CENTRAL &
SOUTH AMERICA

Tax Cards | 2022

A summary of tax facts of countries in the Central and South America region

excellent.
connected.
individual.

Tax Cards | 2022

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AGN International - Central & South America

COSTA RICA

Tax Card 2022 (in Colones Costarricenses)

1. **Fiscal plan 2019**	During the period 2019, a tax plan for the improvement and sanitation of Costa Rica's Public Finances took effect, this plan includes 3 main axes: a. Modification of the Sales Tax Act to become a Value Added Tax b. Amendment to the Income Tax c. Act one chapter regarding public service regulations in terms of wages and others. For companies or investments in Costa Rica, the main effects have been related to points a) and b) above.
2. **Value added tax**	As of July 2019, Costa Rica adopted value added tax, with major changes in: a. Rent taxes (Income) for both room and commercial; with the following exceptions: • Room rentals under 1.5 Base wages are not taxed • Wages Commercial rents under 1.5 Base Wages are not taxed, as long as the company is registered as SMEs (Small and Medium Entity) b. Services in general are taxed with 13%, with specific exceptions in some categories, are taxed at 1%, 2% and 4%. c. These statements are filed on the 15th of each month.
3. **Income tax**	With the entry into force of the Tax Plan, some amendments were made to the Income Tax Act, among the main ones are: • Capital gains are taxed and capital losses become income tax deductible. • All companies that in a fiscal period obtain loss results; may defer these losses within 3 years and use them as deductible expenses (5 years in agricultural companies) Income tax rates are defined on a staggered basis, directly related to income obtained by Companies or Individuals; with this, income tax rates range from 10% to 30%, from the tax base in each period. As part of the existing changes, as a result of the Tax Plan, all companies become fiscal, equal to the calendar year (previously the tax close in Costa Rica was September 30 of each year);However, subsidiaries whose parent company or holdings of their shares are located outside the country may request special periods at their convenience. This declaration is filed on March 15 of each year. There are also regulations for wages of persons working for entities, where amounts of income tax on wages must be with a staggered basis; and that must be retained by the Patrons, and reported and cancelled to the Tax Administration on the 15th of each month.

3. Income tax (cont.)	All entities, affecting income tax, must make partial payments of income tax, under the bases established by the Ministry of Finance of Costa Rica, at least three times per year, in the months of June, September and December; as a preview of the final payment of Income Tax.
4. Generality	From 2018 to date, Costa Rica has enabled the electronic invoicing system, as part of tax control measures, and so all commercial activities must be carried out by electronic invoices; the billing process communicates directly to the Tax Administration of each of the invoices issued by a taxpayer, allowing the improvement of controls. All taxation systems in the country are electronic and payments are made from any of the countries banking platforms; thus generating important facilities in the processes of declaration and cancellation of taxes.
5. COVID-19	As a result of the COVID crisis – 19, the Government of the Republic of Costa Rica, took the following measures for relief: a. Moratorium on the payment of value added tax for the months of April, May and June 2020 (entities will have a deadline until December 2020, to settle the amounts owed). b. Exemption from payment of partial payments of income tax, for entities whose payment must be made in the months of April, May or June 2020. c. The Government of the Republic approved reductions in working hours, by 25% and 50% of the day, in specific cases as a product of the Crisis by COVIT 19; the suspension of contracts for the Crisis season, which has been estimated to range from March to December 2020, has also been enabled.

ECUADOR

Tax Card 2022

1. General aspects

In Ecuador, the tax regime is governed by the principles of generality, progressivity, efficiency, legitimate trust, administrative simplicity, non-retroactivity, fairness, transparency and collection sufficiency. Direct and progressive taxes are prioritized.

The tax laws, their regulations and secondary regulations, will govern as of their publication in the Official Registry, unless effective dates are established after the same.

However, the rules that refer to taxes whose determination or liquidation must be carried out for annual periods, as a merely declaratory act, will be applied from the first day of the following calendar year, and, from the first day of the following month, in the case of minor periods.

Single Registry of Taxpayers – RUC

It is an instrument whose function is to register and identify taxpayers with impositive tax purposes and as an object to provide information to the Tax Administration.

All natural and legal persons, entities without legal personality, national and foreigners, who initiate or carry out economic activities in the country on a permanent or occasional basis or who are owners of assets or rights that generate or obtain profits, benefits, remuneration, fees and other income subject to taxation in Ecuador, are required to register in the Single Registry of Taxpayers.

Likewise, foreign companies domiciled in tax havens or any other jurisdiction, which are owners of real estate in Ecuador, are required to register in the Single Taxpayer Registry, even if they do not generate or obtain income subject to taxation in Ecuador.

International organizations with offices in Ecuador; the embassies, consulates and commercial offices of the countries with which Ecuador maintains diplomatic, consular or commercial relations are not required to register in the Single Taxpayer Registry, but they may do so if they deem it convenient.

Tax administration

The tax authority in Ecuador in charge of collecting taxes from the Central Government is the Internal Revenue Service – SRI (www.sri.gob.ec).

Exchange Control Regime

All financial operations carried out by or through the institutions of the financial system will be expressed in dollars of the United States of America.

The Central Bank of Ecuador will publish daily the exchange rates of foreign currencies that will be applied in the country's international transactions.

1. General aspects (cont.)

Notwithstanding the foregoing, the exchange rate for foreign currency purchase and sale operations will be determined by the supply and demand offer of mentioned currency without being higher than that established by the Control Body (Central Bank of Ecuador).

Foreign Investment Registration

All foreign investment must be registered in the Central Bank of Ecuador. If the investment is generated by the acquisition of representative capital rights, information must be reported [to the Superintendence of Companies and the Internal Revenue Service] related to the legal existence of the country of origin, partners and/or shareholders until reaching the final beneficiary and update of information in the Ecuadorian tax registers.

2. Income tax

In Ecuador, this tax is levied on the global income obtained by natural persons, undivided successions and national or foreign companies.

Tax residents pay taxes on worldwide income, with the possibility of imputing the tax paid abroad as a tax credit.

Non-residents pay the tax on income obtained at source (Ecuador). The Income Tax return is mandatory for all natural persons, undivided successions and companies, national or foreigns, domiciled or not in the country, according to the results of their economic activity.

All branches and permanent establishments of foreign companies and partnerships are required to keep accounts.

Likewise, natural persons and estates, including professionals, commission agents, artisans, agents, representatives, other self-employed workers, are required to keep accounts, in accordance with the following conditions:

a. Own capital greater than USD 180,000.
b. Annual gross income greater than USD 300,000 or,
c. Annual costs and expenses greater than USD 240,000.

The tax year is from January 1 to December 31.

3. Corporate income tax

Taxable income obtained by companies incorporated in Ecuador, as well as by branches of foreign companies domiciled in the country and permanent establishments of foreign companies not domiciled in the country, will apply the 25% rate on their tax base.

The tax rate will be that corresponding to companies plus 3 percentage points when:

a. The company has shareholders, partners, participants, constituents, beneficiaries or similar, on whose corporate composition mentioned company has failed to comply with its duty to inform in accordance with the provisions of this Law; either,

3. **Corporate income tax (cont.)**	b. Within the chain of ownership of the respective representative rights of capital, there is a resident owner, established or protected in a tax haven, jurisdiction with lower taxation or preferential tax regime and the effective beneficiary is a tax resident of Ecuador. The addition of 3 percentage points will apply to the entire tax base of the company, when the percentage of participation of shareholders, partners, participants, constituents, beneficiaries or similar, by whom any of the aforementioned causes have been incurred is equal to or greater than the 50% of the share capital or that which corresponds to the nature of the company. When the aforementioned participation is less than 50%, the rate corresponding to companies plus 3 percentage points will apply to the proportion of the tax base that corresponds to mentioned participation.
4. **Income tax for natural persons**	In reference to a tax year, natural persons who are in any of the following conditions will be considered tax residents of Ecuador: a. When their permanence in the country including sporadic absences of one hundred eighty-three (183) calendar days or more, consecutive or not, in the same fiscal period; b. When their permanence in the country, including sporadic absences, is one hundred eighty-three (183) calendar days or more, consecutive or not, in a period of twelve months within two fiscal periods, unless you prove your fiscal residence for the corresponding period and that the main core of their activities or economic interests is in that jurisdiction, otherwise their fiscal residence in Ecuador will be presumed. In the event that the person proves their tax residence in a tax haven or jurisdiction with lower taxation, they must prove that they have remained in that country or jurisdiction for at least one hundred and eighty-three (183) calendar days, consecutive or not, in the tax year that corresponds and that the main core of their activities or economic interests is in that jurisdiction, otherwise their fiscal residence in Ecuador will be presumed. In the event that a tax resident in Ecuador subsequently proves his tax residence in a tax haven, jurisdiction with lower taxation or preferential regime, he will maintain the status of tax resident in Ecuador until the four tax periods following the date on which he ceased to comply the conditions to be a resident mentioned in the preceding paragraphs, unless he proves that he has remained in that country or jurisdiction for at least one hundred and eighty-three (183) calendar days, consecutive or not, in the same tax year and that the main group of its activities or economic interests is located in that jurisdiction; c. The main nucleus of his economic activities or interests resides in Ecuador, directly or indirectly.

4. Corporate income tax (cont.)

It will be presumed that a natural person has the main core of their activities or economic interests in the country, when they are the owner, directly or indirectly, of assets located in Ecuador, including representative capital rights of resident companies or permanent establishments in the country, for a value greater than one million dollars of the United States of America (USD 1 million), and said natural person, at any time prior to or during the relevant fiscal year, has:

i. Been a tax resident of Ecuador.
ii. Had Ecuadorian nationality or permanent residence in Ecuador, or
iii. Exercised as legal representative or agent of a company resident in Ecuador or of a permanent establishment in Ecuador, of a non-resident company.

5. Income tax rates for natural persons

To settle the income tax of natural persons and undivided successions, the rates contained in the following income table will be applied to the tax base:

Basic fraction	Excess up to	Tax on basic fraction	% tax on the excess fraction
-	11,310,00	-	0%
11,310,01	14,410,00	-	5%
14,410,01	18,010,00	155,00	10%
18,010,01	21,630,00	515,00	12%
21,630,01	31,630,00	949,40	15%
31,630,01	41,630,00	2,449,40	20%
41,630,01	51,630,00	4,449,40	25%
51,630,01	61,630,00	6,949,40	30%
61,630,01	100,000,00	9,949,40	35%
100,000,01	onwards	23,378,90	37%

6. Non-resident income tax rates

The taxable income of non-residents that are not attributable to permanent establishments, sent, paid or credited to the account, directly, through compensation, or with the mediation of financial entities or other intermediaries, will pay the general rate provided for companies on said taxable income (25% - 28%). If the income referred to in this subsection is received by residents, incorporated or located in tax havens or jurisdictions with lower taxation, or are subject to preferential tax regimes, a withholding tax equivalent to the maximum rate provided for natural persons will be applied. (37%).

The tax contemplated in the previous paragraph will be withheld at the source.

7. Value added tax – VAT	It is a tax that is levied on the value of local transfers or imports of personal property, in all its stages of commercialization, and on the value of the services provided. VAT must be paid on all local transfers or imports of goods and on the provision of services. For local transactions, the VAT taxable base corresponds to the sale price of the goods or the value of the provision of the service, including other taxes, fees and other related expenses, except by discounts and/or returns. In the event of imports, the VAT tax base corresponds to the sum of the CIF value (Cost, insurance and freight) plus the taxes, duties, fees, rights and surcharges included in the import declaration. In the event of imported services, the buyer must self-assess the VAT by issuing a liquidation of purchases of goods and services and on it a withholding of 100% of mentioned tax will be issued. The current rate is 0% and 12% and applies to both goods and services. There are also transfers that are not subject to VAT, which are detailed in the Internal Tax Regime Law.
8. Tax on financial transactions – foreign currency outflow	The generator of this tax is constituted by the transfer, shipment or transfer of foreign currency that is made abroad, either in cash or through the drawing of checks, transfers, withdrawals or payments of any nature with the exception of compensations made with or without the intermediation of financial system institutions. Additionally, the generating event of this tax is constituted by two types of presumptions: the first related to any effective payment from abroad by individuals or Ecuadorian companies or foreign companies domiciled or resident in Ecuador; in which case the Tax Administration presumes it effective with resources that cause the Foreign Currency Outflow Tax (FCO) in Ecuador, even when payments are not made by remittances or transfers, but with financial resources abroad of the natural person or the company or third parties. The second presumption establishes that the FCO is caused in the case of exports of goods or services generated in Ecuador, carried out by natural persons or companies domiciled in Ecuador, that carry out export economic activities, when the currencies corresponding to payments for these exports do not enter Ecuador. In this case, the value of the ISD generated in payments made from abroad may be deducted from the tax caused in the international currency not entered. In the case of exports of goods or services generated in the country, when the international currency does not enter Ecuador, the tax is presumed to be caused 6 months after the goods arrive at the port of destination. In cases where it is not possible to identify the date of arrival of the goods at the port of destination, it is presumed that the tax will be incurred 6 months after the date of shipment of the goods, as stated in the customs declaration. The FCO rate is 5%.

<table>
<tr><td>9.
Banking regime</td><td>In Brazil there is an excellent banking service. Brazilian banks operate with large branch networks, due to the geographical characteristics and regional peculiarities of Brazil. There is a high investment in the effective use of the most advanced technologies to make Brazilian banks increasingly efficient and secure. Additionally, Brazilian banks offer a very wide range of services (payments, financial transfers, sales of other services, investments, loans, among others), which makes them a kind of large financial supermarket.</td></tr>
<tr><td>10.
Deadlines for determination of tax obligations</td><td>In taxes that the law requires determination by the taxpayer, the power of the administration to determine the tax obligation expires, without requiring a prior pronouncement, in 4 years from the date on which the declaration was filed; in the case of the taxpayer who has not submitted his return, the expiration period will be 6 years.

In the event of verifying an act of determination practiced by the active subject or in a mixed form, the determining power will expire in one year from the date of notification of such acts.</td></tr>
<tr><td>11.
Prescription deadlines</td><td>The income tax credit prescribes in 3 years from its final declaration.

The VAT tax credit prescribes in 5 years from its final declaration</td></tr>
<tr><td>12.
Presentation of declarations and payment of taxes</td><td>The Ecuadorian Tax Administration has one of the best portals established on the web for the compliance of tax obligations (declarations, annexes, reports, determinations), tax management and administration. Likewise, Ecuador since 2011 implemented the electronic invoicing system and maintains the tax information exchange and fiscal transparency agreements in force.</td></tr>
<tr><td>13.
Treaties to avoid double taxation</td><td>Ecuador has signed treaties with several countries to avoid double taxation, follows below:
<table>
<tr><th colspan="2">Agreements concluded under the OECD model</th></tr>
<tr><td>Germany</td><td>Belarus</td></tr>
<tr><td>Belgium</td><td>Brazil</td></tr>
<tr><td>Canada</td><td>Chile</td></tr>
<tr><td>China</td><td>Korea</td></tr>
<tr><td>Spain</td><td>France</td></tr>
<tr><td>Italy</td><td>Japan</td></tr>
<tr><td>Mexico</td><td>Qatar</td></tr>
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13. Treaties to avoid double taxation (cont.)

Agreements concluded under the OECD model	
Romania	Russia
Singapore	Switzerland
Uruguay	*Argentina [exclusively applicable for air transport agreement].

GUATEMALA

Tax Cards 2022 (In US Dollars)

1. Basis of taxation	Income is taxed on territorial basis, in other words, tax is chargeable on income accrued in or derived from Guatemala origin, for Guatemalans and Foreigners. Foreign sourced income is exempt. **Tax Payers Registry** Every person or corporation of any kind, Guatemalan or foreigner, tax contributor responsible of the tax payment must be registered at the Registro Tributario Unificado (RTU). **Tax Authority** In Guatemala the Tax Authority in charge to collect taxes for the Central Government is Superintendencia de Administración Tributaria (SAT). **Exchange Control** In Guatemala there is not an exchange control of foreign currency. The exchange rate for purchase or sale operations of foreign currency is established by the free offer and demand of currencies.
2. Guatemalan source income	Domiciled tax payers are subject to income tax on the all taxable income that they obtain without considering the nationality of the individuals, the place the companies are established and neither the place of the generation of the income. Non-Domiciled tax payers, such as branches, agencies and other permanent establishments of entities constituted abroad are subject to income tax on the Guatemalan source income.
3. Corporate tax	All income originated in Guatemala is subject to Income Tax. It doesn´t matter the nationality of the persons, place of constitution of corporations or the place of establishment of the production source. All income produced by goods, services, capitals, rights, investment in Guatemala are considered income on Guatemalan basis. The current corporate tax is 25% over profit of the year. In addition, the distribution of profits (dividends) is subject to a withholding income tax at a 5% tax rate. The corporate tax rate is applied after deduction from the income, all costs and expenses needed to produce and maintain the source income. Foreign expenses are deductible if they are fully documented and they have been necessary to produce taxable income.

3. Corporate tax (cont.)

Payments in Advance to Income Tax

Payments in advance can be calculated as follows:

- 8% over total quarterly income considered an estimated profit applying an income tax rate of 25%
- 25% income tax rate over a quarterly net profit.

Monthly Income Tax

Income Tax rate of 5% on a monthly basis up to US $ 4,000.00 and 7% over the excess.

Solidarity Tax

Solidarity Tax (ISO) is applied over the total amount of assets of income of the previous fiscal year. Tax rate is 1% over the higher amount over that base.

ISO is used as credit against to Income Tax payments in advance and annual Corporate Tax. If ISO is not used in the fiscal year, it could be carried forward for the next three years. The amount of ISO, which was not applied as a fiscal credit after the three years, could be recorded as an expense of the year.

4. Corporate income tax to branches of foreign companies

Any branch, agency or other permanent establishments of foreign companies are considered domiciled in Guatemala, due to the income produced by Guatemalan source.

Net profit produced by foreign companies is subject to a 25% Income Tax as well as Guatemalan companies.

5. Withholding tax rate (non-treaty)

	Resident	Non-resident Individual/Corporation
Interests	10%	10%
Dividends	5%	5%
Ships and plane rent	25%	25%
Royalties/know-how	15%	15%
Technical services	25%	25%

6. Basis of tax residence corporate residence

A company will be considered to be a Guatemala tax resident if the control and management of its business was exercised in Guatemala in the preceding calendar year.

“Control and management” is the making of decisions on strategic matters, such as those on company policy and strategy. The location of the company’s Board of Directors meetings, during which strategic decisions are made, is a key factor in determining where the control and management is exercised. The place of incorporation of a company is not necessarily indicative of the tax residence of a company.

6. Income tax individual residence (cont.)

INTERNATIONAL ACTIVITY	NET PROFIT RATE
1. Insurance	5%
2. Ships and plane rent	25%
3. Communications	5%
4. Air Transport	5%
5. Freights	5%
6. News and television networking	3%
7. Movies and digital material	25%
8. Containers	25%

A 25% Income Tax rate will be applied on the net profit determined as mentioned in the last chart.

7. Income tax individual residence

An individual would generally be a tax resident of Guatemala if the individual is physically present or exercises an employment in Guatemala for more than 183 days over a 12 month period.

In addition, under the qualitative test, a Guatemala citizen or a Guatemala permanent resident with a permanent home in Guatemala will ordinarily be regarded as a Guatemala tax resident, even if the individual has been physically away from Guatemala on a temporary basis, so long as the period of absence is reasonable.

Same Income Tax rates are applied to individuals and companies.

For individuals employed, Income Tax over salaries is 5% for Annual net Income up to US $ 40,000.00 and 7% over the excess of US $ 40,000.00

8. Capital rent tax rates

Capital profit: Over income from rent, and rights over goods. Interest, royalties and capital gains apply at a 10% for Income Tax rate.

Dividends and any other profit distribution are subject to a 5% Income Tax rate.

Non-Residence Individual Tax Rates

The non-residence individual income as employee is subject to 25%.

9. Goods and services tax

The current Value Added Tax (VAT) rate is at 12%. It is a requirement to register for VAT for all amount of operations.

Also VAT is calculated over services provided in Guatemala by non-residece individuals or companies, construction contract, first sale of a property and goods imports.

10. Transactions financial tax

Transactions Financial Tax (IPF) is applied to operations made with bank accounts debit or credit. The IPF rate is 1%.

11. **Mandatory banking support**	According to legal standards, every payment made in the benefit of a corporation or individual above US $ 4,000.00 must be made through the National Banking System (private authorized banks) using checks, bank deposit notes, wire transfers, credit or debit cards. Any payments made without using the authorized methods of payment will result in non-deductible costs or expenses for Income Tax purposes.
12. **Terms for expiration**	The right for the Tax Authority to audit the accounting records of corporation or individuals expires after 4 years.
13. **Declarations and tax payments**	Tax payers calculate their taxes and used digital records and books, as well as tax forms authorized by SAT. Tax declarations are monthly for IVA, quarterly or monthly according to the selected regime for Income Tax and Annual Tax declarations for all tax payers. It is mandatory to present declarations even without tax payments.
14. **Stamp duty**	For property transfer ranges 3% on second and further purchases. For share transfer, stamp duty is exempt.
15. **Property tax**	Owner occupied residence property is subject to 9 per thousand tax over the property value, paid quarterly.
16. **Double taxation prevention treaties**	Guatemala does not sign any treaty with other countries to avoid double taxation.
17. **COVID-19**	In Guatemala, the COVID pandemic has been on board since March 16, 2020 with the closure of borders and a quarantine limiting the mobilization of people. It also established a time restriction from 16.00 to 04.00 of the next day. In relation to the tax issues, Tax Authorities established the postponement of the expiration for the presentation of the 2019 annual income tax return and the VAT return corresponding to February 2020, in these cases the new deadline was April 15, 2020. Also, the quarterly tax returns corresponding to January-March period was postponement to April 30, 2020; and the Solidarity Tax corresponding to the quarterly period from April to June 2020 was postponement to September 2020. Tax Authorities did not establish additional tax exceptions neither deadline terms for fiscal obligations.

17. COVID-19 (cont.)	Guatemalan Social Security Institute established that the payments for social security corresponding to companies could be paid in 18 monthly quotes. Finally, the Labor Ministry established that the suspension of labor contracts does not imply a dismissal or loss of the employment relationship.

MEXICO

Tax Card 2022 (Figures in Mexican Pesos - PsMxs)

1.
General aspects

1.a. Unit of Measurement and Update. (UMA)

The UMA is a reference value used to determine some deductions, limits, penalties, and other tax obligations. The UMA in force from 2016 to date is as follows: (PsMxs)

PERIOD

FROM	To	Daily	Monthly	Annual
1-II-2022	31-I-2023	$96.22	$2,925.09	$35,101.08
1-II-2021	31-I-2022	$89.62	$2,724.45	$32,693.40
1-II-2020	31-I-2021	$86.88	$2,641.15	$31,693.80
1-II-2019	31-I-2020	$84.49	$2,568.50	$30,822.50
1-II-2018	$73.04	$80.60	$2,450.24	$29,402.88
1-II-2017	31-I-2018	$75.49	$2,294.90	$27,538.80
1-I-2016	31-I-2017	$73.04	$2,220.42	$26,645.04

1.b. Federal Taxpayer Registry. (FTR)

The Legal entities or individuals who should comply with tax obligations in the specific laws must register before the FTR.

From January 1, 2022, the individual who is 18 years old must register before the FTR, even though no taxable activity is carried out.

1.c. Tax Administration

The tax authority in Mexico responsible for administering federal contributions is the Ministry of Finance and Public Credit through the Tax Administration Service.

That authority has the right to review taxpayers within a general period of 5 years following the date on which the fiscal year's return is filed. The period is ten years in certain exceptional cases provided for this purpose.

1.d There is no exchange control in Mexico; there is free foreign exchange trading.

1.e. Foreign Investment

The following activities are reserved exclusively for Mexicans or Mexican companies with a foreigner exclusion clause:

a. National ground passenger transport, tourism, and cargo, not including courier and parcel services.
b. Development banking institutions in terms of the law of the matter.
c. The provision of professional and technical services expressly indicates the applicable legal requirements.

A limit on foreign investment is set as follows:

a. 10% of the share capital of the cooperative production company.

1. General aspects (cont.)

b. 49% of share capital in activities such as explosives manufacturing and marketing, fishing, comprehensive port administration, broadcasting, among other activities.

Finally, activities and companies are required in which the share capital share may exceed 49% after the favorable resolution of the respective authority. It also requires the prior authorization of foreign investment more significant than 49% in the case of a company whose total value of its assets exceeds $18 billion PsMxs

1.f. Obligations to be fulfilled over the Internet

Taxpayers must pay contributions online using the procedures provided by the relevant authority.

Taxpayers must issue tax receipts for the income they earn through the electronic system authorized by the SAT and must meet applicable requirements. There are additional requirements for the cases of donors, airlines, notaries, and foreign trade operations, among others.

Taxpayers who are required to keep their accounting records must do so in electronic software and provide the tax authority with the accounting information every month.

1.g. Tax residence in Mexico.

Taxpayer keeps the tax residence in Mexico when:

a. No information is filed before the tax authority regarding the new tax residence abroad.

b. The new tax residence is located in a country or territory where the corresponding income is subject to a Preferred Tax Regime.

2. Income tax (IT)

2a. Subjects

The following are subject to the IT:

a. Legal entities and individuals who are residents in Mexico for tax purposes are subject to IT for all income regardless of the source of wealth from where they come.

b. The permanent establishment in Mexico of a resident abroad is subject to IT on the income attributable to that establishment.

c. Residents abroad for income from a wealth source in Mexico, excluding revenue from the permanent establishment. These include salaries, fees, real estate income, interest, dividends, royalties, technical assistance, etc.

2.b. Legal entities

The Legal entities residing in Mexico pay the IT annually on the tax result at 30%.

The term Legal entities include the following:
- Corporations.
- Decentralized agencies that predominantly carry out business activities

2.
Income tax (IT) (cont.)

- Credit institutions.
- Civil societies and associations.
- The contractual joint venture that performs business activities.

If the legal entity obtained tax profits in any previous five years, it must determine a coefficient based on that income. This coefficient is applied to the current fiscal year's revenue to compute the monthly pre-payment. These pre-payments are made on account of the annual IT.

The legal entity should file the annual return no later than March 31 of the following year to compute the fiscal year's tax.

IT law taxes permanent establishments located in Mexico of residents abroad under the same legal entity tax regime discussed in the preceding paragraphs. Therefore, any business site where business activities are carried out or independent personal services (branches, agencies, offices, etc.) is considered a permanent establishment.

2.c. Individuals

Various tax regimes are established depending on the type of income received by the individual, such as salaries, business activities, professional services, leasing of real estate, selling of goods, interests, and dividends.

The IT is computed by applying to the tax base a progressive tariff up to a maximum tax rate of 35%.

Individuals must compute the annual IT and file the annual return no later than April 30 of the following year.

2.d. Residents abroad

Miscellaneous income is taxed when obtained from the wealth source in Mexico, such as salaries, fees, use or enjoyment of real estate, disposal of real estate, dividends, interest, royalties, technical assistance, among others, according to the following rates:

Activity	ISR Retention Rate	Guest reviews
Salaries	Three levels apply Tax	At the first Mx$125,900, they are exempt From Mx$125,000 to $1,000,000 taxed at 15% More than $1,000,000 taxed at 30%
Fees	25%	
Advisors	25%	
Use or enjoyment of the real estate	25%	
Disposal of real estate	25% on the sale price	As an option, it is allowed to apply 35% on the gain obtained
Disposal of shares	25% on the sale price	As an option, it is allowed to apply 35% on the profit obtained if the resident abroad has a legal representative in Mexico. This option is not applicable if the income of the resident abroad is subject to a preferential tax regime or resides in a country with a territorial taxation system
Dividends	10%	

Activity	ISR Retention Rate	Guest reviews
Interests	Various rates according to various law assumptions (4.9%, 10%, 15%, 21% and 35%)	
Royalties	Various fees according to multiple cases of law (1%, 5%, 25%)	
Technical Assistance	25%	

On this issue, Mexico has signed with several countries the corresponding agreements to avoid double taxation and tax evasion.

If we take into account the provisions of the agreement signed with the United States of America (USA), the applicable rates are as follows:

Income received by the resident abroad	Withholding tax in Mexico under U.S. deal	Guest reviews
Salaries	Three levels apply Tax	At the first Mx$125,900, they are exempt From Mx$125,000 to $1,000,000 taxed at 15% More than $1,000,000 taxed at 30%
Fees	No retention	There is withholding when you have a fixed base in Mexico
Advisors	25%	
Leasing of real estate	25%	Option: Cause tax at the rate of 30% on a net basis. It becomes mandatory for the following years
Disposal of real estate	25% on the sale price	As an option, it is allowed to apply 35% on the gain obtained
Disposal of shares	25% on the sale price	As an option, it is allowed to apply 35% on the profit obtained if you have a legal representative in Mexico. This option is not applicable if the income of the resident abroad is subject to a preferential tax regime or resides in a country with a territorial taxation system This tax regime of 25% or 35% applies if the resident abroad has a direct or indirect share capital stock for 12 months before the selling of at least 25% of that capital. If a resident abroad has a percentage less than 25% in that period, such disposal of shares is not taxed in Mexico.
Dividends	5% or 10%	The 5% rate is withheld when the actual beneficiary of the dividend directly owns at least 10% of the company's voting shares that pay the dividends in Mexico. The 10% rate applies in other cases

**2.
Income tax
(IT) (cont.)**

2.
Income tax (IT) (cont.)

Income received by the resident abroad	Withholding tax in Mexico under U.S. deal	Guest reviews
Interests	Various rates according to multiple assumptions (4.9%, 10%, and 15%)	
Royalties	10%	

3.
Value added tax (VAT)

3.a. Subjects and object

Legal entities and individuals are subject to this tax if they perform the following activities:

- Disposal of goods.
- Providing independent services.
- Leasing of goods.
- Import of goods and services.
- Providing digital services by residents abroad.

Certain activities are exempt from tax, such as:

- Disposal of the land, constructions attached to land either intended or used for residential purposes, books, etc.
- Educational services, terrestrial public transportation of individuals, and specific interests, among other activities.
- Leasing of constructions attached to land used for residential purposes, farms used for agricultural or livestock purposes.
- Import of goods whose disposal in Mexico is exempt from tax.

3.b. Tax rates.

The general rate is 16%.

A special rate of 0% applies to specific activities such as disposal of patented medicines and products destined as food, specific machinery used in agricultural activities, some services provided to farmers, exporters, etc.

A decree (which is in force from January 1, 2019, until December 31, 2024, establishes a tax incentive for taxpayers engaged in specific activities in premises or establishments within Mexico's northern border region. The incentive is to reduce the general rate from 16% to 8%.

3.c. Payment of tax

Taxpayers should pay the tax each month. No annual return should be filed.

The amount payable is (or the balance in favor is) determined by subtracting from the tax collected to customers the tax paid to suppliers.

The tax paid to suppliers must meet specific requirements.

4. Tax on financial transactions	There is no tax on financial transactions.
5. Tax banking obligation	All taxpayers’ bank accounts may be subject to tax reviews for control purposes.
6. Prescription	The tax credit is prescribed within five years.
7. Property tax	The tax on the acquisition of real estate is not a federal tax but a state or municipal tax and is paid, as the name implies, by the person who buys the property. Therefore, the applicable rate differs depending on the state or municipality where the real estate is located.
8. COVID-19	The federal government did not take any action to minimize the tax impact on taxpayers’ incomes due to the pandemic of this virus..

PANAMA

Tax Card 2022 (in Balboas)

1. Tax payer registry	Any natural or legal person must register in the RUC Single Taxpayer Registry, it is the number that each taxpayer uses to be able to pay taxes. The tax identification number is a key that allows the taxpayer to access online services such as: sending of affidavits, payments, corrections, verification of account statements, issuing peace and salvo, authorizing other taxpayers among others. https://etax2.mef.gob.pa/etax2web/Login.aspx
2. General directorate of income	The General Directorate of Income (DGI) is in charge of collecting taxes at the national level.
3. Foreign currency control regime	In Panama there is not a foreign currency exchange control regime.
4. Panamaniam source income	The taxable income that occurs, from any source, within the territory of the Republic of Panama is subject to this tax, regardless of the place where it is received. The following shall be considered taxable income produced within the territory of the Republic of Panama: a. Income from personal work when it consists of salaries and other remuneration that the State pays to its diplomatic or consular representatives or to other people to whom it entrusts the performance of functions outside the country. b. That from personal work paid with salaries, salaries, representation expenses or other remuneration in money or in kind that is paid to workers or people hired by reason of the exercise of their profession or trade. c. The income obtained by international transport companies in the part that corresponds to freight, tickets, loads and other services whose origin or final destination is the Republic of Panama, regardless of the place of incorporation or domicile. Income derived from freight, tickets and services to passengers or cargo in transit in the territory of the Republic of Panama are not considered taxable income. The income derived from maritime passages and other services will not be considered taxable income produced within the territory of the Republic of Panama when they are obtained by international companies operating cruise ships that have their base as a cruise port or home port of the Republic of Panama.

4. Panamaniam source income (cont.)

d. The totality of the net income received from the provision of the international telecommunications service, by telecommunications companies established in the country; and,

e. Received by natural or legal persons whose domicile is outside the Republic of Panama as a result of any service or act, documented or not, that benefits natural or legal persons, national or foreign, located within the Republic of Panama, which includes, but is not limited to fees and income from copyrights, royalties, key rights, factory or trade marks, invention patents, know-how, technological and scientific knowledge, industrial or commercial secrets, insofar as said services affect the production of income from a Panamanian source or its conservation and its expenditure has been considered as deductible expenses by the person who received them. However, all income from Panamanian source, paid or accredited, by entities public law, be these from the Central Government, autonomous entities, in which the State owns 51% or more of its shares, entities not taxpayers of income tax and / or taxpayers who are in loss, to a person natural or legal non-resident in the Republic of Panama, is subject to the tax and consequently is subject to the withholding referred to in this rule.

5. Corporate income tax

General Tax Rate	25%
Companies in which the State has a shareholding greater than forty percent (40%) of the shares	30%
Presume Income	
Legal persons whose taxable income exceeds one million five hundred thousand balboas (B / .1,500,000.00) annually	They will pay as Income Tax the greater amount that results between: 1.The net taxable income calculated by the method established in this title, or 2. The net taxable income resulting from applying four point sixty-seven percent (4.67%) to the total taxable income.

6. Tax on dividends (Complementary Tax)

Any legal entity that requires the notice of operations is obliged to withhold the tax on dividend of 10% of the sums distributed to its shareholders or partners of subsidiary companies, when these are from Panamanian source and of 5% when it comes to foreign source, foreign or export income.

Same tax treatment, but 5% will have the income from international maritime trade, the interests that are recognized as a result of savings accounts, installments or of any kind that are maintained in banks established in the Republic of Panama. In addition, 5% will be taxed on the amounts received or accrued by people abroad as royalties from people living in the Colon Free Zone.

Bearer shares are taxed 20% on the same resulting balance used on the basis of 5% and 10% respectively.

Companies that are constituted as foreign branches that are extensions of foreign entities pay 10% of 100% of the net taxable income.

7. Withholding income tax	Payments abroad from legal entities will be subject to 25% calculated on the 50% of the total credited remittances.
8. Deadline for submission and payments	Presentation of the declarations and payment of the tax caused.
9. Capital gains	Sale of shares is subject to a 10%. Buyer is obligate to withhold 5% of the sale price which can be considered the final tax. Sale of personal property the rate is 10%. Sale of real estate 10%, if it is an activity that is not within the ordinary course of business, the taxpayer will have the obligation to pay a sum equivalent to 3% of the total value of the sale or the cadastral value, whichever is greater, as an advance on income tax, but when 3% is greater than the application of 10% of the profit, a refund of the tax may be requested.
10. Income tax rates for individuals	
11. Tax residence	

8. Deadline for submission and payments

Individuals	March 15
Corporations	March 31

A one-month extension is granted for filing. Additionally, the estimated income tax must be paid in three tax periods such as June, September and December.

10. Income tax rates for individuals

If the taxable income is:	The tax rate is:
Up to B/.11,000.00	0%
From B/.11,000.00 to B/.50,000.00	15% for the excess from B/.11,000.00 to B/.50,000.00
Over to B/.50,000.00	It will pay B/.5,850.00 for the first B/.50,000.00 and a 25% over the excess of B/.50,000.00

11. Tax residence

Individuals

Individuals who remain in the national territory for more than one hundred eighty-three (183) consecutive or alternate days in a fiscal year or in the immediately preceding year are considered tax residents of the Republic of Panama. Likewise, those individuals who have established their permanent home in the territory of the Republic of Panama will be considered tax residents of the Republic of Panama.

Corporations/Companies

Companies/Corporations constituted in accordance with the laws of the Republic of Panama and that have material means of direction and administration within Panamanian territory are considered tax residents of the Republic of Panama.

Companies/Corporations incorporated abroad that have material means of management and administration within Panamanian territory and that are duly registered in the Public Registry are also considered tax residents of the Republic of Panama

12.
Tax on commercial and industrial patents (capital tax)

The capital tax of the company will be 2% with a minimum of one hundred balboas (B / .100.00) and a maximum of sixty thousand balboas (B /. 60,000.00). Individuals and Companies with invested capital less than ten thousand balboas (B / .10 000.00) are exempt.

Companies established in the Colon Free Zone, Free Zones, Panama Pacifico Special Economic Area will pay half a percent (0.5%) annually on the capital of the company with a minimum of one hundred balboas (B /. 100.00) and a maximum of fifty thousand balboas (B /. 50,000.00)

13.
Value added tax (VAT)

Valued added tax, for local puproses named Impuesto de Transferencia de Bienes Corporales Muebles y Servicios (I.T.B.M.S.) will cause as follows:

1. Carrying out works with or without delivery of materials.
2. Intermediation in general.
3. The personal use by the owner, partners, directors, legal representatives, dignitaries or shareholders of the company, of the services provided by it.
4. The leasing of real estate and personal property or any other convention or act that implies or has the purpose of giving the use or enjoyment of the property.
5. Services of a personal nature provided in a dependency relationship are those performed by those who are included in article 62 of the Labor Code; the activity of directors, managers and administrators of entities with or without legal status; and the activity carried out by the employees of the Central Government, autonomous and semi-autonomous entities, decentralized and municipal entities.
6. Public shows, events, seminars, conferences, talks, presentations of artistic or musical groups, artists, singers, concert performers, sports professionals and professionals in general, not free, that are held within the territory of the Republic of Panama. Sporting events carried out by non-profit organizations recognized by the Panamanian Institute of Sports are excepted from the above.
7. Local and international passenger air transport. Seventy-five percent (75%) of the sums collected for ITBMS from local and international passenger air transport will be remitted to the Panama Tourism Authority.
8. The hosting service or public accommodation. The totality of the sums collected for ITBMS from room service in all tourist types of lodging or accommodation will be remitted to the Tourism Authority of Panama.
9. The commissions charged for the transfers of negotiable documents and titles and securities in general, the commission payments generated by banking and / or financial services provided by the entities legally authorized to provide this type of services, as well as the commissions or remuneration charged by people engaged in real estate and personal property brokerage. The commissions charged on the credit facilities granted by financial institutions to natural and legal persons and not domiciled in Panama are excluded from the payment of this tax.

14.
Prescription terms

Income tax	7 years
Withholding income tax	15 years
Value added tax	5 years

As of January 1, 2021, the prescription of direct and indirect taxes will be five years.

15. Double taxation treaties	Emirates, Spain, France, Ireland, Italy, Israel, Luxembourg, Mexico, Netherlands, Portugal, Qatar, United Kingdom, Czech Republic, Singapore, and Vietnam.
16. Reportable jurisdictions for 2022	https://www.gacetaoficial.gob.pa/pdfTemp/29515_B/91198.pdf
17. Tax procedure code	As of January 1, 2022, the Tax Procedure Code enters into force, although some articles are currently in force.

Updated
May 2022

PERU

Tax Card 2022 (In Soles)

1. Tax unit (UIT)	Tax Unit is a reference value used to determine the tax bases, deductions, limits, penalties and other tax obligations. For the year 2022, Tax Unit has been established at 4,600 Soles (US $ 1,201 at an exchange rate of S / 3.83 per US $ 1). **Tax Payer Registry (RUC)** Any natural or legal person, undivided succession, de facto partnership or other collective entity, whether Peruvian or foreign, domiciled or not, that is a taxpayer or responsible for taxes that are administered by the tax authority, must be registered with the Tax Payer Registry. **Tax Authority** The National Superintendency of Customs and Tax Administration (SUNAT) is the tax authority in Peru in charge of collecting taxes from the Central Government. **Exchange Control Regime** In Peru there is not a foreign currency exchange control regime. The exchange rate for the purchase and sale of foreign currency is determined by the supply and demand of said currency. **Register for Foreign Investment** Any foreign investment made in Peru is automatically authorized. After the investment is made, it must be registered with the Agency for the Promotion of Private Investment in Peru (PROINVERSION).
2. Peruvian source income	All of the taxable income obtained by taxpayers who consider themselves domiciled in the country are subject to Income Tax, without taking into account the nationality of the natural persons, the place of incorporation of the legal entities, or the location of the source producer. In the case of taxpayers not domiciled in the country, of branches, agencies or other permanent establishments of sole proprietorships, companies and entities of any nature constituted abroad, the tax falls only on income taxed from Peruvian sources.
3. Corporate income tax	Companies domiciled in the country are subject to Income Tax for their worldwide source income. This definition includes branches of foreign companies duly registered in Peru. Corporate Income Tax rate is 29.5%. On the other hand, the distribution of profits to shareholders is subject to a 5% withholding income tax.

3. Corporate income tax (cont.)

This additional tax must be withheld and paid by the domiciled legal person making the distribution, unless the shareholder is another legal person domiciled in Peru, in which case no withholding shall be made.

Corporate Income Tax Payments in Advance

Companies must make monthly payments on account (advances) of Income Tax. The amount of the monthly payment on account is the greater of applying the following:

- One point five percent (1.5%) of the net income for the month.
- Dividing the income tax calculated for the previous year by the total net income for the same year; and then apply the coefficient determined on the net income obtained each month.

Temporary Tax on Net Assets (ITAN)

ITAN is applied on the value of the net assets consigned in the balance sheet as of December 31 of the previous year. The tax rate is 0.4% on the excess of S /. 1'000,000 (US $ 261,096 at an exchange rate of S / 3.83 per US $ 1).

ITAN paid is used as a credit against the payments on account and regularization of the corporate income tax. If it is not applied in its entirety, its return must be requested.

4. Income tax for non-domiciled entities

Non-domiciled entities are subject to income tax for their Peruvian source income, as follows:

PAYMENT TYPE	INCOME TAX RATE
1. Interest from external credits (with certain requirements)	4.99%
2. Interest paid abroad by multi-operating companies established in Peru such as banking companies and financial companies established in Peru as a result of the use of their credit lines abroad in the country	4.99%
3. Income from the rental of ships and aircraft	10%
4. Royalties	30%
5. Dividends	5%
6. Technical assistance (with certain requirements)	15%
7. Income from sale of securities carried out within of the country	5%
8. Income from sale of securities carried out outside of the country	30%
9. Interests from bonds and other debt instruments, deposits made in accordance with Law 26702, General Law of the Financial System	5%
10. Other income	30%

Net income for the purposes of withholding income tax to non-domiciled companies is defined as follows:

- All the amounts paid or accrued corresponding to other income of the third category.
- The amount that results from deducting the recovery of the invested capital in cases of disposal of assets or rights and the depreciation in cases of exploitation of assets that suffer wear and tear, upon submission of a request to the Tax Administration.

This definition of net income is not applicable to cases of presumption of income, which is indicated below.

5.
Income tax for not domiciled entities according to their international activities

Peruvian Income Tax Law establishes a presumption for non-domiciled companies that carry out part of their operations in the country equivalent to the following percentages of their gross income:

Types of International Acitvities	% of Peruvian Source Income
1. Insurance	7.00
2. Aircraft rental	60.00
3. Ship Rental	80.00
4. Telecommunications services	5.00
5. Air transport	1.00
6.Maritime Transport	2.00
7. News supply or informational material	10.00
8. Distribution of films or similar	20.00
9. Container supply	15.00
10. Conveyance of transport containers	80.00
11. Transfer of television broadcasting rights	20.00

On above net income obtained by, a 30% Income Tax rate will be applied.

6.
Thin capitalization rules

It is established that the interests paid are not deductible for Income Tax purposes when the debt exceeds three times the equity of the domiciled companies.

The thin capitalization rule will be applied as follows:

Tax RegimeApplicable to			
2018	2018	2019	2021
Debts contracted and / renewed until 13.09.2018 only with linked entities	Debts contracted and / renewed until 14.09.2018 with linked entities and not linked entities	Debts contracted and / renewed until 14.09.2018 with linked entities and not linked entities	Debts contracted and / renewed that they maintain with linked and not linked entities
Applicable until 31.12.2020	Applicable from 14.09.2018 to 31.12.2018	Applicable from 01.01.2019 to 31.12.2020	Applicable from 01.01.2021
Limit 3 times equity	Limit 3 times equity	Limit 3 times equity	Limit 30% of EBITDA

To do this, net interest should be understood as the amount of interest expense that exceeds the amount of interest income, computable to determine net income. Likewise, it is established that EBITDA is the net income after offsetting losses plus net interest, depreciation and amortization.

7.
Income tax for individuals

An individual can be considered as domiciled or not domiciled. It is considered domiciled if it remains in Peru for more than one hundred and eighty-three calendar days during any twelve-month period. Any change in your domicile status will be effective as of January 1 of the following year.

7. Income tax for individuals (cont.)	For tax purposes, a domiciled natural person is subject to Income Tax for their worldwide source income. In the case of a non-domiciled natural person, only income tax is affected on their Peruvian source income.
8. Income tax rates for individuals	The income produced by the lease, sublease and transfer of goods (first category); as well as, the income obtained from interest, royalties and capital gains (second category) are subject to Income Tax with a rate of 6.25% applicable on their net capital income. Dividends and any other form of profit distribution are subject to Income Tax at a rate of 5%. Income derived from independent work (Fourth Category) and dependent work (Fifth Category) obtained by individuals domiciled in the country are subject to Income Tax according to a progressive scale between 8% and 30%. In the case of individuals not domiciled in the country who receive income from independent and / or dependent work, a fixed rate of 30% will be applied.
9. Value Aadded tax (VAT)	Sale of goods and services in Peru are subject to VAT. The tax rate is 18%. This tax is called as IGV in Peru and IVA (VAT) in other countries. Services rendered by non-domiciled entities used in Peru are subject to VAT.
10. Excise tax (ISC)	The sale at the producer and importer level of certain goods, such as gasoline, motor vehicles, alcoholic beverages, mineral waters, beers, cigarettes, among others, is taxed with the ISC. The rates of said tax are set according to the type of product. Gambling and betting are also subject to this tax.
11. Financial transaction tax (ITF)	ITF is applied on the majority of transactions made in the accounts of the Peruvian banking system (credits or debits), regardless of the amount of the operation. The tax rate is 0.005%. ITF paid is deductible as an expense for Income Tax purposes for both, legal entities and individuals. **Banking Regime** Any payment that is made in favor of a company or individual and that is greater than US $ 500 or S / 2,000 Soles must be made through the National Financial System. For this, means of payment such as checks, bank deposits, transfers, credit or debit cards, among others, must be used. In case payments are made without using any of the means of payment indicated above, they will not give the right to deduct expenses, costs or credits in the determination of Income Tax. In the case of money loans, regardless of the amount, it must be made using one of the aforementioned means of payment.

12. Prescription terms

The action of the Tax Administration to determine the tax obligation; as well as, the action to demand payment and apply sanctions prescribes:

- Four years as a general term;
- Six years for those who have not submitted the sworn statements required by law; and,
- Ten years when the withholding or collection agent has not paid the taxes withheld or received.
- The action to request or effect compensation; as well as, to request the refund, prescribes after four years.

13. Tax filing deadlines and tax payments

Taxes filling deadlines is in function of the last digit of the tax payer number (Tax ID). Tax filings can be monthly, such as VAT, or annual, such as income tax.

Deadline in case of the annual income tax return is from March 25 to April 8 of each year.

14. Double taxation treaties

Peru has signed treaties to avoid double taxation with some countries. The list of treaties signed to date is as follows:

Country	Income tax rate applied to		
	Dividends	Interests	Royalties
Chile (1)	10%/15%	15%	15%
Canada (1)	10%/15%	15%	15%
Brazil (1)	10%/15%	15%	15%
Mexico (1)	10%/15%	15%	15%
South Corea (1)	10%	15%	15%
Portugal (1)	10%/15%	10%/15%	15%
Switzerland (1)	10%/15%	10%/15%	15%
Japan (2)	10%/15%	10%/15%	15%
Bolivia (2)	Agreement CAN		
Colombia (2)	Agreement CAN		
Ecuador (2)	Agreement CAN		

In the case of business benefits:
(1) Income tax is paid in the country where the income is recognized
(2) Income tax is paid in the country where the expense is recognized.

15. COVID-19

Taking into consideration the new outbreak of the Coronavirus that affects the population, both people and companies, worldwide, the Peruvian Government has once again established fiscal, labor and health measures to be able to attack this pandemic. Among the main fiscal measures we can mention the following:

**15.
COVID-19
(cont.)**

Extension of the presentation of the tax obligations corresponding to the month of January 2021 (Superintendency Resolution No. 016-2021 / SUNAT)

The presentation of the monthly sworn statements of tax debtors who, in the taxable year 2020, had obtained third category net income of up to 2,300 (two thousand three hundred) UIT, or who had obtained or received income other than those of third category that added together do not exceed the referred amount, and whose fiscal address, as of January 27, 2021, and are located in those departments classified with an extreme alert level or a very high alert level due to a COVID-19 pandemic. For this, the following must be taken into consideration:

a) The expiration dates for the declaration and payment of the monthly tax obligations of said subjects corresponding to the month of January 2021 are extended, until the expiration dates that correspond to the month of February 2021.

b) The maximum delay dates of the Sales and Income Registry and the Electronic Purchase Registry corresponding to the month of January 2021 are extended until the maximum delay dates that according to said annex correspond to February 2021.

New treatment applicable to the deduction of Inventories losses (mermas/ desmedros) from 2020 (Supreme Decree No. 086-2020-EF)

A new treatment is established for the deduction of inventories losses in the determination of income tax from the year 2020. The new treatment is as follows:

Period	Support for Deduction	Communications Deadline	Deadline for Presenting the Report
Until 21.04.2020	1. Written communication to SUNAT 2. Destruction is before Notary Public Justice of the Peace Lawyer	1. 6 business days before the date for destruction	1. N/A. 2. A Notarial Certificate is required that sustente destrucción.
From 22.04.2020 to 31.07.2020	1. Communication via email to SUNAT 2. Independent Report of goods value only required 3. The presence of a Notary Public is not required	1. 2 business days beefore the date for destruction 2. Communication to email comunicaciones desmedros@Sunat.gob.pe	1. Dit must be preseted to SUNAT at the term of the 5 business day counted from August 1, or the deadline that SUNAT establishes
From 01.08.2020 onwards	1. Report is only required when the value of the goods to be destroyed in in the year exceed 10 UIT (S / 43,000) 2. In the event that the value of goods exceeds 10 UIT, it is maintained that the destruction either before a Notary Public or Legal Justice of the Peace.	1. 2 business days before the date for destruction, but in person.	1. It must be presented to SUNAT at the term of the 5 business day counted after the destruction of goods

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AUDITORES CONSULTORES

Firm: Monzón, Valdivia, Falconí y Asociados
Contact: Jorge Rivera | jrivera@monzonvaldivia.com.pe
www.monzonfalconi.com.pe

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VENEZUELA

Tax Cards 2022 (In BsS)

1. Tax unit	The Tax Unit is a measure that normalizes and keeps updated, year after year, the amounts specified in the Venezuelan tax laws and tax regulations, which are expressed in direct proportionality (even in fraction and / or percentage) to the current value of said Unit. Tax. The value of the Tax Unit in Venezuela is BsS 0,02. It was born from the need to save material and human resources in the publication up to date with the inflation present in the country[1]. In addition to this, recently, the highest exchange rate announced by the Central Bank of Venezuela has been added as a reference for the establishment of fines. The Venezuelan Government has implemented this due to the high inflation that the country has been experiencing for several years. **Tax Information Registry (RIF)** The RIF corresponds to an identification number for all natural persons and companies that carry out some economic activity on a permanent or occasional basis, or who are holders of goods or rights for which they must pay taxes. Every new company that is founded and wants to start operating is first registered in the RIF, at which time it is assigned the identification number with which it can operate and invoice. **Tax administration** The Integrated National Service of Customs and Tax Administration (SENIAT) is the executing body of the national tax administration of Venezuela. **Exchange Control Regime** There is a system of free currency convertibility, where banks can operate with foreign currency according to what is announced daily by the Central Bank of Venezuela. **Registration of Foreign Investment** Siex, as an essential body of the integrated public sector system, is in charge of implementing the policies aimed at granting the registration of foreign investment, technology import contracts, company qualification and national investor credential.
2. Venezuelan source income	Any natural or legal person, resident or domiciled in the Bolivarian Republic of Venezuela, as well as natural or legal persons domiciled or residing abroad who have a permanent establishment or a fixed base in the country, may credit against the tax that according to this Law corresponds to them to pay, the income tax that they have paid abroad for the enrichment of extraterritorial source for which they are obliged to pay tax in the terms of this Law.

[1] Yucra M., Janet (February 3, 2016). "UT rises annually since it was created in 1994" (html). Notitarde Newspaper. Archived from the original on February 5, 2016. Accessed on December 4, 2018

2. Venezuelan source income (cont.)

For the purposes of the planned accreditation, it is considered income tax that is levied on all income or income elements, including taxes on profits derived from the sale of movable or immovable property, and taxes on salaries and wages, as well as taxes on capital gains. In case of doubt, the Tax Administration must determine the nature of the creditable tax.

The amount of creditable tax, from foreign sources referred to in this article, may not exceed the amount resulting from applying the rates established in Title III of this Law to the total global net enrichment for the year in question, in the proportion that the net enrichment from a foreign source represents the total of said global net enrichment.

In the case of enrichment taxed with proportional taxes in the terms established in this Law, the amount of the creditable tax may not exceed the income tax that would have been paid in the Bolivarian Republic of Venezuela for these enrichments.

For the purposes of determining the amount of tax actually paid abroad creditable in the terms established in this article, the exchange rate in force for the moment in which the tax is paid abroad must be applied, calculated in accordance with the provided for in the Law of the Central Bank of Venezuela.

3. Corporate income tax

Companies (called legal entities for tax purposes) domiciled in the country are subject to Income Tax for their worldwide source income. The Corporate Income Tax rate is settled according to the rates established in the Income Tax Law, legal persons are taxed by Rate N ° 1 and N ° 3, which are listed below (fractions expressed in Tax Units T.U):

RATE No. 1
1) For the fraction included up to 1,000.00 T.U 6.00%
2) For the fraction that exceeds 1,000.00 to 1,500.00 T.U 9.00%
3) For the fraction that exceeds 1,500.00 to 2,000.00 T.U 12.00%
4) For the fraction that exceeds 2,000.00 to 2,500.00 T.U 16.00%
5) For the fraction that exceeds 2,500.00 to 3,000.00 T.U 20.00%
6) For the fraction that exceeds 3,000.00 to 4,000.00 T.U 24.00%
7) For the fraction that exceeds 4,000.00 to 6,000.00 T.U 29.00%
8) For the fraction that exceeds 6,000.00 T.U 34.00%

Rate N ° 3

a. Proportional rate of sixty percent (60%) for the enrichments obtained by national state companies that are dedicated to the exploitation of hydrocarbons and related activities.
b. Proportional rate of fifty percent (50%) for enrichments Savings and social security institutions, savings, pension and retirement funds for the enrichments they obtain in the performance of their own activities. Likewise, cooperative societies when they operate under the general conditions set by the National Executive.

3. Corporate income tax (cont.)	Payments on Account of Income Tax Natural or legal persons must make advances or payments on account, according to the following parameters: a. by withholding at source; derived from purchasing operations or provision of services, executed. b. For Dividends in shares, issued by the paying company to natural or legal persons, the proportional tax levied on the dividend in the terms of this Chapter, will be subject to an advance of the tax of one (1%) on the total value of the Dividend decreed corresponding tax settlements. c. By Estimated Return: applies to those taxpayers who, within the year immediately prior to the current fiscal year, have obtained net enrichments of more than 1,500 tax units (1,500 TU), submit an estimated return of their enrichments corresponding to the current taxable year, to the purposes of determining and paying advance taxes, all in accordance with the rules, conditions, terms and forms established by the Regulations.
4. Corporate income tax of branches of foreign legal persons	For income tax purposes, branches, agencies or other permanent establishments of foreign companies are considered domiciled, due to the income produced in the Bolivarian Republic of Venezuela. The net income obtained by branches of foreign companies is subject to tax in the same way as national companies; In other words, the tax is affected by rate No.1.
5. Income tax for non-domiciled companies	Any natural or legal person, resident or domiciled in the Bolivarian Republic of Venezuela, will pay taxes on their income of any origin, whether the cause or source of income is located within the country or outside it. Natural or legal persons not resident or not domiciled in the Bolivarian Republic of Venezuela will be subject to the tax established in this Law provided that the source or cause of their enrichments is or occurs within the country, even when they do not have a permanent establishment or fixed base. in the Bolivarian Republic of Venezuela. Natural or legal persons domiciled or residing abroad who have a permanent establishment or a fixed base in the country, will be taxed exclusively on the income of national or foreign source attributable to said permanent establishment or fixed base.
6. Income tax for companies not domiciled due to their international activities	The Income Tax Law establishes a presumption for non-domiciled companies that carry out part of their operations in the country. The law considers that non-domiciled companies obtain Venezuelan source income equivalent to the following percentages of their Gross Income:

6.
Income tax for companies not domiciled due to their international activities (cont.)

International Activity	Base for the Calculation of ISR
1. Producers of films abroad and similar for the cinema or television	25%
2. International news agencies	15%
3. Agencies or international transport companies incorporated and domiciled abroad or incorporated abroad and domiciled in the Bolivarian Republic of Venezuela	15%
4. The net enrichments of the taxpayers that from abroad remit to the country consignment goods will be twenty-five percent (25%) of its income 25%	25%
5. The enrichments of insurance or reinsurance companies not domiciled in the country, will be made up of thirty percent (30%) of their net income caused in the country, when there is no tax exemption for similar Venezuelan companies	30%
6. The enrichments of insurance or reinsurance companies not domiciled in the country, will be constituted by thirty percent (30%) of their net income caused in the country, when there is no tax exemption for similar Venezuelan companies.	30%
7. Non-commercial professional activities will be constituted by ninety percent (90%) of their, without prejudice to the provided in article 41 of this Law	90%
8. Transportation between the Bolivarian Republic of Venezuela and abroad and vice versa, obtained by virtue of travel	10% of half of Gross Income
9. Technical assistance	50%
10. Technological Services	30%
11. Technical assistance contracts served from abroad	25%
12. Contracts for technological services served from abroad	75%
13. Royalties and other similar participations	90%

On said net income obtained by the corresponding rates will be applied.

7.
Under-capitalization

DOES NOT APPLY.

8.
Income tax for natural persons

Definition of domiciled

For the purposes of Income Tax, a natural person can be considered as domiciled or not domiciled. A natural person is considered domiciled if he or she remains in the Bolivarian Republic of Venezuela for more than one hundred and eighty-three calendar days during any period of twelve months.

9.
Income tax rates for natural persons

The annual net global enrichment obtained by the taxpayers will be taxed, unless otherwise provided, based on the following rate expressed in tax units (T.U):

9. Income tax rates for natural persons (cont.)	RATE No. 1 1) For the fraction included up to 1,000.00 TU 6.00% 2) For the fraction that exceeds 1,000.00 to 1,500.00 TU 9.00% 3) For the fraction that exceeds 1,500.00 to 2,000.00 TU 12.00% 4) For the fraction that exceeds 2,000.00 to 2,500.00 TU 16.00% 5) For the fraction that exceeds 2,500.00 to 3,000.00 TU 20.00% 6) For the fraction that exceeds 3,000.00 to 4,000.00 TU 24.00% 7) For the fraction that exceeds 4,000.00 to 6,000.00 TU 29.00% 8) For the fraction that exceeds 6,000.00 TU 34.00% In the cases of enrichment obtained by natural persons not resident in the country, the tax will be thirty-four percent (34%).
10. Value added tax	The sale of goods and the provision of services in Venezuela are subject to the Value Added Tax (VAT). The rate is 16% of the sale value or the value of the service provided. The value of the sale or the service provided.
11. Consumption tax	The sale at the producer and importer level of certain goods, such as beer, cigarettes, among others, is subject to the Tax determined by laws for each item. The rates of the aforementioned tax are fixed according to the type of product. Gambling and betting are also subject to this tax.
12. Tax on large financial transactions	The Tax on Large Financial Transactions (IGTF) applies to debits made in the accounts of the Banking banking system, for those companies considered by the National Integrated Service of Customs and Tax Administration (SENIAT), as special taxpayers. The rate for transactions generated in national currency is 2% while the rate for transactions in foreign currency is 3%.The ITF paid is not deductible as an expense for Income Tax purposes for legal persons considered as special taxpayers.
13. Limitation periods	The action of the Tax Administration to determine the tax obligation; as well as, the action to demand payment and apply sanctions prescribes: The tax obligation and its accessories prescribe after four (4) years. This term will be six (6) years when the taxpayer or responsible party does not comply with the obligation to register in the pertinent records.
14. Presentation of tax returns and payment	Taxpayers carry out the self-determination of taxes which are informed before the fiscal portal www.seniat.gob.ve, there are calendars published by the fiscal entity which are determined through the Tax Information Registry (RIF) There are nature taxes, weekly, monthly, quarterly and annually. The declarations must be presented through the different web portals and then make payments to the authorized banking entities.

15.
Treaties to avoid double taxation

The Bolivarian Republic of Venezuela has signed some countries treaties to avoid double taxation. The list of the treaties signed to date is as follows:

Country	Boletin Oficial	Year	Notes
Alemania	36266	1997	Total exemption method
Austria	38958	2007	
Barbados	5507-Extraordinary	2000	Limited Imputation Method
Bielorrusia	39095	2009	
Belgica	5269-Extraordinary	1998	Total exemption method
Brasil	38344	2005	
Canadá	37927	2004	
China	38089	2004	
Corea	38598	2004	
Cuba	38086	2004	
Dinamarca	37219	2001	Limited Imputation Method
Emiratos Arabes	39686	2011	
España	37913	2004	
Estados Unidos	5427-Extraordinary	2000	
Francia	4635-Extraordinary	1993	
Indonesia	37659	2005	Limited Imputation Method
Irán	38344	1993	
Italia	4580-Extraordinary	2005	Total exemption method
Kuwait	38347	2005	
Malasia	38842	2008	
Mexico	5273-Extraordinary	1998	Limited Imputation Method
Noruega	5265-Extraordinary	1998	
Países Bajos	5180-Extraordinary	1997	Total exemption method
Portugal	5180-Extraordinary	1997	Limited Imputation Method
Qatar	38796	2007	

15. Treaties to avoid double taxation (cont.)

Reino Unido	5218-Extraordinary	1998	Limited Imputation Method
República Checa	5180-Extraordinary	1997	Limited Imputation Method
Rusia	5822-Extraordinary	2006	
Suecia	5274-Extraordinary	1988	Total exemption method
Suiza	5192-Extraordinary	1997	
Trinidad Tobago	5180-Extraordinary	1997	Limited Imputation Method
Vietnam	3913	2009	

Source: Own elaboration based on the National Integrated System of Customs and Tax Administration (SENIAT).

16. Other special contributions or contributions

In the Bolivarian Republic of Venezuela there are other contributions or contributions set by law, to which the legal entities that carry out economic activity can configure as taxpayers of these, the most important are the following:

(a) Organic Law of Science, Technology and Innovation.
(b) Organic Law of Sport, Physical Activity and Physical Education.

Detail of special contributions:

(a) Organic Law of Science, Technology and Innovation.

Private and public legal or economic entities, domiciled or not in the Bolivarian Republic of Venezuela, that carry out economic activities in the national territory and have obtained annual gross income of more than 100,000 U.T., in the immediately preceding fiscal year. The percentage is determined according to the following criteria:

1. Two percent (2%) when the economic activity is one of those contemplated in the Law for the Control of Casinos, Bingo Rooms and Slot Machines, and all those related to the industry and trade of ethyl alcohol, species alcoholic and tobacco.
2. One percent (1%) in the case of private capital companies when the economic activity is one of those contemplated in the Organic Law of Hydrocarbons and in the Organic Law of Gaseous Hydrocarbons, and includes mining exploitation, its processing and distribution.
3. Zero point five percent (0.5%) in the case of public capital companies when the economic activity is one of those contemplated in the Organic Law of Hydrocarbons and in the Organic Law of Gaseous Hydrocarbons, and includes mining exploitation , its processing and distribution.
4. Zero point five percent (0.5%) in the case of any other economic activity.

This special contribution must be paid during the first semester after the close of the fiscal year.

16. Other Special Contributions or Contributions (cont.)	(b) Organic Law of Sport, Physical Activity and Physical Education. Companies or other public or private organizations that carry out economic activities in the country for profit must contribute to the National Fund for the Development of Sports, Physical Activity and Physical Education, the equivalent of 1% of their Net Profit or Accounting Profit , when it exceeds twenty thousand Tax Units (20,000 TU). This special contribution must be paid within one hundred and twenty (120) continuous days at the end of the taxable year of the taxpayer.

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For further information, or become involved, please contact:

AGN International
Email: info@agn.org | **Office:** +44 (0)20 7971 7373 | **Web:** www.agn.org