other illegal activities in the tax arena.

Such review and redesign activities will continue to be performed by means of participatory reengineering processes whereby the best national and international practices and experience can be adjusted and replicated in the different areas of the country, optimizing results.

Participatory procedures will be implemented to review and analyze rules and processes

In addition, the use of the full-cycle criterion will be extended by means of new management and auditing action follow-up tools.

The use of such tools will make it possible not only to increase the efficiency of auditors and examiners, but also to make control activities more transparent by publishing on the Internet information about the audits underway, and the relevant terms and persons involved.

Strategic alliances will be formed with other agencies and administrations for the joint control of transactions, and efforts will be made to promote changes to the legislation based on new economic and financial transactions.

Strategy 4: Improving mechanisms for the detection and registration of informal taxpayers and transactions

AFIP will perform differentiated control and induction activities based on the different types of informality -although some individuals deliberately seek to remain on the margins of the formal system in order to reduce their tax burden or obtain advantages from such situation, others remain in the informal sector as a result of economic or social circumstances.

For the latter to fully exercise their rights as citizens and have access to healthcare, pension benefits, workers' compensation insurance and the financial system, AFIP will continue to develop procedures and incentives to encourage registration of operations and employees.

AFIP will develop simplified reporting and registration methods to make it easier for small taxpayers and employers to register their operations and workers

In addition, efforts will be made to bring small taxpayers into the formal system, since, as experience shows, they have fewer possibilities of doing so on account of the fact that they do not have access to an administrative structure enabling compliance. By means of simplified methods, they will be gradually prepared for increasingly complex transactions.

For this purpose, reporting and registration methods will be simplified; micro-operations that do not have a substantial number of employees will be able to register as *small employers*; and simplified export mechanisms will be promoted.

Strategy 5: Developing new mechanisms to systematically induce compliance

To promote compliance and prevent fraud, strategies are needed to complement the implementation of effective controls in response to deviations. For this purpose, it is necessary to develop prevention activities inducing citizens and businesses to improve compliance.

Structural mechanisms and measures will be adopted to provide favorable conditions for the execution of control activities, without the need to use direct auditing resources. Such measures will include issuing specific rules and implementing systematic preventive mechanisms to discourage and hinder irregular conduct.

Among other measures, special taxpayer identification and registration mechanisms will be established, more stringent requirements will be imposed to obtain benefits, differential withholding regimes will be established, and special fiscal treatment will be granted based on reliability criteria.

IT tools will be further developed to give citizens and businesses access to information about their status relative to taxes, customs and social security

Furthermore, AFIP will continue working on the development and implementation of IT tools so that citizens and businesses can have access to their status relative to taxes, customs and social security.

Thus, efforts will be made to create mutual control systems that will allow citizens to know not only if they are duly registered but also if their tax returns, payments, social contributions, withholdings and customs transactions were duly recorded by the Administration and, should it be necessary, make the corresponding claims.

2 - PROVIDING QUALITY SERVICES TO OFFER CONCRETE SOLUTIONS TO CITIZENS

AFIP administers a complex tax system in a dynamic society and it must enforce the law within a framework of equity and transparency, ensuring the effective exercise of rights and due compliance with obligations.

With its actions, the organization seeks to offer to taxpayers and customs and social security users effective solutions so that they can better meet their obligations, and to create mechanisms to adequately meet their needs. Thus, our continuous and regular interaction with taxpayers and users will be based on the respect for their rights, stability in regulations and their interpretation, simplified rules and procedures; and the use of uniform and consistent criteria for the enforcement of laws.

The development of quality and personalized services will be accompanied by impact measurement systems to assess the efficacy of a model based on voluntary compliance

To achieve this objective, it will be essential to have an accurate knowledge of the reality of the different segments of citizens and businesses that interact with AFIP, the variables that characterize their behavior and their requirements.

All this calls for greater availability and use of information, improved transaction quality and more channels to receive mass information. It is also necessary to increase the level of interconnection of IT systems.

In addition, efforts need to be made to come closer to the community and enhance communication, assistance and service capabilities.

Strategy 1: Developing a scale of services based on citizens' needs

The multiple sides to the functions performed by AFIP are reflected in the diversity and heterogeneity of the universe it manages. From this perspective, AFIP needs to develop service options that respond to the wide range of needs of citizens and businesses, following their evolution over time.

Therefore, activities to develop and adapt services and assistance should be conducted on a permanent basis in order to ensure that they are useful for taxpayers, customs users, practitioners, employers, employees and citizens in general.

In addition, efforts will be made to reduce operating costs for citizens, minimizing the occasions on which they have to appear in person at the agency's offices. For this purpose, self-management instruments will be strengthened.

Citizens and businesses will be able to interact with AFIP and make consultations using the most appropriate and convenient channel

A service provision model will be established to address the specific needs of each business area in tax, customs and social security matters. Such model will be based on the following pillars:

Internet

AFIP will establish user-friendly mechanisms for queries, consultations and exchange of information over the Internet.

The Internet portal will be constantly reviewed and adjusted so that it serves as an integral service counter to support most interactions between citizens and the tax authority.

Our firm orientation towards the Internet implies an additional effort to bridge the current digital and cultural gaps. Thus, we will seek to offer Internet access to those sectors of the population that do not have it and we will provide the means to help those that are not familiar with this technology.

Geographic coverage

Considering how important customer service is at the DGI and DGA offices, we will continue extending our geographic coverage by opening new offices, following strategic location criteria in response to the concrete needs of institutional presence and the complexity of the universe of taxpayers and customs users.

In addition, we will continue conducting a functional reorganization of agencies, districts and customs offices.

Apart from the recovery of the border control posts delegated to the security forces, we will seek to improve those where the agency has to act but where it is not directly responsible for management.

Infrastructure

We will promote the functional reorganization of our offices, optimizing the use of the equipment available to establish operating platforms that can contribute to improving the quality of the service provided to citizens.

Alternative channels

The need to bring the virtual counter closer to citizens makes it necessary to offer alternative channels for those citizens that will not use the web access.

New service centers will be opened and social collaboration mechanisms will be enhanced to provide assistance and facilitate Internet access.

The capacity of the telephone service center will be enhanced in order to reduce response times, expand the current service offering and to make it capable of managing processes involving a large number of individuals, like those aimed at small taxpayers, employees and mass information systems.

In addition, new forms and channels of communication will be developed to make the available information and processes more transparent and easily accessible, using the potential offered by communication technology –cellular telephony, text messaging, etc.

Strategy 2: Harmonizing service criteria

AFIP will harmonize services offered in all its areas, applying uniform concepts for equivalent situations in administratively stable environments where legal certainty prevails.

With the implementation of this dynamic model, citizens will be able to follow procedures, ask questions or request assistance with similar results and service standards using the most appropriate and convenient channel for each situation.

For this purpose, process reengineering will be strengthened to focus management on the citizen, maximizing the application of standardized and objective criteria to solve problems and reduce operating costs.

In addition, we will strengthen mechanisms to ensure that citizens' and businesses' rights are respected and that their claims resulting from potential difficulties in their interaction with the agency are addressed.

Strategy 3: Simplifying rules, procedures and communication with citizens and businesses

The organization intends to perform its activities within a framework of transparency and objectiveness, seeking to establish a clear and effective communication with citizens.

In this context, capacities will be developed in order to create communication and assistance mechanisms adapted to the specific characteristics of citizens and businesses, using a language that facilitates the understanding of the technical components of tax, customs and social security issues.

We will seek to issue clear rules that facilitate interpretation and favor compliance. Their enforcement will be supported by simple and easy-to-apply processes.

For this purpose, we will use the potential of information technology so that information about rules is available for taxpayers and customs users when they need it and so that answers and solutions offered through the various channels are homogeneous.

We will continue to use formal mechanisms in our relations with the private sector in connection with foreign trade through councils and other fora to address joint agendas.

Strategy 4: Personalizing relations with taxpayers and customs users

AFIP has been promoting the adoption of stable and predictable approaches to offer quality services that are structurally uniform but differentiated based on the profile of taxpayers and their needs.

Personalization should not be based on traditional forms with limited face-to-face service capacity and support information. Thus, we will develop alternatives based on systematic and standardized schemes with an intensive use of information systems designed to address the specific characteristics of personalized service.

AFIP will seek to develop a citizen-oriented administration, through the interpretation of available data, such as registration information, compliance level, risk rating, type and level of activity and quality of interaction with the agency.

Strategy 5: Facilitating foreign trade

International trade is one of the pillars for the development of the country. AFIP's actions will accompany such growth by facilitating lawful

AFIP will facilitate foreign trade by developing mechanisms to secure the logistic chain of operations



trade in goods and services by adopting new technology and adjusting processes.

Such strategy implies the simultaneous development of the categories of reliable economic operator and reliable passenger, together with actions aimed at securing the foreign trade logistic chain.

Furthermore, specific action lines will be developed to strengthen trade relations with other countries and to support regional integration processes from the viewpoint of customs user services, seeking to harmonize regulations, improve operations, integrate information about origin and destination and expedite and secure customs transit.

3 - ENHANCING ORGANIZATIONAL QUALITY AND TRANSPARENCY

AFIP should reinforce its management capabilities to achieve service and control levels that are in line with citizens' present and future needs.

In this sense, the institutional autonomy gained in the last decade and the responsibility for the administration of public resources call for an administration that is open to citizens, that is conscious of its role as an agency that serves society and that publicly accounts for its deeds and use of resources

As a fundamental element to improve quality and transparency, the organization will seek to ensure the effective and correct enforcement of the regulations that govern its activity.

AFIP will promote the implementation of international quality standards for processes, the adoption of models of management excellence taken from the best international experiences, the consolidation of an adequate internal control environment and the intensive use of information and communication technologies.

Strategy 1: Developing quality processes to strengthen the internal control environment

The increasing demand from society, and the number, variety and complexity of individuals, businesses and transactions to be controlled require that AFIP strengthen the implementation of quality tools to enhance process efficiency and help us achieve management excellence.

Thus, the Administration will continue working on different alternatives for the adoption of systematic and participatory improvement models through multidisciplinary groups.

AFIP will operate on the basis of quality standards that ensure the efficiency of the organization and an adequate internal control environment

With the participation of staff members directly involved in process management, the agency will strengthen mechanisms to identify restrictions that limit its efficacy, analyzing and implementing the corresponding improvement measures, which may include changes to the regulations and internal procedures.

In addition, we will develop activities for the certification of processes in accordance with international quality standards, which will make it possible to ensure the organization's efficiency, the transparency of processes and objectiveness of results.

We will continue strengthening the internal control system based on the management of systemic risks to identify, evaluate and control situations that may endanger compliance with the rules and achievement of institutional objectives, as well as to ensure the protection of resources and reliability of the information used in the organization.

Strategy 2: Fostering the development and integrity of human resources

Its human capital is AFIP's most valuable resource, the core of its capabilities that allows the agency to address the complexities and changes in the environment. That is why we will continue working to provide the best environment possible for the development of our people's career, in line the organization's needs.

In this context, progress is being made in the development of a competence-based management model, matching personnel needs with the best performance possibilities.

The recent development of the *AFIP Campus*, through the virtual e-learning platform and the videoconferencing system implemented in the last few years, will make it possible to continue working with a more integrated knowledge management model comprising all the members of the organization in real time.

We will also continue delivering training and education to directors, managers and heads of departments so that they are up to date with the latest developments in administration, management and leadership.

Human capital will be at the core of the organization's development

Advancing and disseminating ethical values to contribute to the strengthening of institutional integrity is an activity that requires permanent and sustained effort.

Strategy 3: Making an efficient use of financial and material resources

We will optimize the use of resources by integrating economic and financial management and the operation of the institution. Taking operating plans and improvement initiatives as the basis, we will develop the means to use resources to make the agency's management financially feasible and to accompany its strategies.

With the implementation of the SIGMA project –Integral Administration Management and Monitoring System- it will be possible to manage financial and material resources on line in all areas, substantially changing economic and financial management. This project implies the redesign of processes, the development of people's skills, the availability of new information for decision making, and more efficient and responsible budgeting and expenditure processes.

In addition, we will continue working on the implementation of the Building Investment Plan, which will make it possible to continue improving service areas and conditions for operation. Installing operational units in AFIP's own spaces and buildings, and the refurbishing of offices, warehouses and facilities where the agency operates will continue to be an action line that contributes to the identification and presence of the institution throughout the national territory.

Strategy 4: Making intensive use of technology

Technological progress offers a concrete opportunity to achieve excellence in control and service management. Therefore, significant investment has been made to develop an information and technological platform that positions AFIP as a leader in the use of technology and e-government initiatives.

The intensive use of technology is a principle that is present in almost all objectives and strategies because of the potential its adequate use offers. Security and speed of communication will continue to be a pillar for the use of interactive systems.

Priority will be given to the development of e-government as a means to facilitate communication between individuals and businesses and the State.

The widespread and systematic use of the fiscal code will make it possible to develop new IT tools to provide more and better services to citizens. New initiatives will be aimed at the use of the digital signature in remote transactions that require greater security and for which authorship needs to be verified.

In addition, we will seek to extend the use of the electronic invoicing procedure to new transactions that allow for the use of such receipts, and the use of the electronic window mechanism to simplify communication and exchange of information with taxpayers.

Acting proactively in terms of IT has made it possible to improve substantive processes. However, in the next few years, we will constantly increase processing capacity, we will migrate the remaining mainframe to open technology and we will complete the standardization of our record structure and centralization and integration of our databases.

Strategy 5: Enhancing institutional consolidation

After ten years of experience as a consolidated agency, we have managed to integrate the three specific areas of management, with a central body of support areas that provide assistance and services.

We will continue to work with the unions that represent our workers with a view to maintaining harmonious labor relations.

Within such framework, we expect to sign new collective bargaining agreements that, while respecting the different operational characteristics, make it possible to overcome regulatory differences in the treatment of similar situations and provide for labor regulations that are in line with the functional requirements of the agency.

We will continue working on different aspects of organizational culture by means of joint activities that can accommodate the expertise of the various areas involved within the framework of a global view of the organization.

We will promote the harmonization of regulatory concepts and coordination of the processes that can create greater synergies.

In addition, we will seek to complete the physical integration of units located in overlapping areas and we will continue working to unify the institutional image in all branches and offices.

4 - INFLUENCING THE CONTEXT TO FAVOR FULFILLMENT OF MISSION AND TO CONTRIBUTE TO ECONOMIC AND SOCIAL DEVELOPMENT

AFIP is a complex organization in constant interaction with the environment, engaged in relations of mutual influence, where the traditional management based on collection, control and service processes is no longer sufficient to attain the tax administration's ultimate objectives.

Considering this reality, the agency will try to influence the context to make it as predictable as possible, seeking to create conditions that are more conducive to the fulfillment of its mission.

We will continue to act in a proactive manner, deploying strategies to strengthen tax culture, forming strategic alliances with key organizations and reinforcing bonds with the areas where tax policy is defined, in an effort to create scenarios that are favorable for the tax authority's actions within a framework of strategic complementarity.

Strategy 1: Strengthening tax culture

Years ago, the agency made the strategic decision to focus on citizen education to consolidate a culture based on shared rights and obligations.

AFIP will strengthen its bonds with the community, building institutionality based on the promotion of cultural patterns arising from the behavior of individuals.

To promote active and responsible attitudes among citizens, AFIP will work with the different sectors of the State and the community

We will work together with provincial governments to contribute to the development and consolidation of an active and responsible society, one that fully understands the social role of taxes, customs and social security resources, and that relates to the tax authority on that basis.

For that purpose, we will seek to implement direct education actions throughout the territory and to promote the inclusion of tax matters in the formal education curricula, while continuing to conduct tax education activities that support and supplement school education.

Open and transparent communication with citizens is essential for the Administration to meet its purposes. We will therefore work on the design of informative and institutional advertising campaigns that can help us promote the values and conduct that make up a tax culture.

Strategy 2: Contributing to economic development and social inclusion

AFIP is one of the major interfaces between the State and society. It is in permanent interaction with the economic and social environment, on which the agency will work in order to create conditions conducive to the development of the country, in particular in those areas that can benefit society beyond the agency's specific, regular tasks.

In order to accompany economic growth, supplementing service and control objectives, the agency will seek to improve operational conditions for foreign trade, promoting the competitiveness of local products and companies in the global market.

Also, based on operating capacity and social insertion of the organization, efforts will be made to add value to productive processes, stimulating the community's commitment to bring into the system those economic players that continue to operate in the shadows.

For this purpose, tools will be designed to favor registration of employment, with special emphasis on highly vulnerable segments, and to facilitate the development of small ventures.

Thus, the State's presence will become stronger, promoting institutionalization and social cohesion countrywide.

Strategy 3: Promoting alliances with national and international organizations

Alliances with other organizations are one of the instruments that the Administration has used to integrate to the national and international community and to improve the context in which it is supposed to operate.

At the local level, agreements will continue to be executed with provincial and municipal governments and with other national registration and control agencies that can make it possible to develop cooperation mechanisms in line with the goals of the Administration.

We will contribute to the improvement of the activities performed by other State agencies that bear some relation to AFIP's functions and, when deemed appropriate, AFIP's resources may be used in the implementation of plans of common interest.

The incorporation of the Single Taxpayer Identification Code to tax, real estate, cadastre, corporation and other registries of the State will continue to be a major action line. The use of the Fiscal Code will continue to be promoted for the authentication of taxpayers operating over the Internet.

With the use of the Integrated Tax Application System, provincial and municipal tax administrations will have the possibility to channel their tax returns and payments through AFIP's collection system.

Action plans will be implemented to extend the scope of tax education programs, to develop the single window concept and to discourage non-compliance and increase risk perception.

It is important to have a Federal Network of Tax Administrations to coordinate improvement initiatives undertaken jointly with provincial and municipal agencies.

AFIP will continue to promote mechanisms for cooperation and assistance with other agencies

As regards social security specifically, we will strengthen relation with the other agencies that make up the system, seeking to create synergies to enhance capacities and improve the quality of our response to citizens' needs.

In addition, we will foster the exchange of experience and systems available with a view to favoring the adoption of best practices used in other organizations, thus contributing to modernization.

AFIP also intends to make its policies consistent with the guidelines of international organizations, like the World Customs Organization, the Inter-American Center of Tax Administrations, the Iberoamerican Social Security Organization and the Organization for Economic Cooperation and Development, among others.

In this context, we will promote the signing of cooperation agreements and mutual assistance treaties with similar institutions in other countries in order to prevent tax and customs crimes, to improve the enforcement of regulations, as well as to exchange experiences and best management practices.

At a regional level, Argentina's integration with its Mercosur partners will receive the Administration's support, particularly in those aspects that can help simplify cross-border transactions.

Strategy 4: Taking proactive action in lawmaking

The integration of functions allows the organization to gain experience in the enforcement of regulations in its various fields of action and detect opportunities for improvement.

In this context, we will seek to open cooperation channels with the tax, customs and social security policy makers, in an effort to ensure that the rulemaking process takes into account the operational possibilities for enforcement.

We will continue to engage in a permanent interaction with the various committees of the Legislative.

We will also continue to implement mechanisms to engage in a dialogue with other players with a view to incorporating other useful visions in the understanding that synergies derived from interaction will increase the quality and sustainability of the regulatory framework.

In accordance with this strategy, we will promote the unification of the social security legislation to make it more rational and simplify its treatment, preserving our position as the final level of administrative discussion.