

Quito, February 2, 2023

## **The Constitutional Court ruled in favor of the Executive, finding the bill presented by the Assembly to repeal the tax reform as formally unconstitutional**

The Constitutional Court of Ecuador issued a decision in favor of the Executive Branch in its dispute with the National Assembly regarding the tax reform that has been implemented since 2022.

On February 1, 2023, the Court declared the total objection (veto) raised by the Executive to be admissible, due to formal unconstitutionality of the bill presented by the Assembly which aimed to repeal the *Organic Law of Economic Development and Sustainability*.

The Court's resolution affirms that the National Assembly acted in violation of the constitutional provision set forth in Article 135 of the Constitution, which dictates that only the Executive Branch may introduce bills related to the creation, modification or abolition of taxes. In this particular case, the Court concluded that the bill proposing the repeal of the tax reform constituted a violation of the established legislative procedural rule and fundamentally undermined the constitutional principle of assigning the responsibility of tax administration, fiscal policy and public finance to the Executive Branch.

As a result of the Court's decision, the National Assembly will not be able to ratify the proposal to repeal the tax reform, approved by the Assembly on November 29, 2022, just one year after the tax reform was enacted.

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