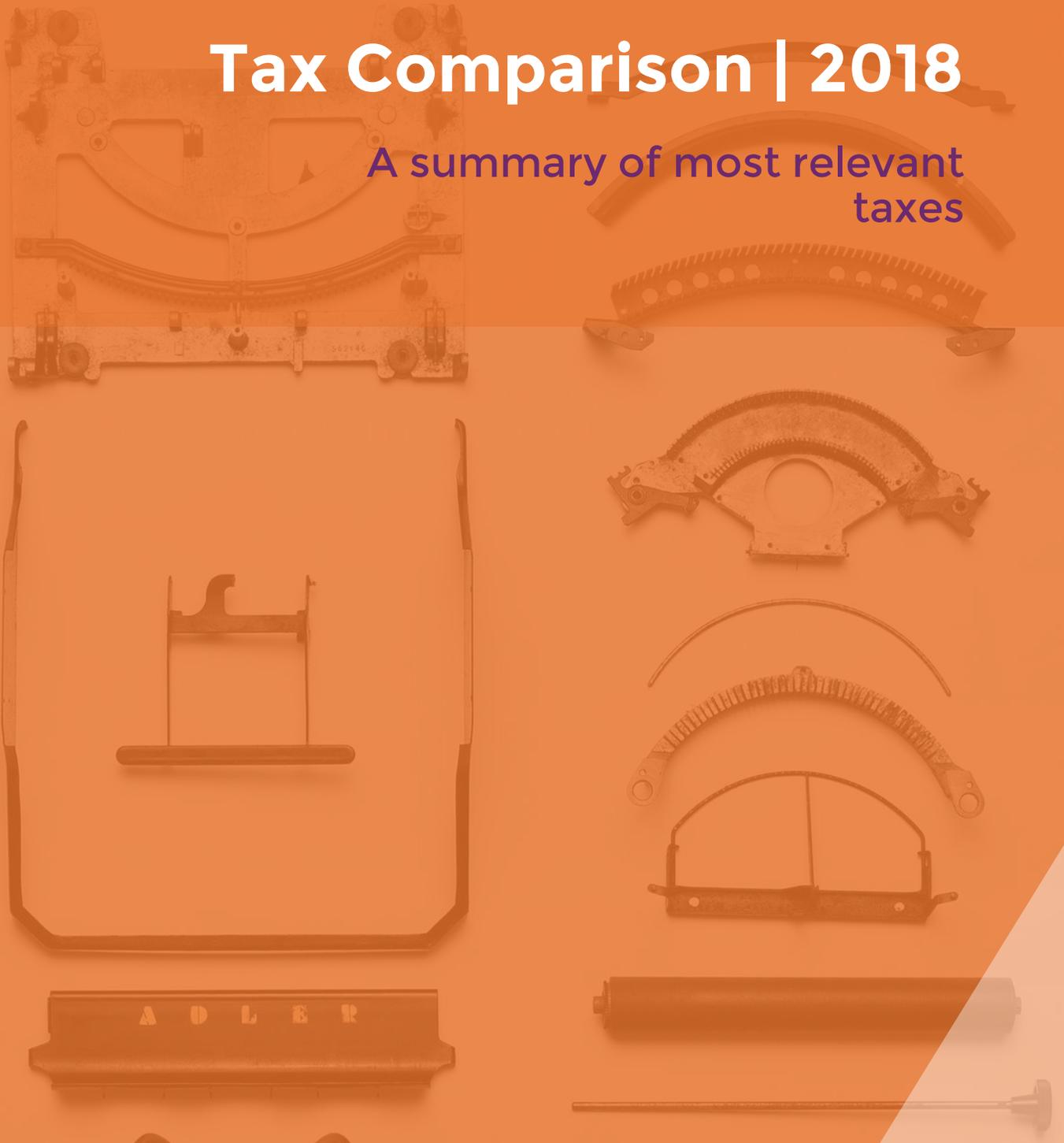


Tax Comparison | 2018

A summary of most relevant
taxes



The Tax Committee of AGN Central and South America promotes the collection of relevant tax data which results are in this publication

OVERVIEW

As President of the Tax Committee for the Central and South America Region, I'm glad to share my opinion about the Regional Tax Global View with the analysis over the different tax applicable in each country, as it is showed in the Tax Comparison 2018.

In general, the tax regulations are very alike from one country to the other, only income from national source is considered taxable, this means income perceived from corporations and individuals in each country, the average rate for Income Tax is 25%. For Value Added Tax (VAT) rates are in a range from 12% to 19%. In most countries there are no changes compared to 2017.

The 2018 Tax Comparison shows countries reflecting growth and interesting business opportunities, incorporating information about Uruguay and Mexico. Regarding Venezuela there is a concern about its political and economic situation with the possibility of tax changes.

Some countries consider dividend payment as tax exempted, in case shareholders belong to a company that has paid its own corporate tax, other countries consider both net profit of companies and shareholders, as taxable income with rates from 5% to 10%. It is interesting to show that some countries are implementing investment incentives and adherence to Free Trade Agreements, to ease and increase the commerce between different regions and the Central and South America Region, this is means the Region is becoming interesting to foreign investments.

Continues improving of tax laws about Transfer Pricing Regulations, as requested internationally by the OECD, also there is a Transfer Pricing Report, and other reports in a regular basis to inform about transactions with related parties in the source country and residence country, also FATCA Law.

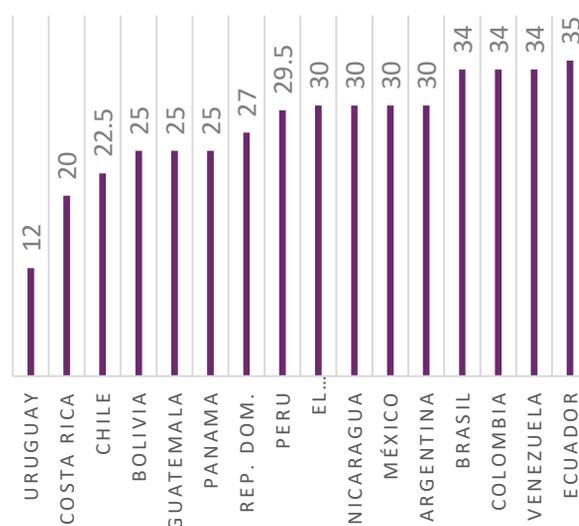
As response to conditions that may affect financial transactions in an economical environment of constant and increasing risk, it is needed to strengthen tax systems and adopt tax regulations related to the Prevention of Money Laundering and Terrorist Financing; the Central and South America

Region countries are adopting and enforcing controls of world application, through specific laws to regulate financial and economical activities of entities to prevent money laundering as well as rigorous punishments to strengthen and encourage the globalization of the legal trade around the world; the adoption of these regulations adds significant competitiveness to the Region, to reinforce the concept of transparency and elimination of the mis concept of tax paradises.

Almost all countries have regulations to avoid bank secret and treats to exchange financial information with other countries. Also regulations to accomplish FATCA Law to inform about investments and transactions made by US Citizens.

In Guatemala and Brazil, there is guidance for those providing audit, accountancy, tax advisory, insolvency or related services to prevent Money Laundering and Terrorism Financing, to report transactions to the special verification units, to promote CPAs good practice to adopt a conduct in adherence to relevant professional ethics and quality regulations worldwide.

INCOME TAX RATES (%)



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INCOME TAX

	RENT	RATE
Argentina	World income for companies and individuals residing in Argentina	2018 30%, 2019 30%. 2020 25%
Bolivia	Income for individuals and companies, profit originated in Bolivia	25%
Brazil	Income for individuals and corporations established in Brazil	34%
Chile	Income for individuals and corporations established in Chile	22.5%
Colombia	Income for individuals and corporations established in Colombia	34%
Costa Rica	Income for individuals and corporations profit originated in Costa Rica	Income up to US\$ 98.523 - 10%, from US\$ 98.523 to US \$ 198.179.439 -20%; income over US \$ 198.179.439 -30%
Ecuador	Income for individuals and corporations established in Ecuador	22% for corporations progressive chart for individuals up to 35%
El Salvador	Income for individuals and corporations established in El Salvador	Income up to \$150,000- 25% over net profit. Income over \$150,000 - 30% over net profit.
Guatemala	Income for individuals and corporations, profit originated in Guatemala	General Regime over quarterly taxable net profit 25%. Optional Regime over monthly income 5-7%
Mexico	Income for individuals and corporations, profit originated in Mexico	30%-35% with reductions up to 30% or 40%
Nicaragua	Income for individuals and corporations established in Nicaragua there is a payment in advance of 1% over monthly income	30% 1%
Panama	Income for individual and corporations established in Panama	25% Corporations, 15% Individuals
Peru	Income for individuals and corporations established in Peru	29.5%
Dominican Republic	Income for individuals and corporations, profit originated in Dominican Republic	27%
Uruguay	Income for individuals and corporations established in Uruguay	12%
Venezuela	Income for individuals and corporations established in Venezuela	34% for petroleum companies the rate is 50%

INCOME TAX

	DIVIDENDS	INTEREST
Argentina	Dividends pay tax 7% .	Interest paid to a foreign bank belonging to the Basil Bank Committee is subject to 15.05% retention other banks 35%
Bolivia	Exempt	VAT 13%
Brazil	Exempt	For non residents there is a proportional retention of 15% could be increased to 25% if the beneficiary is located in a tax exempted country
Chile	There is an exemption over dividends paid from a Chilean company to another Chilean company For foreign investors there is a retention of 35% and the 22.5% of income tax paid by the company which paid dividends is consider a payment in advance	For non residents 35% Except if the credit was granted by a foreign bank with no relationship with the beneficiary of the funds
Colombia	Exempt	7% retention
Costa Rica	Dividends paid to individuals 15% retention	No retention if recognized banking company
Ecuador	Exempt	22% retention as part of the taxable income
El Salvador	Dividends paid to salvadorians 5%. If the shareholder is based in a country with low tax rate 25%	Credits from foreign banks qualified by Banco Centralde Reserva are exempt as well as interest paid to an individual with monthly balances less than US \$ 25,000, other interest subject to 10% retention.
Guatemala	Capital Gain 5%	10% retention
Mexico	Dividends paid to individuals 10% retention	Some income related with interest paid to individuals are exempt
Nicaragua	Taxable 12%	There is a retention over financing companies of 1%
Panama	10% local dividends and investor loans 5% foreign	Interest, comissions and other charges related to foreign loans, 50% over the amount credited
Peru	Capital gain and second category there is a retention of 6.8%	Capital gain and second category there is a retention of 5%
Dominican Republic	There is a retention of 10%	10% retention for interest from foreign banks and credit institutions
Venezuela	34% retention, in the practice that could be from 0% to 34%	4,95% retention for financing companies, otherwise 34%

INCOME TAX

	CAPITAL GAIN	DEDUCTIONS
Argentina	Taxable 5% to 15%	Could be carried forward for up to five years
Bolivia	Exempted	Could be carried forward for up to three years
Brazil	For incoming funds 15% could be increased to 25% if the beneficiary is located in a tax exempted country	Could be carried forward without prescription of time, but every year the deduction could not exceed the 30% of the taxable profit
Chile	Taxable. Includes share negotiation	Could be carried forward without time prescription
Colombia	Exempted	Could be carried forward without time prescription
Costa Rica	Exempted	N/A
Ecuador	Exempted. Shares and stock certificates exempted	Corporation loss from subsidiaries, deduction for the mother company
Guatemala	From Fixed assets, share negotiation profit 10% dividends 5%	Could not be carried forward, only capital losses could be carried forward for up to 4 years to be credited against capital gains
Mexico	Taxable 30%-35%	Could be carried forward only capital losses for up to 10 years to be credited against capital gains.
Nicaragua	Taxable 10%	N/A
Panama	Taxable 10%, applicable to shares negotiation	Could be carried forward for the next 5 years, deducting every year 20% of the loss, but every year the deduction could not exceed the 50% of the taxable profit
Peru	Taxable 5%	Could be carried forward for up to 4 years, but no more than 50% of taxable profit
Dominican Republic	Taxable 27%	Could be carried forward for up to 5 years, but for no more than 20% of taxable profit in the first three years, 80% in the fourth and 70% in the fifth year. Losses of the first year could be carried to next year.
Uruguay	Taxable 7%	
Venezuela	Taxable	Could be carried forward for up to 3 years, except in the case of inflation adjustment there is only one year to credit.

INCOME TAX

	PURCHASE OF SHARES, SOCIAL SHARES FEES
Argentina	Taxed with an aliquot of 15% for natural persons and 30% for legal persons; the results from the sale of shares of companies that are not listed on the stock exchange, fees and social participations, securities, bonds and other securities, regardless of the subject that obtains them.
Bolivia	Sales of shares or capital installments are taxed by the transaction tax of 3% on the total value of the purchase or sale transaction.
Brazil	Conditions of capital gain are applied, but there are situations for the treatment of some operations.
Chile	The highest value obtained between the cost of purchase and sale is subject to the first category tax when it is a company and Global Supplementary Tax or additional when it is a person. Rate 22.5%
Colombia	They are exempt from tax payment.
Costa Rica	
Ecuador	They are exempt from tax payment.
El Salvador	If the company is dedicated to buying and selling shares, 30% is paid. If you invest in other companies, it is capital gain and you pay 10%.
Guatemala	They are exempt from Income Tax if profit is not generated, otherwise they are considered capital gains, exempt from VAT
Mexico	<p>The legal entity that disposes of shares must determine the corresponding gain by subtracting the adjusted fiscal cost of the shares of the sale price. The mentioned profit is accumulated to your other income.</p> <p>The physical person calculates the profit equal to the physical person. The buyer must retain the 20% rate on the sale price. If the seller chooses for the tax to be withheld to be calculated on the profit, he must submit a tax report issued by a certified public accountant before the tax authority. mentioned accumulates to your other income.</p>
Nicaragua	10% gain
Panama	10% gain (Sale value less Value in Books)
Peru	5% of net income
Dominican Republic	Taxed at 2% of transfers
Uruguay	Taxes
Venezuela	Exempt from the payment of tax, applies only to companies listed on the Stock Exchange, for which a Withholding of 1% of the Value is made

OTHER TAXES

	VAT	CAPITAL TAX
Argentina	Sales of goods, services, imports 21%, there are special rates of 10.5% and 27% to some goods and services. Digital services 21%	0.25% over assets at the end of fiscal year, could be credited against income tax and can be carried forward up to 10 years. Capital Tax over minimum profit of corporation assets was derogated in 2018.
Bolivia	Sales of goods, services, imports 13%	N/A
Brazil	Federal and county	N/A
Chile	Sales of goods, services and imports 19%	N/A
Colombia	Sales of goods, services and imports 16%	.Tax for individuals and corporations with equity over US \$ 330,000.
Costa Rica	Sales of goods, services and imports 13% exempted professional services and some groceries	N/ATimbre de Educación y Cultura sobre el capital con un pago máximo de ₡9.000 (US \$ 17.00)
El Salvador	Sales of goods, services and imports 13%. Exports 0%	N/A
Ecuador	Sales of goods, services and imports 12%. Exports 0%	N/A
Guatemala	Sales of goods, services and imports 12%. Exports 0%	1% over assets at the end of fiscal year, could be credited against income tax and can be carried forward up to 3 years.
Mexico	Sales of goods, services and imports 16%. Rate 0% for some activities	N/A
Nicaragua	Sales of goods, services and imports 15%	1% over equity
Panama	Sales of goods, services and imports 7%, liqueur and hotels 10%	2% over equity
Peru	Sales of goods, services and imports 18%	N/A
Dominican Republic	Sales of goods, services and imports 18%	1% over equity
Venezuela	Sales of goods, services and imports 12%	N/A

OTHER TAXES

	TRANSFER PRICING
Argentina	There is a transfer pricing control according to OCDE obligation of reporting every 6 months. There is no possibility of previous Price arrangements.
Bolivia	There is no transfer pricing control. Entra en vigencia a Bolivia los estudios de precios de transferencia y las obligaciones que tienen los sujetos pasivos que realizan operaciones con partes relacionadas referidas a la documentación e información a presentar, características, requisitos, medios, plazos y sanciones en caso de incumplimiento, la información es anual.
Brazil	There is transfer pricing control. Brazil is not a member of the OCDE
Chile	There is transfer pricing control and there is obligation to present annual reports. Chile is member of the OCDE.
Costa Rica	Transfer pricing controls. There is obligation to present reports from 2015.
Colombia	Transfer pricing controls.
Ecuador	Transfer pricing controls according to OCDE. There is obligation to present reports and documents of support for transactions with related parties.. Report for transactions over US \$ 15,000,000
Guatemala	Transfer pricing controls from January 2015.
Mexico	Transfer pricing controls according to OCDE. There is obligation to present reports and documents of support for transactions with related parties.. Report for transactions over US \$ 150,000,000
Nicaragua	There is no transfer pricing control until July 2017
Panama	Transfer pricing control according to OCDE. There is obligation to present reports and documents of support.
Peru	Transfer pricing control. There is obligation to present reports and documents of support.
Dominican Republic	Transfer pricing controls. Previous prices arrangements could be done in certain industries, expenses taxable 28%
Uruguay	Transfer pricing control according to OCDE.
Venezuela	Transfer pricing control according to OCDE. There is obligation to present reports.

OTHER TAXES

	MONEY LAUNDERING
Argentina	Argentina has adopted laws to consider the money laundering a crime and enforce the prevention and control of money laundering control with penalties and prosecution. There is an Information Unit for these purposes CPAs must adopt rules to prevent the money laundering and terrorism financing
Bolivia	Bolivia has adopted laws to consider the money laundering a crime and enforce the prevention and control of money laundering control with penalties and prosecution with prison of 3 to 10 years. All cash transactions of US \$ 7,200 and more should be reported. Cash transactions of US \$ 1450 should be explained.
Brazil	Brazil has adopted laws to consider the money laundering a crime and enforce the prevention and control of money laundering control with penalties and prosecution with prison of 3 to 10 years. CPAs must adopt rules to prevent the money laundering and terrorism financing
Chile	Chile has adopted laws to consider the money laundering a crime and enforce the prevention and control of money laundering control with penalties and prosecution.
Colombia	Since 2013 Colombia has adopted laws to consider the money laundering a crime and enforce the prevention and control of money laundering with penalties and prosecution, for those persons or corporations with income over US \$ 110,650
Costa Rica	Costa Rica has adopted laws to consider the money laundering a crime and enforce the prevention and control of money laundering with penalties and prosecution with prison. There is obligation to report transactions over US \$ 10,000.00.
Ecuador	Ecuador has adopted laws to consider the money laundering a crime and enforce the prevention and control of money laundering with penalties and prosecution with prison.
El Salvador	El Salvador has adopted laws to consider the money laundering a crime and enforce the prevention and control of money laundering with penalties and prosecution with prison.
Guatemala	Guatemala has adopted laws to consider the money laundering a crime and enforce the prevention and control of money laundering control with penalties and prosecution with prison of 3 to 10 years. All cash transactions of US \$ 10,000 and more should be reported CPAs must adopt rules to prevent the money laundering and terrorism financing and report transactions with their clients of more than US \$ 10,000 cash.
Mexico	Mexico has adopted laws to consider the money laundering a crime and enforce the prevention and control of money laundering with penalties and prosecution with prison.
Nicaragua	Nicaragua has adopted laws to consider the money laundering a crime and enforce the prevention and control of money laundering control with penalties and prosecution with prison .
Panama	Panama has adopted laws to consider the money laundering a crime and enforce the prevention and control of money laundering with penalties and prosecution with prison.
Peru	Peru has adopted laws to consider the money laundering a crime and enforce the prevention and control of money laundering control with penalties and prosecution with prison.
Dominican Republic	Dominican Republic has adopted laws to consider the money laundering a crime and enforce the prevention and control of money laundering control with penalties and prosecution with prison. All cash transactions of US \$ 10,000 and more should be reported.
Uruguay	On April 2011 started the Peer Review Process for the Mechanism of Pair control of OCDE, since 2017 Uruguay promised to exchange tax information to be qualified as aligned to OCDE standards.
Venezuela	Venezuela has adopted laws to consider the money laundering a crime and enforce the prevention and control of money laundering control with penalties and prosecution with prison.

OTHER TAXES

	TAX LEGISLATION IN PROVINCES
Argentina	Provincial and municipal taxations for the promotion of industrial activities. New taxations including Payment Programs
Bolivia	Special trade agreements with European Union, USA, Venezuela, Japan and other countries
Brazil	Different tax legislation for state, federal and municipalities
Chile	Same tax legislation in all country., Free Trade Zones in Iquique and Puntarenas.
Costa Rica	Same tax legislation in all country.
Ecuador	Same tax legislation in all country, special considerations for areas affected by natural disasters
El Salvador	Same tax legislation in all country
Guatemala	Same tax legislation in all country.
Mexico	Same tax legislation in all country
Nicaragua	Same tax legislation in all country.
Panama	Same tax legislation in all country.
Peru	Investment promotion laws for free zones and trade agreements.
Dominican Republic	Same tax legislation in all country.
Venezuela	Provinces have tax power for municipal purposes.

OTHER TAXES

	FATCA LAW FOREIGN ACCOUNT TAX COMPLIANCE ACT
Argentina	Since 2014 there is obligation to identify owners of bank accounts, non residents in Argentina, in force the Standard for Automatic Exchange of Financial Account Information-Common Reporting Standard.
Bolivia	There is no legislation about FATCA law.
Brazil	Since 2014 Brazil has an agreement with USA to exchange information about deposits and bank transactions of American citizens.
Chile	Since July 2014 the FATCA (Foreign Account Tax Compliance Act) is in force gradually.
Colombia	
Costa Rica	Since 2013 foreign financial corporations should be registered at the Treasury Department of the USA,. In 2014 in force the FATCA and since 2015 in force the exchange of information between Foreign Financial corporations and the IRS.
Ecuador	Financial corporations under control of Superintendencia de Bancos y Seguros with agreements to exchange information about foreign accounts and FATCA fulfilment.
El Salvador	In force since 2010 FATCA, to avoid tax evasion of US citizens, through information exchange with financial corporations.
Guatemala	In force FATCA regulations.
México	In force intergovernmental agreement with United States of America to exchange information about financial operations.
Nicaragua	There is no agreement signed, just the Unit of Financial Analysis to request financial corporations to report links of local and foreign accounts.
Panamá	Agreement with the Government of the United States of America to improve the international taxation fulfilment and FATCA.
Paraguay	Financial corporations are applying some regulations, there is still pending to approve the law.
Perú	Valid since 1.1.2014. Peru maintains an agreement in substance (negotiation) - IGA model 1 with the Government of the United States, this agreement confers rights and obligations on both parties, just as if there were a signed IGA. To ensure compliance with FATCA, a 30% withholding will be applied to certain payments made to entities and individuals that do not comply with the FATCA requirements.
Dominican Republic	There is an agreement to inform all transactions corresponding to US citizens
Uruguay	There is no law approved in this respect
Venezuela	There is no law approved in this respect.

OTHER TAXES

	TRANSPARENCY LAWS
Argentina	In force
Bolivia	Financial Investigations Unit is responsible of the detection, prevention and control standards issuance and implementation.
Brazil	In June 2017 Brazil will be adopt the international standard for CPAs to report breach to laws related to corruption, money laundering or tax evasion
Chile	In force laws and regulations against corruption
Colombia	
Costa Rica	In force. Since December 2016 there is a law to force companies to reveal information about their shareholders.
Ecuador	In force laws and regulations to promote transparency in the public sector. To promote transparency all State institutions are obligated to present and keep available information to public. Investors and banks must report monetary assets overseas.
El Salvador	In force public policies and laws to promote transparency and fight against corruption.
Guatemala	Since February 2017 abolition of the bank secret, in force laws to promote transparency and access to public information.
México	In force public policies and laws to promote transparency, fight against corruption and access to public information.
Nicaragua	All banking and financial operations regulated by Banco Central de Nicaragua and Superintendencia de Bancos
Panamá	Laws and regulations for the exchange of information for tax purposes from 2018
Paraguay	Laws and regulations to promote access to public information and transparency
Perú	Income Tax Law Chapter XIV establishes International Fiscal Transparency Regime
Dominican Republic	Laws and regulations to promote access to public information
Uruguay	In force implementation to follow recommendations from OCDE and G20 Group to strengthen transparency.
Venezuela	Laws and regulations against organized crime and terrorism financing.

OTHER TAXES

	BANK SECRET ELIMINATION AND INFORMATION EXCHANGE
Argentina	In force, only per judge request, according to treats with other countries to share information
Bolivia	Cuando sea requerida por autoridades judiciales, fiscales dentro de un proceso formal. Autoridades publicas en delitos financieros, actos de corrupción, la Administración Tributaria dentro de verificaciones impositivas. Cuentas corrientes cerradas por giros sin provisión de fondos, deudores en ejecución y castigados del sistema financiero.
Brazil	In force
Chile	In force
Colombia	
Costa Rica	
Ecuador	In force
El Salvador	Not applicable, only if requested by judge
Guatemala	In force
México	Bank secret is considered in actual laws but there are some exceptions, authority must request information formally, Mexico is part of agreements to exchange information with other countries.
Nicaragua	
Panamá	Laws and regulations for the exchange of information for tax purposes from 2018
Paraguay	
Perú	In force, only if requested by judge
Dominican Republic	In force
Uruguay	In January 2017 the Bank Secret was eliminated, there are minimum amounts to financial institutions to report bank transactions.
Venezuela	Not applicable

ANNEX

ARGENTINA Retention for Foreign Beneficiaries	NET INCOME	EFFECTIVE RATE 2018 - 2019	EFFECTIVE RATE 2020 onwards
Technology transfer contracts governed by said law			
Technical assistance, engineering or consulting services	60%	18,00%	26,58%
Transfer of rights or licenses (exploitation of invention patents)	80%	24,00%	38,89%
Technical assistance services and assignment of rights without indicating amounts	80%	24,00%	38,89%
Copyright and artists residing abroad	35%	10,50%	13,96%
Interests of credits of any origin obtained abroad			
Loans taken by financial institutions	43%	12,90%	17,72%
Imports of depreciable personal property -except automobiles- financed by the supplier	43%	12,90%	17,72%
Loans granted by banking or financial entities located in countries not considered tax havens, or in countries with which the Republic has signed information exchange agreements and which can not claim banking or other secrecy. The granting financial entities must be under the supervision of the respective central bank or equivalent body	43%	12,90%	17,72%
Debt bonds registered in countries with reciprocal agreements for investment protection	43%	12,90%	17,72%
Loans not included in the preceding points	100%	30%	53,85%
Deposits made in financial institutions	43%	12,90%	17,72%
Salaries and fees derived from personal activities	70%	21,00%	32,45%
Furniture location	40%	12,00%	16,28%
Rentals and leases of real estate	60%	18,00%	26,58%
Transfer for consideration	50%	15,00%	21,21%
Shares, bonds and other securities (since 9/23/2013 S / L 26893)	90% x aliquot 15%	13,50%	15,61%
Other earnings	90%	27,00%	45,99%

FIRMS DIRECTORY

AGN CENTRAL & SOUTH AMERICA

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Brasil	 Juenemann & Asociados Auditores E Consultores	Perú	Galecio Sosa Auditores Consultores Soc. Civ.
Chile	ABATAS Auditores Consultores Ltda	Perú	 Jeri Ramon & Asociados
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Guatemala	 Panchita Aguirre De Kaehler Y Asociados		
México	Rangel, Castillo, Carrillo, Rodríguez y Asociados, S.C.		



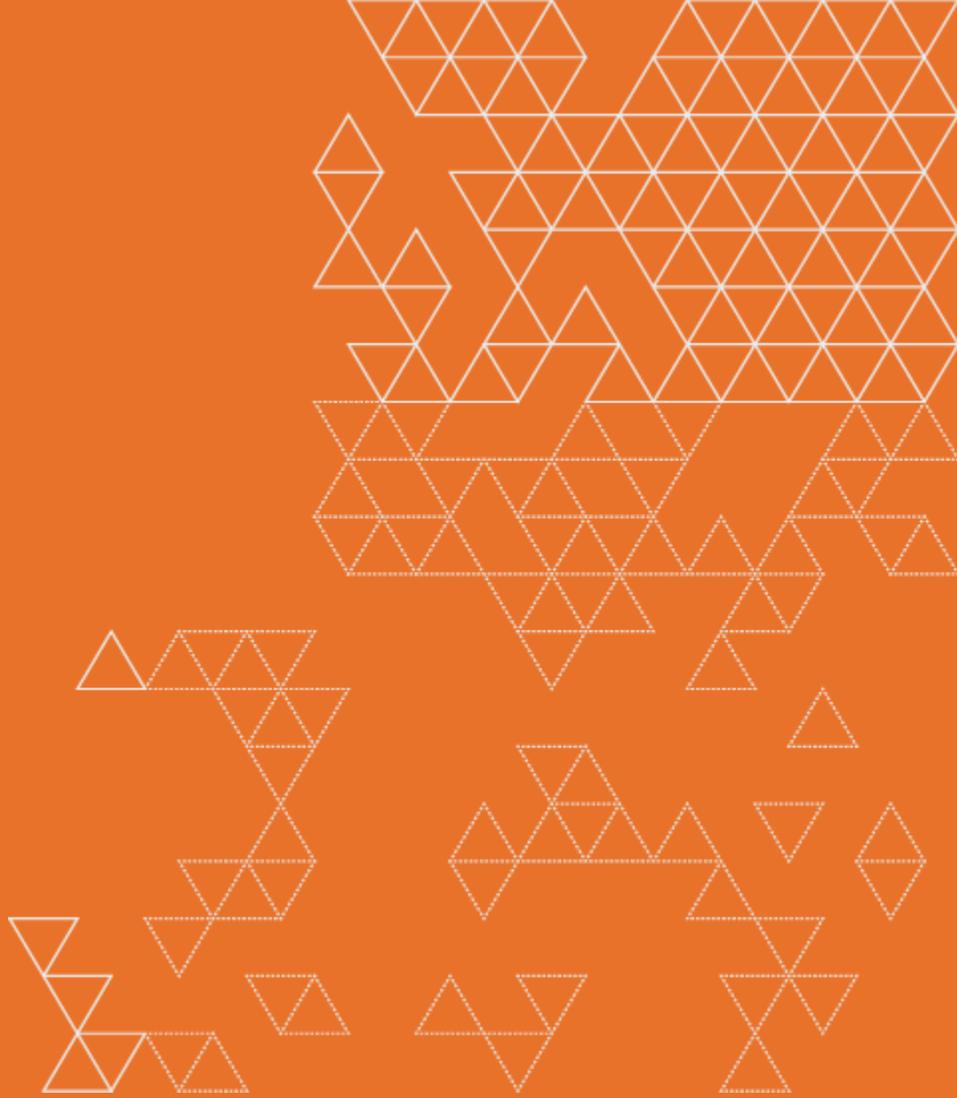
Collaborating firms



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