



cutting through complexity™

GLOBAL INDIRECT TAX SERVICES

# Latin America indirect tax country guide

Navigating the changing landscape

[kpmg.com](https://www.kpmg.com)

KPMG International





Globalization and significant changes to the region's tax systems will impact all LATAM organizations wanting to manage their compliance obligations and the tax functions of global businesses operating in the region face an increasing challenge to deliver value.

# Contents

Indirect taxes: A global perspective	2
KPMG's Latin America indirect tax network	5
Argentina	8
Aruba	10
Bolivia	12
Brazil	14
Chile	17
Colombia	20
Costa Rica	24
Curaçao	28
Dominican Republic	30
Ecuador	32
El Salvador	34
Honduras	36
Mexico	38
Nicaragua	44
Panama	46
Paraguay	50
Peru	54
Puerto Rico	56
Uruguay	59
Venezuela	62
Contacts	64

# Indirect taxes: A global perspective

The replacement of cascading sales taxes by VAT was one of the most significant tax reforms in Latin America in the 1980s and early 1990s. Although region-wide reform of the existing system is not high on the agenda at present, pressure from businesses to modernize and improve these systems, and the need for governments to create stable long term sources of tax revenues, could see that changing in the near future.



**Niall Campbell**

Global Head of Indirect  
Tax Services  
KPMG in Ireland  
niall.campbell@kpmg.ie

The Latin American experience is influenced by a very different regional tax environment than much of the rest of the world. As well as the global financial crisis, Latin American authorities face more localized issues such as the need to promote stable and sustainable economic growth and develop infrastructure.

There have recently been a number of local indirect tax reforms in the region and more are expected, not least in response to calls from the business community for a simpler and more efficient indirect tax system.

Brazil is a case in point. Despite being the largest economy in the region, Brazil also has one of the most complex indirect tax systems in the world. There are currently three-levels of consumption taxes (central, federal and municipal), subject to different rates and managed by different tax authorities. This complex and burdensome system, with its distortions and lack of neutrality, is not helping Brazil's attractiveness as a location for doing business. Although the pure scale of the business opportunities that exist in Brazil means that foreign investment will continue to flow, a reduction in the complexity of the indirect tax system should be considered by the central government to help support this process.

Elsewhere in Latin America, the perceived need for immediate indirect tax reform is not as strong. However, in the medium to long-term, pressure from businesses and the expectations of foreign investors are incompatible with, for example, the absence of mechanism allowing for a refund of VAT paid locally. In addition, as economies mature and fiscal demands rise, it is unlikely that governments in Latin America will be immune from the global shift towards indirect tax. Change can therefore be expected in many jurisdictions in the medium term, ultimately creating a ripple effect through the region.

When change does come to the region, the primary focus of business should be to manage the associated risks while identifying opportunities to create value in the process. Finance and Tax Directors must be pro-active in considering how their organization may respond to potential VAT/GST changes that will impact their operations and internal systems. The cost of getting this wrong is potentially enormous. Getting it right, however, can provide real competitive advantage. Also, getting actively involved in the reform process, including proactively calling for necessary changes, global businesses can genuinely help shape the environment that will impact them for many years to come.

Latin American tax payers, tax authorities and tax intermediaries have had to re-focus their objectives to properly address the many challenges, uncertainties and opportunities within the new business climate caused by the economic crisis. What are some of the reactions taking place in the Latin American region?



**Jose Aldrich**

Managing Partner  
Iberoamerica Tax  
Services  
KPMG in the US  
jmaldrich@kpmg.com

- Corporations have huge pressures in financing their business activities and achieving profitability. Many have focused on reducing costs, including employee costs (both headcount and pay) and tax costs (both cash deferral and permanent savings and across direct, indirect and employee taxes). As such, corporations are readdressing their response to the credit crunch through more aggressive tax planning to preserve cash.
- Tax authorities are facing unexpected gaps in tax revenues through reduced taxable profits, reduced employment taxes and social security, and credit risks on unpaid tax debts. As such, tax authorities are implementing new reforms.
- Tax advisors have to anticipate the pressures that clients, as well as tax authorities, will be facing. As such, there is a greater need to provide more assistance, be better listeners, establish closer ties and become a trusted business advisor.

All of us must be attentive to this change to stay abreast of the constantly evolving tax environment. And clearly indirect taxes will be taking on a more important role in the Latin American region.



## Managing VAT and similar tax systems in the LATAM region



### **Maria Menzel**

Indirect Tax Director  
LATAM Developer/  
Coordinator  
KPMG in Switzerland  
mmenzel@kpmg.com

Globalization and significant changes to the region's tax systems will impact all LATAM organizations wanting to manage their compliance obligations and the tax functions of global businesses operating in the region face an increasing challenge to deliver value. As local governments look to increase revenues and drive through change in their tax systems, the result is also increased complexity and pressure to manage indirect taxes.

To keep one step ahead of these changes, to manage risk and to achieve high performing teams, tax functions will need to give greater priority to indirect taxes and adopt enabling technologies. Only those businesses that pro-actively respond to the new tax landscape can expect to mitigate risk and be best placed to capitalize on the emerging opportunities which the future will bring.

As a leader in the provision of indirect tax services, KPMG's global network of member firms are working together with leading international organizations, helping them to address the challenges of tax reform, to anticipate future trends, and to assess potential risks and opportunities from the changing environment in indirect taxation.

KMPG's LATAM Indirect Tax Network of professional listed in this publication are happy and ready to discuss with you, how knowledge and specialization in the indirect tax arena can add value to your business.



# KPMG's Latin America indirect tax network

---

# LATAM indirect tax overview

	Type of indirect tax (VAT/GST/Other)	Standard VAT/GST rate	Reduced rates, zero rates or exemptions	Voluntary VAT/GST registration possible for an overseas company?	
Argentina	VAT	21%	Reduced rate, zero-rated supplies, exempt supplies	No	
	Turnover Tax	3% average rate			
	Tax on Bank Accounts	0.6% on every credit and debit in bank accounts			
Aruba	Turnover Tax	1.5% and 1% on export of goods	Exempt supplies	No	
Bolivia	Value Added Tax (VAT) Excise tax (Impuesto al Consumo Especifico, ICE) Direct tax on hydrocarbons (Impuesto Directo a los Hidrocarburos, IDH)	VAT: 13%, IVE: ad valorem from 10 to 50%	Zero-rated supplies, Exempt supplies	No	
Brazil	ICMS (State Sales Tax)	17% in Sao Paulo, 18% in Parana, 19% Rio de Janeiro	Yes, dependind on the type of indirect tax and the product .	No	
	IPI (Federal Excise Tax)	Ranges from 0% to a maximum of 330% and average about 10%			
	ISS (Services Tax)	Ranges from 2% to 5%			
	COFINS (Social Contribution for Social Security Financing)	7.60%			
	PIS (Employees' Profit Participation Program)	1.65%			
Chile	VAT	19%	Exempt supplies	No	
Colombia	VAT, Consumption Tax, GMF (financial transactions tax), registry tax	16%	Reduced rate, exempt supplies	No	
Costa Rica	VAT, excise duty	13%	Reduced rate, zero-rated supplies, exempt supplies	No	
Curacao	Sales Tax	5%	Exempt supplies	No	
Dominican Republic	VAT or Impuestos a la Transferencia de Bienes Industrializados y Servicios (ITBIS)	16%	Exempt supplies	No	
Ecuador	IVA	12%	Zero-rated supplies, Exempt supplies	No	
	Special Consumption Tax (ICE)	between 10 and 300%			
	Capital Outflow Tax (ISD)	2%			
Guatemala	VAT	12%	Exempt supplies	No	
Honduras	Sales tax	12%	Exempt supplies	No	
Mexico	VAT	16% general rate, 11% border region	Zero-rated supplies, exempt supplies	Yes	
	Special Excise Tax (IEPS)	Rate depends on service or item; from 3% to 160%			
Nicaragua	VAT	VAT: 15%	Zero-rated supplies	No (TBC)	
	Selective Consumption Taxes – ISC				
	Stamp Taxes – ITF (tax imposed on certain legal documents which have effect in the country)				
Panama	ITBMS (VAT)	7%	Exempt supplies	Yes	
Paraguay	VAT, Selective Consumption Tax	VAT:10%, SCT: between 5% to 50%	Reduced rate, exempt supplies	No	
Peru	Impuesto General a las Ventas (VAT)	19%	Exempt supplies	No	
Puerto Rico	Sales and use tax	7%	Exempt supplies	Yes	
El Salvador	VAT	13%	Zero-rated supplies, Exempt supplies	No	
Uruguay	VAT	22%	Reduced rates, zero-rated supplies, exempt supplies	No	
Venezuela	VAT	12%	Reduce rate, zero-rated supplies	n/a	

	Does an overseas company need to appoint a fiscal representative	VAT/GST grouping possible	How frequently are VAT/GST returns submitted	Can an overseas company recover VAT/GST if it is not registered for VAT/GST locally	Is a business required to issue tax invoices (or other special invoices for indirect tax purposes)?	Is it possible to issue invoices electronically?	Is it possible to issue recipient/buyer created tax invoices?	Does a reverse charge mechanism on imported services apply?
	No	No	Monthly	No	Yes	Yes	Yes	Yes
	n/a	Yes	Monthly	No	No	Yes	No	No
	n/a	No	Monthly	No	Yes	Yes	No	No
	n/a	No	Monthly	No	Yes	Yes	Yes	No
	Yes	No	Monthly	No	Yes	Yes	Yes	Yes
	No	No	Bi-monthly	No	No	Yes	Yes	Yes
	n/a	No	Monthly	No	Yes	Yes	No	No
	No	No	Monthly	No	Yes	Yes	No	Yes
	Yes	No	Monthly	No	Yes	No	No	No
	No	No	Monthly	No	Yes	Yes	Yes	No
	No	No	Monthly	No	Yes	Yes	Yes	Yes
	No	No	Monthly	No	Yes	Yes	Yes	Yes
	Yes	No	Monthly	No	Yes	Yes	Yes	Yes
	No	No	Monthly	No	Yes	Yes	No	No
	No	No	Monthly	No	Yes	Yes	No	No
	Yes	No	Monthly	No	Yes	No	Yes	No
	n/a	No	Monthly	No	Yes	Yes	Yes	Yes
	No	No	Monthly	No	No	Yes	Yes	No
	Yes	No	Monthly	No	Yes	Yes	No	No
	No	No	Monthly	No	Yes	Yes	No	No
	n/a	No	Monthly	No	Yes	No	No	n/a

# Argentina



<b>General</b>	Types of Indirect taxes (VAT/GST and other Indirect taxes)	VAT, Turnover tax and tax on bank accounts.
	What is the standard rate for VAT/GST and other Indirect taxes?	<ul style="list-style-type: none"> <li>• 21 percent VAT</li> <li>• 3 percent average rate for turnover tax,</li> <li>• 0.6 percent on every credit and debit in bank accounts</li> </ul>
	Who is required to register for VAT/GST and other Indirect taxes?	Private individuals /permanent establishments performing taxable events.
	Are there any reduced rates, zero rates or exemptions with/without the right to deduct input VAT?	Yes, there are reduced rates and exemptions. In addition, exports of goods and services are zero rated with right to recover input VAT.
<b>VAT/GST Registration</b>	Is voluntary registration for VAT/GST and other Indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other Indirect taxes registration threshold)?	No
	Does an overseas company need to appoint a fiscal representative?	No
	What documentation does an overseas company need for VAT/GST and other Indirect taxes registration?	N/A
	Is grouping for VAT/GST and other Indirect taxes possible?	No
<b>VAT/GST compliance</b>	How frequently are VAT/GST and other Indirect taxes returns submitted?	On a monthly basis.
<b>VAT/GST recovery</b>	Can an overseas company recover VAT/GST and other Indirect taxes if it is not registered for VAT/GST and other Indirect taxes locally?	No, except few cases (for example international transport).
<b>Invoices</b>	Is a business required to issue tax invoices?	Yes
	Is it possible to issue invoices electronically?	Yes, under certain circumstances.
	Is it possible to issue recipient created tax invoices/self invoices?	Yes, under certain circumstances (self-billing).

<b>Special indirect tax rules</b>	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale? (For example, transfer of a going concern relief)?	Under Argentine law, TOGC is not subject to VAT if it is done within the framework of a tax-free reorganization as provided by article 77 of the Income Tax Law, that is to say that the transfer takes place within the same economic group. In this respect an economic group is considered to exist if at least 80 percent of the capital of the transferee company belongs to the owner, partner or shareholders of the transferor company. In addition to this requirement, the owners, partners or shareholders of the transferor company must maintain in the transferee company at the time of the transfer at least 80 percent of the capital held by them at that time in the transferor company.
	In your country, are there unique country specific Indirect tax rules that you would not expect to find in "standard" VAT jurisdictions?	No
	Does a reverse charge mechanism apply in your country for goods or services?	Yes, for import of services.
	Are there Indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Reduced rates for specific supplies and services.
<b>Other indirect taxes</b>	Are there other indirect taxes not commented on above? If yes, could you please briefly specify?	Tax on bank accounts: is a tax on very credit/debit originated in Argentinean bank accounts (0.6 percent). The financial institutions act as collection agents.

# Aruba



<b>General</b>	Types of Indirect taxes (VAT/GST and other Indirect taxes)	Turnover Tax
	What is the standard rate for VAT/GST and other Indirect taxes?	1.5 percent 1 percent on export of goods
	Who is required to register for VAT/GST and other Indirect taxes?	Entrepreneurs and enterprises carrying out a business provided they are collecting revenues from the sale of goods and/or the rendering of services in Aruba.
	Are there any reduced rates, zero rates or exemptions with/without the right to deduct input VAT?	Exemption for specific goods or services, for instance: <ul style="list-style-type: none"> <li>• Transfer of real estate if transfer tax is due</li> <li>• Certain supplies of fuel</li> <li>• International transportation services by airplanes and sea vessels</li> <li>• Casino's (casino tax due)</li> <li>• Hotel rooms (if room tax due)</li> <li>• Export of goods by companies in the free zone</li> <li>• Credit institutions/insurance companies</li> <li>• Services rendered by companies with a foreign exchange license</li> </ul>
<b>VAT/GST Registration</b>	Is voluntary registration for VAT/GST and other Indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other Indirect taxes registration threshold)?	No
	Does an overseas company need to appoint a fiscal representative?	No
	What documentation does an overseas company need for VAT/GST and other Indirect taxes registration?	NA
	Is grouping for VAT/GST and other Indirect taxes possible?	Yes
<b>VAT/GST compliance</b>	How frequently are VAT/GST and other Indirect taxes returns submitted?	Monthly
<b>VAT/GST recovery</b>	Can an overseas company recover VAT/GST and other Indirect taxes if it is not registered for VAT/GST and other Indirect taxes locally?	No

<b>Invoices</b>	Is a business required to issue tax invoices?	No
	Is it possible to issue invoices electronically?	Yes
	Is it possible to issue recipient created tax invoices/self invoices?	No
<b>Special indirect tax rules</b>	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale? (e.g. transfer of a going concern relief)	No
	In your country, are there unique country specific Indirect tax rules that you would not expect to find in "standard" VAT jurisdictions?	The import of goods is a not a taxable event for turnover tax. No right to claim deduction of turnover tax paid by entrepreneurs.
	Does a reverse charge mechanism apply in your country for goods or services?	No
	Are there Indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	If certain conditions are met tax holidays may be granted to Aruba incorporated companies established in the Free-zone and exclusively operating in the international distribution, production and/or services.
<b>Other indirect taxes</b>	Are there other indirect taxes not commented on above? If yes, could you please briefly specify?	<ul style="list-style-type: none"> <li>• Import duties &amp; Excise taxes</li> <li>• Stamp duty &amp; Registration duty</li> <li>• Transfer tax &amp; Land tax for real estate</li> <li>• Room tax &amp; hazard license fee</li> </ul>

# Bolivia



<b>General</b>	Types of Indirect taxes (VAT/GST and other Indirect taxes)	<p>Value Added Tax (<b>VAT</b>)</p> <p>Excise tax (Impuesto al Consumo Especifico, <b>ICE</b>)</p> <p>Direct tax on hydrocarbons (Impuesto Directo a los Hidrocarburos, <b>IDH</b>)</p>									
	What is the standard rate for VAT/GST and other Indirect taxes?	<p><b>VAT</b></p> <p>Standard rate 13 percent (*)</p> <p>(*) The VAT (IVA) is an integral part of the good or service price; the actual computable rate net of VAT is 14.94 percent. Invoices do not show VAT separately. The VAT effective rate is 14.94 percent, that is, to compute the good or service total price, the 14.94 percent VAT should be computed and include it in the price. As shown in the following example:</p> <table style="margin-left: 20px;"> <tr> <td>Price not including VAT</td> <td>=</td> <td>100</td> </tr> <tr> <td>14,94% VAT</td> <td>=</td> <td>14,94</td> </tr> <tr> <td>Total price including VAT</td> <td>=</td> <td>114,94</td> </tr> </table> <p>The 13 percent rate over the total price is applied, thus obtaining the 14.94 percent VAT.</p> <p><b>ICE</b></p> <p>Cigarettes and tobacco, motor and high capacity vehicles are taxed at the ad valorem rates ranging from 10 to 50 percent.</p> <p>Alcoholic beverages are subject to at the lump-sum tax per liter.</p>	Price not including VAT	=	100	14,94% VAT	=	14,94	Total price including VAT	=	114,94
	Price not including VAT	=	100								
	14,94% VAT	=	14,94								
Total price including VAT	=	114,94									
Who is required to register for VAT/GST and other Indirect taxes?	<p>VAT: Those persons, organizations and corporations that regularly sell goods, render services or undergo definitive imports and rentals.</p> <p>ICE: Those persons, organizations and corporations that produce or import drinks, alcoholic beverages, cigarettes and vehicles</p>										
Are there any reduced rates, zero rates or exemptions with/without the right to deduct input VAT?	<p><b>VAT</b></p> <p>Export of goods is subject to 0% tax rate. The VAT paid in export-related purchases or expenses may be recovered through tax refund requests.</p> <p>VAT-excluded or exempt transactions: VAT on expenses or purchases related to VAT exempt income may not be computed nor recovered.</p> <ul style="list-style-type: none"> <li>• Financing transactions generating interest income.</li> <li>• Purchase and sales of shares, debentures, securities and credit title transactions.</li> <li>• Sales or transfers resulting from companies' reorganizations.</li> </ul>										

		<ul style="list-style-type: none"> <li>• Capital contributions.</li> <li>• Imports made by country-accredited diplomats.</li> <li>• Other in conformity with special laws.</li> </ul> <p><b>ICE</b></p> <p>Not subject to ICE:</p> <ul style="list-style-type: none"> <li>• Imports made by country-accredited diplomats.</li> <li>• Goods taxed destined for export.</li> </ul>
<b>VAT/GST Registration</b>	Is voluntary registration for VAT/GST and other Indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other Indirect taxes registration threshold)?	Registered companies have to be domiciled in Bolivia, which means that a foreign company may not voluntarily register for VAT if it is not permanently established in Bolivia.
	Does an overseas company need to appoint a fiscal representative?	N/A
	What documentation does an overseas company need for VAT/GST and other Indirect taxes registration?	N/A
	Is grouping for VAT/GST and other Indirect taxes possible?	No
<b>VAT/GST compliance</b>	How frequently are VAT/GST and other Indirect taxes returns submitted?	Monthly
<b>VAT/GST recovery</b>	Can an overseas company recover VAT/GST and other Indirect taxes if it is not registered for VAT/GST and other Indirect taxes locally?	No
<b>Invoices</b>	Is a business required to issue tax invoices?	Yes
	Is it possible to issue invoices electronically?	Yes
	Is it possible to issue recipient created tax invoices/self invoices?	No
<b>Special indirect tax rules</b>	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale? (e.g. transfer of a going concern relief)	Yes. The sale of a company can generally be made without VAT. Partial sale of assets or debts could be subject to VAT.
	In your country, are there unique country specific Indirect tax rules that you would not expect to find in "standard" VAT jurisdictions?	Yes, in Bolivia VAT is included in the price (please refer to the VAT example mentioned in the VAT section).  Exports tax rate is 0 percent, exporters may recover the VAT paid on purchases and supplies in connection to such export and other specifications.
	Does a reverse charge mechanism apply in your country for goods or services?	No
	Are there Indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Goods exports and international-road transport have a 0 percent tax rate.
<b>Other indirect taxes</b>	Are there other indirect taxes not commented on above? If yes, could you please briefly specify?	No

# Brazil



<b>General</b>	Types of Indirect taxes (VAT/GST and other Indirect taxes)	<p>There are two types of value-added taxes in Brazil:</p> <ul style="list-style-type: none"> <li>• ICMS (State Sales Tax); and</li> <li>• IPI, (Federal Excise Tax).</li> </ul>
	What is the standard rate for VAT/GST and other Indirect taxes?	<p>There are other taxes on supplies of goods or services:</p> <ul style="list-style-type: none"> <li>• ISS (Services Tax),</li> <li>• COFINS (Social Contribution for Social Security Financing),</li> <li>• PIS (Employees' Profit Participation Program),</li> <li>• ICMS standard rate of 17 percent in São Paulo, Minas Gerais.</li> <li>• ICMS standard rate of 18 percent in Paraná.</li> <li>• ICMS standard rate of 19 percent in Rio</li> <li>• IPI is normally charged at an ad valorem (value) rate according to the classification of the product based upon the international Harmonized Commodity Description and Coding System.</li> </ul> <p>Rates range from 0 percent a maximum of 330 percent and average about 10 percent.</p> <ul style="list-style-type: none"> <li>• ISS standard rate ranges from 2 percent to 5 percent.</li> <li>• PIS and COFINS standard rates under the so-called non-cumulative regime are 1.65 percent and 7.6 percent, respectively.</li> </ul>
	Who is required to register for VAT/GST and other Indirect taxes?	Taxpayers are required to register for indirect taxes in Brazil.
	Are there any reduced rates, zero rates or exemptions with/without the right to deduct input VAT?	Yes, and it depends the type of indirect tax, the product and the exemption.
<b>VAT/GST Registration</b>	Is voluntary registration for VAT/GST and other Indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other Indirect taxes registration threshold)?	<p>Voluntary registration is not allowed in Brazil.</p> <p>Only companies which have a permanent establishment in Brazil can register and collect VAT/GST and indirect tax.</p>
	Does an overseas company need to appoint a fiscal representative?	Not applicable.
	What documentation does an overseas company need for VAT/GST and other Indirect taxes registration?	Not applicable.
	Is grouping for VAT/GST and other Indirect taxes possible?	No

<b>VAT/GST compliance</b>	How frequently are VAT/GST and other Indirect taxes returns submitted?	Monthly
<b>VAT/GST recovery</b>	Can an overseas company recover VAT/GST and other Indirect taxes if it is not registered for VAT/GST and other Indirect taxes locally?	No
<b>Invoices</b>	Is a business required to issue tax invoices?	Yes
	Is it possible to issue invoices electronically?	Yes. In Brazil most of the companies are required to issue invoices electronically.
	Is it possible to issue recipient created tax invoices/self invoices?	Generally the responsibility is from the issuer, but, there are some cases that the recipient can register the invoice with the right information.
<b>Special indirect tax rules</b>	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale? (e.g. TOGC relief (transfer of a going concern))	No
	In your country, are there unique country specific Indirect taxes rules that you would not expect to find in "standard" VAT jurisdictions (e.g. zero-rating of financial supplies under the B2B regime in New Zealand, or leasing is a supply of goods and not of services like in Switzerland).	Yes, the VAT rules in Brazil are very specific. As example, we can mention: <ul style="list-style-type: none"> <li>– On sales, even if the supplier does not receive the payment from its customer, all the VAT and indirect tax should be collected and paid to the Authority.</li> <li>– For several products, the ICMS tax payment is attributed to the Importer or Manufacturer as responsible for the tax due on operations that will occur subsequently. This transfer of responsibility for the tax payment is known as taxpayer substitution regime.</li> <li>– The VAT taxation in Brazil is related to physical movement of products, not only on sales. For example; if one company has two different establishments and there are transfer operations between them, the VAT is collected by the sender and is offset as a credit by the recipient.</li> </ul>
	Does a reverse charge mechanism apply in your country for goods or services?	No

**Are there Indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?**

Yes, in Brazil there are several tax incentives.

Certain supplies are exempt from ICMS, for example supplies of books, newspapers and the paper consumed in the printing of such products, sale of fixed assets, fruits, vegetables, and farm and garden produce and preservatives.

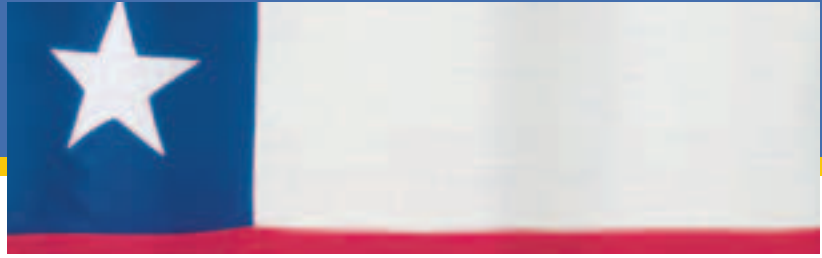
The reduced IPI rate of 0 percent applies to, for example to live animals and animal products, plant products, chemical products, textile products, and shoes.

Certain supplies are exempt from IPI, for example supplies of vessels (except sporting or pleasure boats), exports, books, newspapers, periodicals, and paper consumed in the printing of such products, electric energy, petroleum products, fuel, and minerals belonging to the country.

There are reduced rates of ISS which vary from one municipality to another. Certain supplies are exempt from ISS, for example exports of services, amounts intermediated in the bonds and securities market, the amount of bank deposits, the capital, interests, and default interests regarding credit operations performed by financial institutions.

Certain supplies are exempt from PIS and COFINS, for example the exportation of goods, the exportation of services with payment in convertible currency, sales of products to a commercial export company for export purpose specifically and sales of fixed assets.

# Chile

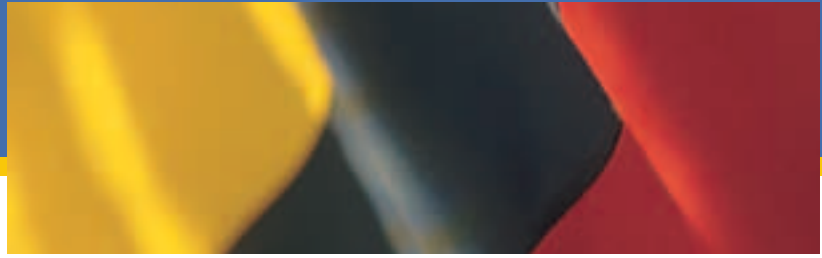


<b>General</b>	Types of Indirect taxes (VAT/GST and other Indirect taxes)	VAT
	What is the standard rate for VAT/GST and other Indirect taxes?	19 percent
	Who is required to register for VAT/GST and other Indirect taxes?	<ul style="list-style-type: none"> <li>• any person or entity who sales, on a regular basis, tangible movable goods;</li> <li>• construction companies which sale tangible immovable goods that were woolly or partially built by itself; and</li> <li>• Any person or entity who provides services levied with VAT.</li> </ul>
	Are there any reduced rates, zero rates or exemptions with/without the right to deduct input VAT?	<p>There are neither reduced rates nor zero rates. It is possible to distinguish four types of operations: out of the scope, exempt without right to recover input VAT, exempt with the right of recover input VAT and exempt operations where VAT recovery is not relevant.</p> <p><b>1.</b> Operations out of the scope. These operations are not subject to VAT and taxpayers performing them cannot deduct input VAT. Examples of out of scope operations:</p> <ul style="list-style-type: none"> <li>• Sale of immovable goods which were not built by a construction company.</li> <li>• Sales made outside Chile.</li> <li>• Provision of certain kind of services (eg. professional and technical services).</li> <li>• Provision of services rendered and utilized abroad.</li> </ul> <p><b>2.</b> Exempt operations <b>without</b> the right to recover input VAT. Taxpayers carrying out certain exempt operations cannot recover input VAT as a general rule. Examples of these operations:</p> <ul style="list-style-type: none"> <li>• Some insurance transactions.</li> <li>• Financing operations not related with the sale of goods or services.</li> <li>• Educational services.</li> <li>• Some health services.</li> <li>• Transportation of persons.</li> </ul>

		<p><b>3.</b> Exempt operations <b>with</b> the right to recover input VAT. In these cases a special provision in the law authorizes VAT recovery even though the operations are exempted. Examples of these operations:</p> <ul style="list-style-type: none"> <li>• Exportations of goods.</li> <li>• Services provided to non residents accepted as exportation for the custom authority.</li> <li>• Sale of goods to foreign airplanes and ships making international transportation.</li> <li>• International transportation services.</li> </ul> <p>In these cases the law also provides the possibility of a refund of the input VAT paid. This refund could be requested on a monthly basis for the VAT paid in the previous month.</p> <p><b>4.</b> Exempt operations where VAT recovery is not relevant. These operations are VAT exempt, however since they are performed by non residents or there is no input VAT involved, the recovery of VAT is not an issue. Examples of these operations:</p> <ul style="list-style-type: none"> <li>• Certain services rendered by non Chilean residents (i.e. royalties, international lease of goods, some insurance premiums).</li> <li>• The importation of goods appointed to a Foreign Investment Project.</li> <li>• Some insurance premiums.</li> </ul>
<p><b>VAT/GST Registration</b></p>	<p>Is voluntary registration for VAT/GST and other Indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other Indirect taxes registration threshold)?</p>	<p>There is no special registration for VAT purposes registration before the Chilean Tax Authority – for general tax purpose – shall take place when a person or entity is eligible to be considered taxpayer as a consequence of developing or expecting to develop activities that are subject to taxation. Therefore, overseas companies cannot register voluntary for the sole purpose of recovering VAT. In order to obtain a tax registration the overseas companies should settle a PE or incorporate an agency or affiliate in Chile. The PE or the entity incorporated will become Chilean taxpayer for all Chilean taxes.</p>
	<p>Does an overseas company need to appoint a fiscal representative?</p>	<p>Overseas companies obtaining a tax registration, as described above, should appoint a fiscal representative. This person should have domicile or residence in Chile.</p>
	<p>What documentation does an overseas company need for VAT/GST and other Indirect taxes registration?</p>	<p>The overseas company shall provide to the Chilean Tax Authority its statutes of incorporation duly legalized, and a POA, duly legalized and translated, to a person with domicile in Chile who is appointed to register the overseas company before the Chilean Tax Authority.</p>

	Is grouping for VAT/GST and other Indirect taxes possible?	No.
<b>VAT/GST compliance</b>	How frequently are VAT/GST and other Indirect taxes returns submitted?	On a monthly basis, before the 12th day of each month.
<b>VAT/GST recovery</b>	Can an overseas company recover VAT/GST and other Indirect taxes if it is not registered for VAT/GST and other Indirect taxes locally?	No.
<b>Invoices</b>	Is a business required to issue tax invoices?	Yes, in most of the cases.
	Is it possible to issue invoices electronically?	Yes.
	Is it possible to issue recipient created tax invoices/self invoices?	Yes, but only in the cases indicated by law (e.g. the purchaser, whilst the seller has not residence in Chile, and the beneficiary of the service whilst the provider has a residence abroad)
<b>Special indirect tax rules</b>	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale? (e.g. transfer of a going concern relief)	No
	In your country, are there unique country specific Indirect taxes rules that you would not expect to find in "standard" VAT jurisdictions?	No, but the Chilean VAT is characterized by a flat tax rate, few VAT exemptions and low chances for the foreign taxpayer for recovering VAT.
	Does a reverse charge mechanism apply in your country for goods or services?	Yes, but only in the cases provided by law, for example: in the cases the Tax Authority has ruled that the buyer should withhold the VAT (i.e. the sale of some agricultural products) and where the seller or service provider is not Chilean resident (if the transaction is subject to VAT)
	Are there Indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Yes, there are some incentives applicable to VAT, as it is the possibility to request the refund of the VAT credit generated in the purchase of goods that form part of the taxpayer fix assets, provided the VAT credit was accumulated in a period of six months.
<b>Other indirect taxes</b>	Are there other indirect taxes not commented on above? If yes, could you please briefly specify?	Yes. There are some specific indirect taxes applicable to: luxurious items; to the gas and diesel supplies; and to alcoholic beverages.

# Colombia



<b>General</b>	Types of Indirect taxes (VAT/GST and other Indirect taxes)	Value Added Tax (VAT)
	What is the standard rate for VAT/GST and other Indirect taxes?	16 percent
	Who is required to register for VAT/GST and other Indirect taxes?	<ul style="list-style-type: none"> <li>• Individuals and entities who render taxable supplies of goods and or services</li> <li>• Importers of goods</li> <li>• In the sale of aircrafts the traders and the occasional sellers of such goods</li> <li>• The purchaser of goods or services from certain providers e.g. small entrepreneurs (“regimen simplificado” – simplified regime) or only the purchaser of services from foreign entities.</li> </ul>
	Are there any reduced rates, zero rates or exemptions with/without the right to deduct input VAT?	<p><b>1. Transactions out of the scope of VAT</b> (with no right to recover input VAT):</p> <ul style="list-style-type: none"> <li>• Life insurance</li> <li>• Financial Leasing</li> <li>• Imports of heavy machinery not produced in Colombia with the exclusive purpose of developing basic industry activities as mining and hydrocarbons.</li> </ul> <p><b>2. Reduced VAT rates</b></p> <ul style="list-style-type: none"> <li>• 14 percent: Beer (until December 2010, afterwards the general rate will apply)</li> <li>• 10 percent: Health complementary plans and health prepaid services.</li> <li>• 10 percent: Some specific goods (cane sugar, wheat, roasted coffee)</li> <li>• 1.6 percent: Cleaning services and Private security services</li> </ul> <p><b>3. Exempt – Taxed at 0 percent VAT rate</b> (with right to recover input VAT)</p> <ul style="list-style-type: none"> <li>• Scientific and cultural books</li> <li>• Exported services</li> <li>• Corporal movable exported goods</li> </ul> <p><i>Note: Those who sell excluded goods or render excluded services do not have the right to deduct the input VAT.</i></p>

<b>VAT/GST Registration</b>	<p>Is voluntary registration for VAT/GST and other Indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other Indirect taxes registration threshold)?</p>	<p>No, companies selling goods from overseas are not responsible for VAT, nor the foreign entities or individuals, without domicile or residence in Colombia respectively, rendering services from abroad or within Colombia.</p> <p>In the case of entities or individuals rendering taxable services from abroad or within Colombia, the VAT will be accrued by the customer (purchaser), via a reverse charge mechanism.</p> <p>Foreign entities or foreign individuals selling taxed or exempt goods in Colombia will have to incorporate a permanent establishment or to appoint a proxy respectively that will get a registry for tax purposes.</p> <p>There are 2 types of VAT registration in Colombia. Corporate entities are obtaining a VAT registration via the common regime, whilst individuals are registered via the simplified regime (except if their income exceeds a certain threshold)</p>
	<p>Does an overseas company need to appoint a fiscal representative?</p>	<p>A foreign company selling goods or rendering taxable services from or in Colombia without a domicile is not required to appoint a fiscal representative. Foreign entities selling goods in Colombia must incorporate a branch office or a subsidiary for such purpose.</p> <p>Foreign companies could also sell goods located in Colombia under a trade agency agreement.</p>
	<p>What documentation does an overseas company need for VAT/GST and other Indirect taxes registration?</p>	<p>A foreign company selling goods in Colombia must incorporate a branch office or a subsidiary and will have to obtain by the Tax Authority a registry tax. The registry tax could be obtained at the moment of the incorporation of the entity with the Chamber of Commerce or immediately after the incorporation directly with the Tax Authority with the incorporation certificate.</p>
	<p>Is grouping for VAT/GST and other Indirect taxes possible?</p>	<p>No</p>

<b>VAT/GST compliance</b>	How frequently are VAT/GST and other Indirect taxes returns submitted?	<p>VAT returns are filed and VAT due is paid every 2 months. The 6 bi-monthly periods are: 1st January-February, 2nd March-April, 3rd May-June, 4th July-August, 5th September-October, 6th November-December.</p> <p>VAT accrued via reverse charge mechanism (taxable operations executed by a taxpayer covered by the simplified regime or taxable services rendered from abroad or within Colombia by a foreign entity or individual without domicile or residence in Colombia) must be declared and paid by the customer through a monthly withholding tax return.</p>
<b>VAT/GST recovery</b>	Can an overseas company recover VAT/GST and other Indirect taxes if it is not registered for VAT/GST and other Indirect taxes locally?	No
<b>Invoices</b>	Is a business required to issue tax invoices?	Yes, except for the case of providers belonging to the VAT simplified regime.
	Is it possible to issue invoices electronically?	Yes
	Is it possible to issue recipient created tax invoices/self invoices?	Yes, when the individual or entity rendering the taxed services in Colombia is a foreign non-resident/non domiciled person in the country and when the person liable to pay the tax is an individual belonging to the simplified regime (small entrepreneurs)
<b>Special indirect tax rules</b>	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale? (e.g. TOGC relief (transfer of a going concern))	In Colombia there is no specific relief applicable to the sale of TOGC. Therefore, this operation should be analyzed as a sale of assets and liabilities. Thus, for VAT purposes, the sale of fixed assets and intangibles are not VAT taxed. However, inventories involved in such sale could be VAT taxed.
	In your country, are there unique country specific Indirect tax rules that you would not expect to find in "standard" VAT jurisdictions (e.g. zero-rating of financial supplies under the B2B regime in New Zealand, or leasing is a supply of goods and not of services like in Switzerland).	<p>Yes.</p> <ul style="list-style-type: none"> <li>The general rule indicates that the services physically rendered in Colombia are subject to VAT. Nevertheless, some exceptions are provided regarding services rendered from abroad by non residents to users or recipients located in Colombia, such as auditing, consulting, advisory and licensing of intangible goods, which are considered to be rendered in Colombia and therefore levied with VAT.</li> <li>The transfer of taxed movable goods with no consideration is subject to VAT.</li> </ul>

	<p>Does a reverse charge mechanism apply in your country for goods or services?</p>	<p>Yes.</p> <p>The Colombian entity benefited with the taxable services rendered by non residents either from abroad or within the Colombian territory, will be responsible of the VAT generated via the “reverse charge mechanism”. This means that the VAT due on the services received will have to be self assessed, declared and paid by the Colombian entity in the relevant monthly withholding tax return. Therefore, no amount will be withheld as VAT upon payments made to a supplier abroad. The Colombian entity will be entitled to deduct the self-assessed tax as input VAT, if it is related to operations subject to VAT or exempt.</p>
	<p>Are there Indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?</p>	<ul style="list-style-type: none"> <li>• Reduced tax rates are expressly indicated, e.g. for goods such as scientific and cultural books and, for services such as health complementary and prepaid services</li> <li>• The introduction of merchandize from overseas to a Free Trade Zone is not considered as an import during as long as it remains within such zone, therefore it is not subject to VAT.</li> <li>• The sale of goods from the Colombian territory to an Industrial user of services or goods established in a Free Trade Zone are exempt of VAT, provided these goods are necessary for the development of the business objective of the industrial user.</li> </ul>
<p><b>Other indirect taxes</b></p>	<p>Are there other indirect taxes not commented on above? If yes, could you please briefly specify?</p>	<ul style="list-style-type: none"> <li>• Consumption tax</li> <li>• GMF (Financial Transaction Tax)</li> <li>• Customs duty</li> <li>• Registry tax</li> </ul>

# Costa Rica



<b>General</b>	Types of Indirect taxes (VAT/GST and other Indirect taxes)	VAT
	What is the standard rate for VAT/GST and other Indirect taxes?	13 percent
	Who is required to register for VAT/GST and other Indirect taxes?	<p>A legal entity should be registered as a VAT taxpayer when it sells goods or provides services that are subject to VAT in the local market, on a regular basis, or when the entity is an importer of merchandise subject to VAT (Article 4 of the General Sales Tax Law and article 8 of the General Sales Tax Law Regulations).</p> <p>There are no thresholds for VAT registration. However there are several methods providing for an exemption/suspension/reimbursement of VAT usually in connection with re-export of the good or with the production of a good sold locally exempt of VAT.</p> <p>In order to register as a VAT taxpayer it is necessary to have a local presence able to conduct taxable transactions within Costa Rica. This implies either a PE or the incorporation of a subsidiary/branch/corporation in Costa Rica.</p>
	Are there any reduced rates, zero rates or exemptions with/without the right to deduct input VAT?	<p>There are two reduced rates:</p> <ul style="list-style-type: none"> <li>• Wood is subject to a 10 percent tax rate; and</li> <li>• Residential electricity is subject to 5 percent.</li> </ul> <p>There are exempt supplies with right to recover input VAT but only regarding the VAT paid for inputs and raw materials that are physically incorporated in a taxed good or service. This is a general condition of the VAT system in Costa Rica. The category of exempt items includes nearly two hundred different basic products.</p> <p>Exports of goods are also exempt, as well as the re-importation of merchandise of Costa Rican origin, occurring within the three years following their exportation.</p> <p>Zero-rated supplies: Basic food and other basic necessities (this article provides a concept of "basic basket" or "canasta basica") are zero-rated by the Sales Tax Law.</p>

<b>VAT/GST Registration</b>	<p>Is voluntary registration for VAT/GST and other Indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other Indirect taxes registration threshold)?</p>	<p>An overseas company can register as a VAT taxpayer when they:</p> <ol style="list-style-type: none"> <li>Sell goods or provide services that are subject to VAT in the local market on regular basis</li> <li>When the entity is an importer of merchandise subject to VAT. This activity should be performed through a branch, an agency, a representative with general power of attorney or a subsidiary.</li> </ol>
	<p>Does an overseas company need to appoint a fiscal representative?</p>	<p>As mentioned above, foreign entities are not allowed to register for VAT in Costa Rica. Only PE (local fixed place of business and an economic activity in CR), local subsidiaries/branches/corporations engaged in regular trading of goods or the provision of services subject to VAT are allowed to register as such. PE's are treated as any other local taxpayer and therefore are subject to ordinary tax obligations. In order to comply with these obligations, it is expected that the PE will have a fiscal representative with authority to file income tax returns, respond to inquiries by the Tax Authorities, and for filing the registration as VAT taxpayer.</p>
	<p>What documentation does an overseas company need for VAT/GST and other Indirect taxes registration?</p>	<p>VAT registration application form can be obtained on the internet (e.g. from local Tax Administration's website) provided that a request was sent to and approved by the Tax Administration, because it is only allowed for VAT taxpayers. Once the taxpayer is registered it obtains a password from the Tax Administration to enable it to access its web page and obtain the corresponding tax returns from internet. This information is located at the following address:</p> <p><a href="https://www.hacienda.go.cr/Msib21/Espanol/Direccion+General+de+Tributacion/Sitel.htm">https://www.hacienda.go.cr/Msib21/Espanol/Direccion+General+de+Tributacion/Sitel.htm</a></p> <p>Please note that anyone can see the form in the Tax Administration website. However, only medium and large taxpayers are actually allowed to file the registration form and monthly VAT returns online.</p> <p>Additional documentation required:</p> <ol style="list-style-type: none"> <li>Copy of the by-laws of the overseas company. If the document is in English it should be translated to Spanish.</li> <li>Copy of the ID number of the legal entity issued by the Costa Rican Public Registry.</li> <li>Power of attorney for their legal representative properly certified.</li> <li>Copy of the ID of the legal representative.</li> </ol>
	<p>Is grouping for VAT/GST and other Indirect taxes possible?</p>	<p>No</p>

<b>VAT/GST compliance</b>	How frequently are VAT/GST and other Indirect taxes returns submitted?	VAT tax returns must be filed on a monthly basis, during the first fifteen days of each month.
<b>VAT/GST recovery</b>	Can an overseas company recover VAT/GST and other Indirect taxes if it is not registered for VAT/GST and other Indirect taxes locally?	No
<b>Invoices</b>	Is a business required to issue tax invoices?	Yes
	Is it possible to issue invoices electronically?	Yes. However, in order issue electronic invoices the taxpayer must comply with the requirements indicated in Directive of the Tax Administration Num. 02-09 dated 9 January 2009.
	Is it possible to issue recipient created tax invoices/self invoices?	No
<b>Special indirect tax rules</b>	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale? (e.g. transfer of a going concern relief)	A sale of the assets (fixed or intangibles) of a going concern is not subject to the sales tax because such goods are not acquired for their resale or industrialization within the country and hence not considered taxable merchandise for the purpose of the VAT law. In the case of inventory transferred as part of the sale of a going concern it is not subject to VAT as long as the purchaser is also a VAT taxpayer (not a final consumer).
	In your country, are there unique country specific indirect tax rules that you would not expect to find in "standard" VAT jurisdictions?	Yes. Costa Rican VAT (known as Sales Tax) does not work as a classic VAT system in which the tax paid in the previous stage of the sale chain (or paid at customs when importing the goods) can be credited to partially offset the VAT liability of the reseller. The Costa Rican system is not a classic VAT system because most goods but only certain services are taxed. Further, when manufacturing a taxed good or rendering a taxed service the taxpayer can only credit the VAT paid for inputs, services and raw materials physically incorporated in the good being manufactured or the service being furnished, otherwise a VAT credit is not allowed for other costs incurred. Another case is when a company has to buy goods subject to VAT to produce an exempt good or service. In that case, the taxpayer would be unable to credit the VAT previously paid but may request an authorization from the Tax Authorities to purchase those inputs or acquire those services exempt from VAT.  Therefore, as Costa Rica has a non-classic VAT system, expenses related to only partially taxable business can be deducted, only to the extent these expenses relates to services and raw materials physically incorporated in the

		<p>good being manufactured or the service being furnished subject to VAT and provided that they are not listed in those excluded by article 11 of the VAT law. According to article 11 of the VAT law, the following should be excluded from the taxable base:</p> <ol style="list-style-type: none"> <li>1. Discounts acceptable and normally used under ordinary trading practices if separately indicated in the purchase invoice,</li> <li>2. The value of services rendered in connection with the sale of taxable goods, as long as they are furnished by third parties and are invoiced and recorded separately in the accounting registries,</li> <li>3. Financial expenses invoiced and recorded separately in the accounting registries.</li> </ol>
	<p>Does a reverse charge mechanism apply in your country for goods or services?</p>	<p>No</p>
	<p>Are there Indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?</p>	<p>VAT legislation allows taxpayers under specific circumstances to request the Authorized Purchase System. Through this System the VAT liability on importation may be avoided.</p> <p>The Authorized Purchase System is established in article 27 of the Regulations to the General Sales Tax Law. It states that the Tax Administration might authorize free VAT purchases when it is not possible or it is difficult for taxpayers to offset the VAT credit that otherwise would have been generated against their pending VAT liabilities. This authorization is possible solely in the cases listed in that article.</p>
<p><b>Other indirect taxes</b></p>	<p>Are there other indirect taxes not commented on above? If yes, could you please briefly specify?</p>	<p>Yes. Other indirect taxes are:</p> <ol style="list-style-type: none"> <li>1. Customs duties – Depending on the classification of the merchandises, the customs duties may vary, but normally range from 0 percent to 15 percent. These are estimated on the ad valorem price (CIF value multiplied by the foreign exchange rate of the date of importation of the equipment).</li> <li>2. 1 percent tax under Law No. 6946 – it applies upon importation of goods.</li> <li>3. Excise tax – In addition to sales taxes, excise taxes are levied on selected goods. However, taxpayers with sales of under ₡2,000,000 (two million Costa Rican colones – 1 US \$ = 530,00 colones – May 10, 2010) during a three-month period are exempted of this tax.</li> </ol>

# Curaçao

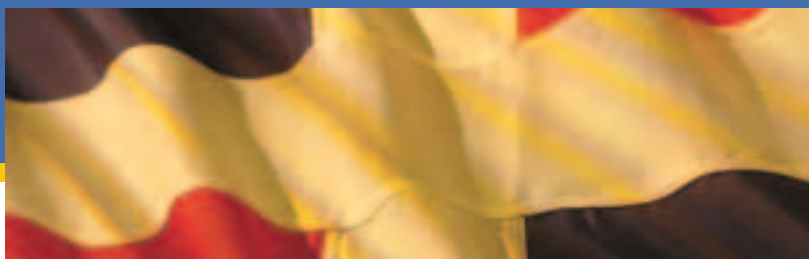
(Neth. Antilles)



<b>General</b>	Type of indirect tax (VAT/GST)	Sales Tax
	What is the standard VAT/GST rate?	5 percent
	Who is required to register for VAT/GST?	<p>Entrepreneurs carrying out a business provided they are collecting revenues from the sale of goods or the rendering of services in Curacao.</p> <p>Upon request, entrepreneurs may be exempt from turnover tax provided that the turnover is the preceding year is less than ANG30.000.</p> <p>Upon request sales tax on the import of goods used for packaging or manufacturing of exported goods can be deducted.</p>
	Are there any reduced rates, zero rates or exemptions?	<p>Certain goods and services are exempt from sales tax with no right to recover input tax, including;</p> <ul style="list-style-type: none"> <li>-The delivery of real property provided that real estate transfer tax is levied.</li> <li>-Certain supplies of fuel.</li> <li>-Supply of goods and services to oil refineries, used for their operations.</li> <li>-Services rendered to companies established in an E-zone.</li> <li>-Services rendered to and by companies with a foreign exchange license.</li> <li>-Certain services to customers abroad are deemed to be rendered outside Curacao (non taxable), for instance financial, IT, licensing services and services rendered by E-zone companies, provided that the service is factually enjoyed abroad.</li> </ul>
<b>VAT/GST Registration</b>	Is voluntary VAT/GST registration possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST registration threshold)?	No
	Does an overseas company need to appoint a fiscal representative?	No
	Is VAT/GST grouping possible?	No
<b>VAT/GST Compliance</b>	How frequently are VAT/GST returns submitted?	Monthly
<b>VAT/GST recovery</b>	Can an overseas company recover VAT/GST if it is not registered for VAT/GST locally?	No

<b>Invoices</b>	Is a business required to issue tax invoices?	Yes
	Is it possible to issue invoices electronically?	Yes, to be requested
	Is it possible to issue recipient created tax invoices?	No
<b>Special Indirect tax rules</b>	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale? (e.g. transfer of a going concern relief)	Yes, exemption applicable based on a general decree.
	Are there unique country specific indirect tax rules that differ from "standard" indirect tax rules in other jurisdictions?	In general no right to claim deduction of sales tax paid by entrepreneurs
	Does a reverse charge mechanism apply?	Yes
	Are there indirect tax incentives available e.g. reduced rates, tax holidays)?	<ol style="list-style-type: none"> <li>1. E-zone: exemption from sales tax on services rendered to companies established in the E-zone and services rendered by these companies to customers abroad.</li> <li>2. Exemption from sales tax for qualifying tourist projects</li> </ol>
<b>Other Indirect taxes</b>	Are there other indirect taxes not commented on above?	<ul style="list-style-type: none"> <li>• Import duties &amp; Excise taxes</li> <li>• Stamp duty &amp; Registration duty</li> <li>• Transfer tax and Land tax for real estate</li> <li>• Room tax &amp; casino tax</li> </ul>

# Dominican Republic



<b>General</b>	Types of Indirect taxes (VAT/GST and other Indirect taxes)	<ul style="list-style-type: none"> <li>VAT, which is known as ITBIS for its name “Impuestos a la Transferencia de Bienes Industrializados y Servicios”</li> <li>Selective consumption tax (levied on tobacco products, beer and alcoholic beverages.</li> <li>Custom duties on certain imported luxury items which may vary depending on the item.</li> </ul>
	What is the standard rate for VAT/GST and other Indirect taxes?	The standard rate is 16 percent for VAT.
	Who is required to register for VAT/GST and other Indirect taxes?	Basically all taxpayers and entities domiciled in the Dominican Republic.
	Are there any reduced rates, zero rates or exemptions with/without the right to deduct input VAT?	Basic products such as medicine and food items are exempt from VAT and custom duties. Products covered under DR-CAFTA are either exempted or subject to a reduced import duty, Certain industries covered by incentive laws, such as renewable source energy projects, tourism development in certain geographical areas, etc.
<b>VAT/GST Registration</b>	Is voluntary registration for VAT/GST and other Indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other Indirect taxes registration threshold)?	No unless a permanent establishment or domicile is established in Dominican Republic VAT and indirect taxes are not applicable to items exported from DR. For items imported to Dominican Republic the purchaser is responsible for the payment of those tributes.
	Does an overseas company need to appoint a fiscal representative?	Yes, if they intent to do active business locally.
	What documentation does an overseas company need for VAT/GST and other Indirect taxes registration?	If overseas companies want to do business locally, they must incorporate or established a domicile in the Dominican Republic.
	Is grouping for VAT/GST and other Indirect taxes possible?	No
<b>VAT/GST compliance</b>	How frequently are VAT/GST and other Indirect taxes returns submitted?	VAT is payable monthly on the 20th day of the following month. Indirect taxes are generally paid at the time items are cleared for customs or, as in the case of tobacco and spirits, when sold.
<b>VAT/GST recovery</b>	Can an overseas company recover VAT/GST and other Indirect taxes if it is not registered for VAT/GST and other Indirect taxes locally?	VAT is not charged on exported items, so unless an entity is doing direct business in the Dominican Republic this question is not applicable.

<b>Invoices</b>	Is a business required to issue tax invoices?	Yes it is. In Dominican Republic the Tax Authority has implemented the "Fiscal Invoice Number" (Número de Comprobante Fiscal in Spanish) or NCF. These numbers have to be reported on a monthly basis to the Tax Authority.
	Is it possible to issue invoices electronically?	No
	Is it possible to issue recipient created tax invoices/self invoices?	No
<b>Special indirect tax rules</b>	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale? For example a TOGC relief (transfer of a going concern)	Whereas a share deal (sales of share of a company) is not subject to VAT, the sale of a company's assets are generally subject to VAT (exemption can apply based on the nature of the asset transferred).
	In your country, are there unique country specific Indirect tax rules that you would not expect to find in "standard" VAT jurisdictions?	No
	Does a reverse charge mechanism apply in your country for goods or services?	No
	Are there Indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Yes, there are special laws which grant total or partial tax exemption on certain activities.
<b>Other indirect taxes</b>	Are there other indirect taxes not commented on above? If yes, could you please briefly specify?	No

# Ecuador



<b>General</b>	Types of Indirect taxes (VAT/GST and other Indirect taxes)	Value Added Tax (IVA) Special Consumption Tax (ICE) Capital Outflow Tax (ISD)
	What is the standard rate for VAT/GST and other Indirect taxes?	IVA 12 percent ICE between 10 percent and 300 percent ISD 2 percent
	Who is required to register for VAT/GST and other Indirect taxes?	There is no special registry in Ecuador for VAT and other indirect taxes. However, there is an obligation for all individuals and entities undertaking or doing business activities in Ecuador to register before the Ecuadorian Internal Revenue Services (EIRS) and to obtain their taxpayer identification number. The aforementioned register involves VAT, Income Tax, Excise Tax and all taxes administered by the Ecuadorian Internal Revenue Service.
	Are there any reduced rates, zero rates or exemptions with/without the right to deduct input VAT?	Yes. Exportations of goods which are levied at VAT 0 percent and supplies of goods and services levied at VAT 12 percent but when sold to entities of Ecuadorian State are levied at VAT 0 percent giving the right to recover input VAT.  Exportations of services subject to 0 percent VAT give right to tax credit for the input VAT, but do not give right to request input VAT refunds.
<b>VAT/GST Registration</b>	Is voluntary registration for VAT/GST and other Indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other Indirect taxes registration threshold)?	There is no special registry in Ecuador for VAT. If the foreign entity does not trigger a permanent establishment in Ecuador, it would not be required to register for tax purposes in Ecuador.  Foreign entities that have established an Ecuadorian permanent establishment have the obligation to register before the EIRS; consequently they are compelled to keep accounting records, to file the monthly VAT and withholding tax returns, to file income tax returns and to comply with all Ecuadorian tax obligations.  Foreign entities carrying out occasional business activities in Ecuador generally do not register before the EIRS. The Ecuadorian resident contracting party (corporations or individuals required to keep accounting records) have the obligation to add and withhold 100 percent VAT on services rendered in or out Ecuador as well as to withhold income tax (VAT on imported goods is paid when the goods are nationalized).

	Does an overseas company need to appoint a fiscal representative?	No
	What documentation does an overseas company need for VAT/GST and other Indirect taxes registration?	<p>The form RUC 01-A</p> <p>Original or certified copy of incorporation deed or domiciliation document;</p> <p>Original or certified copy of appointment of legal representative (Ecuadorian individual or foreign individual residing in Ecuador under Visa 10);</p> <p>Copy of the identification card in the case of legal representative is an Ecuadorian individual; or copy of the passport in the case of legal representative is a foreign individual.</p> <p>Copy of a document that evidence the entity's address (rental contract of the local; public service bills or bank accounts statements, etc.)</p> <p>The name and RUC number of the entity's accountant.</p>
	Is grouping for VAT/GST and other Indirect taxes possible?	No
<b>VAT/GST compliance</b>	How frequently are VAT/GST and other Indirect taxes returns submitted?	Monthly
<b>VAT/GST recovery</b>	Can an overseas company recover VAT/GST and other Indirect taxes if it is not registered for VAT/GST and other Indirect taxes locally?	No
<b>Invoices</b>	Is a business required to issue tax invoices?	Yes
	Is it possible to issue invoices electronically?	Yes
	Is it possible to issue recipient created tax invoices/self invoices?	Yes
<b>Special indirect tax rules</b>	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale? (e.g. transfer of a going concern relief)	Yes – The Ecuadorian Tax Law establishes (article 54) that the sales of businesses in which the assets and liabilities are transferred is exempt from VAT.
	In your country, are there unique country specific Indirect tax rules that you would not expect to find in "standard" VAT jurisdictions?	Yes
	Does a reverse charge mechanism apply in your country for goods or services?	No
	Are there Indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	No
<b>Other indirect taxes</b>	Are there other indirect taxes not commented on above? If yes, could you please briefly specify?	ICE is applied over consumption of certain goods and services considered as sumptuous. ISD applies over remittances abroad.

# El Salvador



<b>General</b>	Types of Indirect taxes (VAT/GST and other Indirect taxes)	VAT
	What is the standard rate for VAT/GST and other Indirect taxes?	13 percent
	Who is required to register for VAT/GST and other Indirect taxes?	Those who supply goods or render services, no matter if taxed or not except for companies with turnover below \$5,714.28 and total of assets below \$2,285.71 in the previous 12 months.
	Are there any reduced rates, zero rates or exemptions with/without the right to deduct input VAT?	Exportations are zero-rated taxed rate, and no reduced rates exist. Some goods or services are exempt, such as: rent of houses for living, interests charged by banks or other financial institutions, education services, public transportation among others. VAT fiscal credit (paid on purchases) can be deducted from VAT debit (charged on sales).
<b>VAT/GST Registration</b>	Is voluntary registration for VAT/GST and other Indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other Indirect taxes registration threshold)?	Foreign non-resident entities are obliged to register for VAT purposes when obtaining income subject to VAT in El Salvador.
	Does an overseas company need to appoint a fiscal representative?	Every local or foreign company has to name a representative before the Ministry of Treasure.
	What documentation does an overseas company need for VAT/GST and other Indirect taxes registration?	In order to register as VAT taxpayer it is necessary to file a copy of the bylaws duly translated and legalized, and to present the Tributary Identification Number (NIT)
	Is grouping for VAT/GST and other Indirect taxes possible?	Association of persons (not corporation) can be registered as taxpayer, but a representative of the association before the Tax Office must be appointed.
<b>VAT/GST compliance</b>	How frequently are VAT/GST and other Indirect taxes returns submitted?	VAT returns must be submitted within ten working days after the month-end. A withholding report must be submitted before the Tax Office by fifteen days after the month's end
<b>VAT/GST recovery</b>	Can an overseas company recover VAT/GST and other Indirect taxes if it is not registered for VAT/GST and other Indirect taxes locally?	It is not possible that a company not registered for VAT to recover VAT. VAT is part of the cost of the products for non-registered companies. If there is a reciprocity agreement between El Salvador and the country where the non-resident company is established, the latter can present a refund application before the Tax Administration to get the VAT back.

<b>Invoices</b>	Is a business required to issue tax invoices?	Yes. The issue tax invoices is required by law ,
	Is it possible to issue invoices electronically?	Yes. The Tributary Code states some requirements before giving the permission to issue electronic invoices.
	Is it possible to issue recipient created tax invoices/self invoices?	The only type of invoices permitted is the ones considered by the Tributary Code, to document sales of goods or services.
<b>Special indirect tax rules</b>	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale? (e.g. TOGC relief (transfer of a going concern)	There is no TOGC relief but VAT is only due on the movable assets transferred
	In your country, are there unique country specific Indirect tax rules that you would not expect to find in "standard" VAT jurisdictions?	No special taxes exist in El Salvador, except those applying to certain products as beverages, alcoholic products, etc.
	Does a reverse charge mechanism apply in your country for goods or services?	No. However local recipients of services rendered by non-resident suppliers must withhold and pay the VAT to the State The withheld tax can be offset at a later stage.
	Are there Indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	There is a Free Zone Law and an International Services Law that excludes of paying importation taxes and income tax for certain companies and their shareholders.
	<b>Other indirect taxes</b>	Are there other indirect taxes not commented on above? If yes, could you please briefly specify?

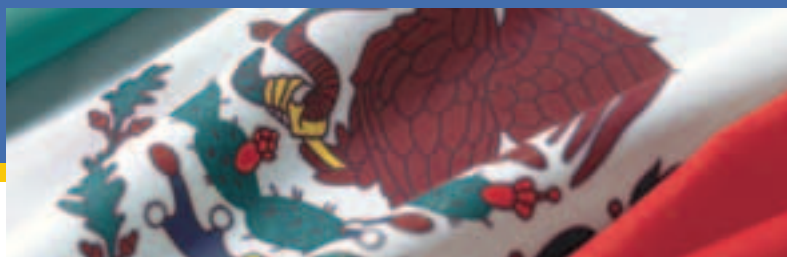
# Honduras



<b>General</b>	Types of Indirect taxes (VAT/GST)	Sales Tax
	What is the standard rate for VAT/GST and other Indirect taxes?	12 percent
	Who is required to register for VAT/GST and other Indirect taxes?	All companies carrying out the sale of goods and services must be registered. There are no thresholds.
	Are there any reduced rates, zero rates or exemptions with/without the right to deduct input VAT?	Basic food, medicines and others are exempt from sales tax (with no right to recover input tax). There are certain products listed in the Sales Tax Law that are exempt from tax. In addition, there are exemptions for companies operating under special systems (free zones).
<b>VAT/GST Registration</b>	Is voluntary registration for VAT/GST and other Indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other Indirect taxes registration threshold)?	No
	Does an overseas company need to appoint a fiscal representative?	It is not necessary a fiscal representative, however; every Company must have a General Manager or Legal representative who is empowered to represent the company. In some cases, a lawyer can be required to represent the company in front of the Tax Authority in accordance with the Administrative Procedures Law.
	What documentation does an overseas company need for VAT/GST and other Indirect taxes registration?	Charter of incorporation and National Tax Registration (RTN).
	Is grouping for VAT/GST possible?	No
<b>VAT/GST compliance</b>	How frequently are VAT/GST and other Indirect taxes returns submitted?	Sales tax returns are submitted every month.
<b>VAT/GST recovery</b>	Can an overseas company recover VAT/GST and other Indirect taxes if it is not registered for VAT/GST and other Indirect taxes locally?	No
<b>Invoices</b>	Is a business required to issue tax invoices?	Yes
	Is it possible to issue invoices electronically?	Yes, it is possible to issue invoices electronically; however, the approval from the Tax Authority approval is required.
	Is it possible to issue recipient created tax invoices/self invoices?	Yes, it is possible to issue both documents.

<b>Special indirect tax rules</b>	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale? (e.g. TOGC relief (transfer of a going concern))	No
	In your country, are there unique country specific Indirect tax rules that you would not expect to find in "standard" VAT jurisdictions?	No
	Does a reverse charge mechanism apply in your country for goods or services?	Yes, it does, but must be done within the time stipulated by law. It applies for goods and services.
	Are there Indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Yes, there are. Companies operating under special systems mainly in relation to exportation enjoy some tax incentives.
<b>Other indirect taxes</b>	Are there other indirect taxes not commented on above? If yes, could you please briefly specify.	Yes, other indirect taxes include: <ul style="list-style-type: none"> <li>• Consumption tax on import</li> <li>• Production tax which is added to sales tax due on soft drinks, alcoholic drinks and cigarettes</li> <li>• Stamp duty</li> </ul>

# Mexico



## General

Types of Indirect taxes (VAT/GST and other Indirect taxes)

VAT and Special Excise Tax on Production and Services (Impuestos Especial Sobre Producción y Servicios or IEPS for its Spanish Acronym).

What is the standard rate for VAT/GST and other Indirect taxes?

### VAT

- 16 percent general rate.
- 11 percent border region.

### IEPS

- 25 percent, 30 percent and 50 percent – Alcoholic beverages tax and services related with them (the rates depends on the percentage of alcohol of the beverages).
- 30.4 percent and 160 percent – Tobacco/ Cigarette and related services tax (the rate depends of the elaboration of the tobacco product – 30.4 percent applies to hand made products only).
- 30 percent – Gambling Tax.
- 3 percent rendering of telecommunications services through public networks, except for public and rural telephony and connection services between public networks and the Internet.
- It is important to mention that there is another tax rate for fuel and diesel that is determined by Petroleos Mexicanos (PEMEX for its Spanish acronym).

Who is required to register for VAT/ GST and other Indirect taxes?

### VAT

Individuals and legal entities that engage in the following activities within Mexican territory:

- Transfer of goods.
- Rendering of independent services.
- Temporary use or enjoyment of goods.
- Importation of goods or services.

### IEPS

Individuals and legal entities if engaged in the following activities:

- Disposal and permanent import of the above-mentioned goods in the Mexican territory.
- Rendering of services related to the above-mentioned goods

**Are there any reduced rates, zero rates or exemptions with/without the right to deduct input VAT?**

The zero rate (which does not affect the input VAT credit or recovery right) or exemptions (which affect the input VAT recovery and credit right) apply as follows:

**VAT**

**Zero rated supplies**

The tax is calculated applying a 0 percent rate if the following acts or activities are conducted:

• **Sale of certain goods**

- a. Non-industrialized animals and vegetables, except rubber.
- b. Patent medicines and products intended for food, except the following:
  - Beverages other than milk
  - Syrups or concentrates for preparation of beverages
  - Caviar, smoked salmon, and baby eels
  - Flavouring agents, microcapsules, and food additives
- c. Ice and non-gaseous and non-compounded water, except if bottled in less than 10 liters recipients
- d. Ixtle, palm and wild lettuce
- e. Tractors for operating farm equipment
- f. Fertilizers, pesticides, herbicides, and fungicides used in agriculture or cattle breeding activities
- g. Hydroponic greenhouses and equipment integrated thereto
- h. Gold, jewelry, gold metalwork, artistic, and ornamental pieces, and ingots (80 percent content)
- i. Books, magazines, and newspapers published by the taxpayer

\* A rate of 16 percent or 11 percent, as applicable, shall be applied to food sales aforementioned, when such food is prepared for consumption at the place or establishment where sold, even if the latter lacks facilities for consumption on site, as take-away meals or home delivery.

- **Rendering of independent services**

- Services rendered directly to farmers and cattle breeders
- Corn or wheat milling or grinding
- Milk pasteurization
- Services rendered in hydroponic greenhouses
- Cotton ginning
- Slaughter of cattle or poultry
- Reinsurance
- Supplies of water for domestic use

- **Use or enjoyment of machinery and equipment**

- Tractors for operating farm equipment
- Hydroponic greenhouses and its integrated equipment

- **Export of goods and services**

Export of goods and some services.

### **Exemptions**

- **Sale of certain goods**

- Land
- Residential real property constructions
- Books, newspapers, and magazines under certain conditions
- Used personal property, unless transferred by enterprises
- Lotteries and raffles tickets
- Currency, gold, and silver pieces, troy ounces
- Partnership interests, documents pending collection, and negotiable instruments, if some requirements are met
- Gold ingots
- Transfer of goods between foreign residents or by a foreign resident to a legal entity that has an authorized foreign trade program (IMMEX, Maquila or similar) or automotive industry corporations.

- **Rendering of independent services**

- Mortgage commissions
- Commissions charged by managers of retirement funds
- Services rendered gratuitously
- Teaching services for authorized private or government establishments
- Public land transport of persons, except by railway
- International maritime transport of goods
- Certain insurances

- h. Certain interests
- i. Derivative financial operations
- j. Services rendered to their members as normal compensation for their quotas, provided that such services relate exclusively to purposes appropriate for political parties, labour unions, etc.
- k. Public shows. This does not include shows in restaurants, bars, cabarets, dinner, ballrooms, or nightclubs
- l. Professional medical services
- m. Medical and hospital services by government agencies
- n. Authors royalties

- **Leasing**

- a. Residential property
- b. Properties used for agricultural or animal breeding purposes
- c. Tangible goods granted by foreign residents for which tax was paid upon importation
- d. Books, newspaper and magazines

- **Import**

- a. Temporary imports in terms of the Customs Law
- b. Goods donated by foreign residents to the federal government
- c. Goods or services when sold or rendered in Mexico are not subject to VAT as mentioned above in exemptions under the sale of certain goods and rendering of services sub-sections
- d. Certain works of art
- e. Vehicles in compliance with some conditions and requirements

**IEPS:**

**Exemptions**

Tax will not be paid for the following acts or activities:

- a. Final sale of the products to the general public.
- b. Exports.
- c. Gambling in certain cases.
- d. The following telecommunications services:
  - rural and public telephony (fixed)
  - interconnection
  - internet access
- e. Goods subject to strategic bonded warehouse.

<b>VAT/GST Registration</b>	Is voluntary registration for VAT/GST and other Indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other Indirect taxes registration threshold)?	There is a possibility to register for VAT purposes on a voluntary basis in Mexico under a specific authorization granted by the Mexican tax authorities. To do so, it is necessary to appoint a legal representative. Please note that in general terms the tax authorities are reluctant to grant such authorization and hence, the process is fairly complex. This type of registry does not create the possibility to get a refund of the VAT paid in Mexico, unless the foreign resident performs VAT taxable activities in Mexico but there is a permanent establishment risk for income tax and business flat tax purposes.
	Does an overseas company need to appoint a fiscal representative?	Yes for registration purposes
	What documentation does an overseas company need for VAT/GST and other Indirect taxes registration?	Several documents must be provided and requirements must be complied.
	Is grouping for VAT/GST and other Indirect taxes possible?	No
<b>VAT/GST compliance</b>	How frequently are VAT/GST and other Indirect taxes returns submitted?	Taxpayers will pay the taxes by tax return presented in the authorized offices no later than the 17th day of the month following the month to which the payment corresponds.
<b>VAT/GST recovery</b>	Can an overseas company recover VAT/GST and other Indirect taxes if it is not registered for VAT/GST and other Indirect taxes locally?	No
<b>Invoices</b>	Is a business required to issue tax invoices?	Yes
	Is it possible to issue invoices electronically?	Yes
	Is it possible to issue recipient created tax invoices/self invoices?	Yes, but only electronic invoices. It is important to mention that this option is only available if the entity uses an advanced electronic signature and the certificate on which it is based is authorized by the Mexican tax authorities (digital stamp), and the entity has its accounting maintained electronically. Also, electronic invoices can be issued by authorized services providers in compliance with some requirements.
<b>Special indirect tax rules</b>	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale? (e.g. TOGC relief (transfer of a going concern))	No

	In your country, are there unique country specific Indirect tax rules that you would not expect to find in "standard" VAT jurisdictions (e.g. zero-rating of financial supplies under the B2B regime in New Zealand, or leasing is a supply of goods and not of services like in Switzerland).	No
	Does a reverse charge mechanism apply in your country for goods or services?	Yes, for importation of services (administrative, professional, any services rendered abroad) and intangible goods granted by foreign residents
	Are there Indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	No
<b>Other indirect taxes</b>	Are there other indirect taxes not commented on above? If yes, could you please briefly specify?	No

# Nicaragua



<b>General</b>	Types of Indirect taxes (VAT/GST and other Indirect taxes)	<b>VAT</b> Selective Consumption Taxes – ISC Stamp Taxes – ITF (tax imposed on certain legal documents which have effect in the country)
	What is the standard rate for VAT/GST and other Indirect taxes?	15 percent
	Who is required to register for VAT/GST and other Indirect taxes?	Companies need to be registered from the moment they start their operations. Although the law does not set a specific timeframe, the tax authorities require the registration to take place within 30 days after the start an economic activity. Small taxpayers with annual gross income below USD\$20,000 and inventories amounting to less than USD\$10,000 (only for individual) do not need to register for VAT. A VAT registration usually triggers a permanent establishment for corporate and VAT purposes (except for NPO's)
	Are there any reduced rates, zero rates or exemptions with/without the right to deduct input VAT?	Exports are the only transactions subject to the 0% VAT rate. Exporters have the right to credit or to get a refund of VAT paid on input purchased for use in the processing of the exported goods
<b>VAT/GST Registration</b>	Is voluntary registration for VAT/GST and other Indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other Indirect taxes registration threshold)?	No However it is an obligation of the taxpayer to register with the tax authorities as responsible tax collector and retainer.
	Does an overseas company need to appoint a fiscal representative?	In general it is not necessary for companies to appoint a fiscal representative. However it is important for internal policies of each company to designate a person responsible for addressing these issues.
	What documentation does an overseas company need for VAT/GST and other Indirect taxes registration?	It is possible to hire firms or third parties to deal with these issues. <ul style="list-style-type: none"> <li>– Original and copy of the constitution and statutes, duly registered in the Commercial Register;</li> <li>– Photocopy of receipt of public service or lease (if renting);</li> <li>– Photocopy of certificate of legal representative, in the case of foreigners submit a copy of passport and identity card;</li> <li>– Registration books in Revenue Administration; and</li> </ul>

		– Photocopy of identity cards of members Nicaraguan passports and foreign partners.
	Is grouping for VAT/GST and other Indirect taxes possible?	No
<b>VAT/GST compliance</b>	How frequently are VAT/GST and other Indirect taxes returns submitted?	<b>VAT/ ISC</b> Monthly statements to be submitted in the first two weeks of the following month. <b>ITF</b> The tax is payable at the moment of purchase of the stamps. There is no statement to submit.
<b>VAT/GST recovery</b>	Can an overseas company recover VAT/GST and other Indirect taxes if it is not registered for VAT/GST and other Indirect taxes locally?	No
<b>Invoices</b>	Is a business required to issue tax invoices?	Yes
	Is it possible to issue invoices electronically?	Yes
	Is it possible to issue recipient created tax invoices/self invoices?	No
<b>Special indirect tax rules</b>	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale? (e.g. TOGC relief (transfer of a going concern))	No
	In your country, are there unique country specific Indirect tax rules that you would not expect to find in “standard” VAT jurisdictions (e.g. zero-rating of financial supplies under the B2B regime in New Zealand, or leasing is a supply of goods and not of services like in Switzerland).	No
	Does a reverse charge mechanism apply in your country for goods or services?	No
	Are there Indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	The Nicaraguan government established a special tax regime, which is a stimulating element for the development of investment and consequently an economic and social benefit for the country.  In general, the special tax regime is a tax exemption for a limited period of time. (e.g., free trade zones, ONG, energy industries, tourism industries)
<b>Other indirect taxes</b>	Are there other indirect taxes not commented on above? If yes, could you please briefly specify?	No.

# Panama



<b>General</b>	Types of Indirect taxes (VAT/GST and other Indirect taxes)	ITBMS (Panama's VAT).
	What is the standard rate for VAT/GST and other Indirect taxes?	7 percent
	Who is required to register for VAT/GST and other Indirect taxes?	All individuals or legal entities that provide professional services, and sell and/or import goods, including state-owned industrial and commercial enterprises, are required to register when their monthly gross income exceeds USD\$36,000 per year.
	Are there any reduced rates, zero rates or exemptions with/without the right to deduct input VAT?	<p>There is no zero VAT rate but there are exemptions.</p> <p>The following services are exempted from VAT</p> <ul style="list-style-type: none"> <li>• Services related to the health of human beings.</li> <li>• Rental or sub-rental of real property with exclusive purpose of being the house or room of the person who leases it, as long as the lease contract has a term of more than six months.</li> <li>• Services related to education.</li> <li>• Loans from the state.</li> <li>• Freight and transport of cargo by air, sea or land, and passenger transport by sea or land.</li> <li>• Electric energy.</li> <li>• Fixed telecommunication for residential use.</li> <li>• Media (social communication) except for the grant of advertising space.</li> <li>• Mail provided by the state.</li> <li>• Gambling in casinos and racetracks.</li> <li>• Insurance and reinsurance services.</li> <li>• Loading, unloading and transfer operations within or between ports, logistics or auxiliary services provided to cargo in the ports or in free zones or special economic areas, as well as repair, maintenance and cleaning services provided to ships in transit within territorial waters.</li> <li>• Internet access service for houses and education entities.</li> <li>• Sewer system and garbage collection.</li> <li>• Cultural public shows.</li> <li>• Stock exchange activities.</li> <li>• Retail sales of food in commercial premises in which no alcoholic beverages are sold.</li> </ul>

- Services rendered by persons that during the last year had an average gross monthly income not higher than USD\$3,000 and a gross annual income not higher than USD\$36,000.
- Services based on a dependency relationship, as defined in article 62 of the labor code, as well as the activities of directors, managers, and administrators.
- The payments, including interest paid and received, arising from financial services, performed by entities duly authorized for rendering such services, except for commissions on banking and financial services.
- Leasing contracts under Law 7 of 1990 are considered financial contracts, and as such, are not subject to value-added tax.

The following transfers of goods are VAT exempt:

- Agricultural products in their natural condition. Goods that are already altered by chemical processes or treatments will not be considered as well.
- Export and re-export of goods.
- Goods that are inside free zones and those inside customs precincts, as well as warehouses and similar places.
- Alimentary products.
- Oil, lubricants, fuel, and similar products.
- All kinds of seeds for agricultural purposes.
- Hand used tools for agricultural purposes.
- Newspapers, magazines, educative magnetic media, notebooks, pencils, and other items for school purposes, like books and general publications.
- Drinkable water provided by IDAAN (Instituto de Acueductos y Alcantarillados Nacionales), and other state institutions.
- Medicines and pharmaceutical products, as well as the instruments necessary for their application, and child-oriented products such as car seats, according to specific tariff regulations.
- Foreign currency, stocks, and public/private securities.
- Insecticide, disinfectant, and similar used for agricultural and cattle raising purposes.

VAT paid in connection with both exempt supplies and supplies not subject to the tax cannot be recovered. In any event, sums that are not recovered as deductible input VAT may be considered as deductible expenses for income tax purposes.

<b>VAT/GST Registration</b>	Is voluntary registration for VAT/GST and other Indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other Indirect taxes registration threshold)?	<p>It would be possible for a foreign company to register with the Panamanian's Taxpayers Registry (Registro Único de Contribuyentes). As mentioned above, such a registration involves the identification of the relevant taxable person with a registration number valid for all tax purposes (including invoicing, filing of tax returns, and other reports to the tax administration).</p> <p>However, such a registration will only serve the purposes of allowing the foreign entity to file VAT returns before the tax administration. The company may then deduct any input VAT paid in the acquisition of goods and services used to provide taxable supplies within Panamanian territory. Domestic VAT law does not provide for the recovery of any excess input VAT in cash. These amounts could only be carried forward to the following tax periods.</p> <p>However, the exporters of goods with excess VAT credit positions, are entitled to obtain specific fiscal certificates issued by the tax administration, which may then be used to pay VAT due upon importations of goods or may be transferred to third parties.</p>
	Does an overseas company need to appoint a fiscal representative?	Under Panamanian VAT law there are no provisions governing the appointment of a fiscal representative.
	What documentation does an overseas company need for VAT/GST and other Indirect taxes registration?	The only registration required in Panama is that related with the Panamanian's Taxpayers Registry (Registro Único de Contribuyentes). Standard registry forms are available online at the Directorate General of Revenue's web site, <a href="http://www.dgi.gob.pa">www.dgi.gob.pa</a> .
	Is grouping for VAT/GST and other Indirect taxes possible?	In Panama, VAT grouping is not allowed except in the case of joint ventures that are associations of two or more individuals or companies engaged in a solitary business for profit without actual partnership or incorporation in order to share strengths, minimize risks, and increase competitive advantages in the market place.
<b>VAT/GST compliance</b>	How frequently are VAT/GST and other Indirect taxes returns submitted?	<p>The VAT return must be submitted within the first 15 days of each month.</p> <p>However, producers, retailers and services providers will not be considered taxpayers if their gross annual income is under USD\$36,000.</p>
<b>VAT/GST recovery</b>	Can an overseas company recover VAT/GST and other Indirect taxes if it is not registered for VAT/GST and other Indirect taxes locally?	No. Only individuals and legal entities registered as taxpayers (or taxable persons for VAT purposes) operating domestically within Panamanian boundaries are granted the right to recover Panama's VAT. It shall be noted that VAT law does not establish a special or specific registry for VAT taxable persons.

		<p>Nevertheless, all individuals or legal entities regarded as taxable persons for VAT purposes are obliged to enroll in the Panamanian's Taxpayers Registry (Registro Único de Contribuyentes). Such a registration involves the identification of the relevant taxable person with an identification number valid for all tax purposes (including invoicing, filing of tax returns, and other reports to the tax administration).</p> <p>The aforementioned registry includes not only VAT taxable persons, but all other types of taxpayers and/or taxable persons subject to Panamanian tax laws (including income tax, excise taxes, VAT, and others).</p>
<b>Invoices</b>	Is a business required to issue tax invoices?	Yes
	Is it possible to issue invoices electronically?	Yes, although an authorization from the tax authorities is required.
	Is it possible to issue recipient created tax invoices/self invoices?	No, it is not possible to do so in Panama.
<b>Special indirect tax rules</b>	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale? (e.g. transfer of a going concern relief)	No
	In your country, are there unique country specific Indirect tax rules that you would not expect to find in "standard" VAT jurisdictions?	<ul style="list-style-type: none"> <li>• No refunds can be requested for ITBMS paid in excess.</li> <li>• No ITBMS can be charged on services provided to the State.</li> </ul>
	Does a reverse charge mechanism apply in your country for goods or services?	No. A withholding tax would have to be applied by the person making payments to foreign recipients.
	Are there Indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Yes, there are special regimes that grant companies registered under them to ITBMS exemptions.
<b>Other indirect taxes</b>	Are there other indirect taxes not commented on above? If yes, could you please briefly specify?	<ul style="list-style-type: none"> <li>• Stamp tax is levied on the issuance of certain documents, and the applicable rate varies depending on the value and type of document.</li> <li>• Selective Consumption Tax (ISC as per its abbreviation in Spanish) is an excise tax on the import of specific goods such as luxury vehicles, jewelery, firearms, alcoholic beverages and tobacco products. Rates vary according to the product.</li> <li>• Insurance tax is levied at a rate of 5 percent on insurance premiums.</li> </ul>

# Paraguay



<b>General</b>	Types of Indirect taxes (VAT/GST and other Indirect taxes)	Value Added Tax, Selective Consumption tax.
	What is the standard rate for VAT/GST and other Indirect taxes?	General VAT rate is 10 percent, there is a reduced rate of 5 percent for certain products; Selective Consumption tax rates varies from 5 percent to 50 percent depending on the type of product
	Who is required to register for VAT/GST and other Indirect taxes?	<p><b>VAT taxpayers</b></p> <ul style="list-style-type: none"> <li>– Traders</li> <li>– Manufacturers</li> <li>– Exporters (of taxable and exempted goods)</li> <li>– Leasers of real estate</li> <li>– Professionals</li> <li>– Small Taxpayers</li> <li>– Owners, partners and companies' directors</li> <li>– Educational organizations not recognized by the Ministry of Education</li> <li>– Companies carrying out financing activities (in general)</li> <li>– Cooperatives, organizations of social welfare, charity, scientific, literary, artistic, Institutional instruction, of physical and sport culture, as well as the associations, federations, foundations, corporations and any other organizations which are registered or not, if they are active on a regular and permanent basis, commercially or otherwise</li> <li>– Individual businesses (earnings less than Gs.100 million annually)</li> </ul> <p><b>Selective Consumption tax taxpayers</b></p> <ul style="list-style-type: none"> <li>– Manufacturers of taxable goods</li> <li>– Importers of taxable goods</li> </ul>
	Are there any reduced rates, zero rates or exemptions with/without the right to deduct input VAT?	<p>VAT standard rate is 10 percent reduced rate of 5 percent applicable to:</p> <ul style="list-style-type: none"> <li>– Cession contracts for goods and transfer of immovable property</li> <li>– The disposal of assets included in the "family basket": rice, noodles, mate, edible oils, milk, eggs, raw meat, flour and iodized salt</li> <li>– Interest, commissions and surcharges on loans and financing</li> <li>– Sale of pharmaceutical products</li> </ul>

There is no VAT zero rate.

However exporters have the right to deduct VAT incurred on local purchases needed for the manufacture of goods exported overseas

Sale of the following products are VAT exempt:

- Farm products in their natural state
- Animals (hunting, fishing, etc.)
- Foreign currency and public and private stock options, bonuses, etc.
- Undivided assets of inheritances, (excluding donation)
- The assignment of credits
- Magazines of educative, cultural, scientific character, books and newspapers
- Capital assets, produced by national manufacturers of direct application in productive, industrial or farming the cycle, made by investors protected by Law 60/90

#### **VAT-exempt services and income**

- Interest on government bonds
- Interest on private bonds negotiated in the stock exchange market
- Deposits in banks and financial entities, cooperatives, of saving and loan for the house and public financial organizations
- Service rendered by permanent civil employees or contracted by Embassies, Consulates, and international organisms properly credited
- Gratuitous services rendered by political parties, organizations of public utility, charity and non-charity organizations

#### **VAT exempt imports**

- Goods whose sale are exempt
- Goods considered brought in travelers' luggage
- Goods introduced into the country by international members of the diplomatic, consular body and organisms
- Capital assets of direct application in the industrial or farming and productive cycle made by investors protected by Law 60/90

#### **VAT exempt entities**

- Political parties, entities of public utility, charity and non charity organizations
- Religious entities recognized by authorities
- Educational organizations recognized by the Ministry of Education and Culture or by law, for basic, school, technical instruction and university

<b>VAT/GST Registration</b>	Is voluntary registration for VAT/GST and other Indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other Indirect taxes registration threshold)?	No
	Does an overseas company need to appoint a fiscal representative?	Yes
	What documentation does an overseas company need for VAT/GST and other Indirect taxes registration?	N/A
	Is grouping for VAT/GST and other Indirect taxes possible?	No
<b>VAT/GST compliance</b>	How frequently are VAT/GST and other Indirect taxes returns submitted?	<ul style="list-style-type: none"> <li>– VAT return is submitted on a monthly basis;</li> <li>– Selective Consumption tax return is submitted on a monthly basis, except fuels which are declared weekly</li> </ul>
<b>VAT/GST recovery</b>	Can an overseas company recover VAT/GST and other Indirect taxes if it is not registered for VAT/GST and other Indirect taxes locally?	No
<b>Invoices</b>	Is a business required to issue tax invoices?	Yes
	Is it possible to issue invoices electronically?	No
	Is it possible to issue recipient created tax invoices/self invoices?	Self invoices ( <i>Autofactura</i> ) can be issued to support services rendered by providers (individuals) who are not obliged to register as taxpayers and when payments do not exceed the minimum monthly wage (approx. USD\$300).
<b>Special indirect tax rules</b>	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale ? (e.g. transfer of a going concern relief)	This relief applicable in Paraguay provided that some requirements and conditions are met. E.g. transfer as a consequence of reorganization, merger of existing entities, spin off of an entity and even if the transferee does not keep on carrying out the same activity.
	In your country, are there unique country specific Indirect tax rules that you would not expect to find in "standard" VAT jurisdictions?	No
	Does a reverse charge mechanism apply in your country for goods or services?	No
	Are there Indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	No

**Other indirect taxes**

Are there other indirect taxes not commented on above? If yes, could you please briefly specify

- Customs duties
- The following special regimes:
  - Regime of Tourism: a tax settlement regime that levies the import of goods sold in the country exclusively to non domiciled individuals
  - Maquila: a local company undertakes the production of goods and services by transforming, elaborating, repairing or assembling foreign produced inputs temporarily imported into Paraguay for such purposes.  
The local company (maquiladora) pays a 1 percent tax on the local value added to the products (value of raw materials and other inputs purchased in the country, as well as all production costs – electricity, water, transport, salaries, fees). Tax recovery of VAT under this regime is allowed.
  - Temporary admission (established at Customs law): the presence of foreign goods in the Customs territory for a particular purpose, with full or partial suspension of payment of customs taxes including VAT.
  - Law 60/90: aimed at promoting investments. It grants the beneficiary with the exemption of all taxes (including VAT) on: capital stock increase; capital contributions in movable goods, immovable properties, intangible assets and transferred rights; issuance, purchase and sale of bonds, debentures and other debt securities; VAT on imports of capital goods for the initial installation; loans, credits and guarantees thereon; overseas remittance of interests, commissions and capital obtained from loans of USD\$5 million or more; overseas remittance of dividends and profits from approved investment projects of USD\$5 million or more; leases, royalties, rights for the use of trademarks and patents, industrial drawings, models and other forms of technology transfer.
  - Entry of goods into free zones: entry of goods from third countries or from national territory to the free zone is exempted from all national, departmental or municipal tax, excluding service rates

# Peru



<b>General</b>	Types of Indirect taxes (VAT/GST and other Indirect taxes)	Value Added Tax: Impuesto General a las Ventas (IGV).
	What is the standard rate for VAT/GST and other Indirect taxes?	19 percent
	Who is required to register for VAT/GST and other Indirect taxes?	Taxpayers considered by VAT norms as individuals or entities that carry out taxable operations, such as the sale in the of goods country, the provision of services, use of services provided by non-domiciled entities, construction contracts, and import operations.
	Are there any reduced rates, zero rates or exemptions with/without the right to deduct input VAT?	Yes, the VAT legislation provides for certain exemptions. In such case the taxpayer has not right to deduct input VAT as a tax credit.
<b>VAT/GST Registration</b>	Is voluntary registration for VAT/GST and other Indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other Indirect taxes registration threshold)?	No. In case the company obtains a taxpayer's registration number it would not be considered as an overseas company anymore and it would be considered as a permanent establishment for Income Tax purposes.
	Does an overseas company need to appoint a fiscal representative?	N/A
	What documentation does an overseas company need for VAT/GST and other Indirect taxes registration?	N/A
	Is grouping for VAT/GST and other Indirect taxes possible?	No
<b>VAT/GST compliance</b>	How frequently are VAT/GST and other Indirect taxes returns submitted?	Monthly
<b>VAT/GST recovery</b>	Can an overseas company recover VAT/GST and other Indirect taxes if it is not registered for VAT/GST and other Indirect taxes locally?	No
<b>Invoices</b>	Is a business required to issue tax invoices?	Yes. Taxpayers must always issue invoices when the acquirer is also a VAT taxpayer. Only the VAT shown on invoices can be recover/offset as fiscal credit against output VAT.
	Is it possible to issue invoices electronically?	Yes. From 19 July 2010, it is possible for taxpayers to issue invoices electronically. This is optional and only applicable for taxpayers which the amount of the income from sales or services is not higher than USD\$2,185,000 approximately during the previous year.

	Is it possible to issue recipient created tax invoices/self invoices?	<p>Self invoices are applicable, when the seller of products is a private individual and the acquirer is a legal entity (taxpayer).</p> <p>This mechanism only applies for purchases of basic products related with mining, agriculture or aquiculture activities.</p>
<b>Special indirect tax rules</b>	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale? (e.g. transfer of a going concern relief)	No
	In your country, are there unique country specific Indirect tax rules that you would not expect to find in "standard" VAT jurisdictions?	Among others several special rules, only a few services can be considered as exported. It is considered as an exempted operation and not as a zero-rated taxable operation. The exporter may however, recover the input VAT according to the mechanism of credit balance available to the exporter.
	Does a reverse charge mechanism apply in your country for goods or services?	Yes, it applies for services rendered by non-domiciled entities and the acquisitions of intangible products as software provided by non domiciled entities. In such cases, the user or acquirer must file and pay the tax and may apply it as tax credit. Please note that the taxpayer is the domiciled user or acquirer of goods and services. There is no withholding tax applicable to the non resident entity.
	Are there Indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	<p>There is a special tax treatment applicable on certain transactions performed in the Amazon region. The sale of goods in that area are tax-exempted as are the services rendered, building contracts, and the first sale of real estate performed by builders.</p> <p>Additionally, it should be mentioned that there is system allowing an anticipated recovery of the VAT paid for the acquisitions made in the pre-production period by the taxpayers which sign an Investment Agreement with the Peruvian government provided that the investment amount is not less than USD\$5 MM</p>
<b>Other indirect taxes</b>	Are there other indirect taxes not commented on above? If yes, could you please briefly specify?	Yes. Selective Consumption Tax (Excise Tax) which applies on a proportional and ad-valorem basis to the sale and import of certain goods.

# Puerto Rico



<b>General</b>	Types of Indirect taxes (VAT/GST and other Indirect taxes)	Sales and use tax.
	What is the standard rate for VAT/GST and other Indirect taxes?	7 percent
	Who is required to register for VAT/GST and other Indirect taxes?	<p>All entities engaged in a trade or businesses are required to register with the Merchant's Registry of the Puerto Rico Treasury Department. In order to determine if an entity is considered to be in the business of selling taxable items or has "nexus" (link) in Puerto Rico, the following factors shall be considered:</p> <ul style="list-style-type: none"> <li>• If the merchant has establishments or offices in Puerto Rico;</li> <li>• If the merchant has employees, agents, or representatives in Puerto Rico, who solicit business or carry out business or carry out transactions in the name of said retail seller;</li> <li>• If the merchant owns tangible personal property or real property in Puerto Rico;</li> <li>• If the merchant creates a nexus with Puerto Rico in any way, including, but not limited to the execution of purchase deeds in Puerto Rico, direct marketing or purchases by mail, radio, distribution of unsolicited catalogues, through computers, television, or any other electronic means, or advertisements in magazines or newspapers;</li> <li>• If the merchant accepts, expressly or implicitly, the tax levied by Subtitle BB of the Code; and</li> <li>• If the merchant has sufficient connection, or a relationship, with Puerto Rico or its residents of some sort, other than those described in the above mentioned clauses, with the purposes or objective of creating a sufficient nexus with Puerto Rico to impose on the merchant the responsibility of collecting sales and use tax.</li> </ul>
	Are there any reduced rates, zero rates or exemptions with/without the right to deduct input VAT?	<p>Yes, many. Business to business exclusion (B2B) on services and resellers are the most notable. Services rendered to other entities engaged in a trade or business are excluded from taxation under the B2B exclusion, provided that the following requirements are met:</p> <ol style="list-style-type: none"> <li>1. Both merchants, the seller and purchaser must be registered with the Merchant's Registry of the Puerto Rico Treasury Department.</li> </ol>

		<ol style="list-style-type: none"> <li>2. The payments for the services must be considered as ordinary and necessary: and the seller must obtain a Certificate of Exempt Purchases (Form 2916) duly completed and signed by the purchaser to document each transaction merchant may acquire.</li> <li>3. On the other hand, under the reseller status, a merchant who acquires taxable items exclusively for resale and has an Exemption Certificate issued by the Secretary of the Treasury is also exempt from taxation. Under this transaction, the tax will be imposed upon the acquisition of the taxable item by the ultimate consumer, thus no sales tax credit would be granted to the supplier on the transaction.</li> </ol>
<b>VAT/GST Registration</b>	Is voluntary registration for VAT/GST and other Indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other Indirect taxes registration threshold)?	Yes
	Does an overseas company need to appoint a fiscal representative?	No
	What documentation does an overseas company need for VAT/GST and other Indirect taxes registration?	Application for Merchant's Registration Certificate and Exemption Certificate (Form AS 2914.1).
	Is grouping for VAT/GST and other Indirect taxes possible?	No
<b>VAT/GST compliance</b>	How frequently are VAT/GST and other Indirect taxes returns submitted?	Monthly
<b>VAT/GST recovery</b>	Can an overseas company recover VAT/GST and other Indirect taxes if it is not registered for VAT/GST and other Indirect taxes locally?	No
<b>Invoices</b>	Is a business required to issue tax invoices?	No
	Is it possible to issue invoices electronically?	Yes
	Is it possible to issue recipient created tax invoices/self invoices?	Yes
<b>Special indirect tax rules</b>	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale? (e.g. transfer of a going concern relief)	Yes, a similar relief with respect to the sale of a business and it is not subject to IVU (Impuesto de Ventas y Uso)
	In your country, are there unique country specific Indirect tax rules that you would not expect to find in "standard" VAT jurisdictions?	Puerto Rico has a sales and use tax. It's not a VAT or GST regime. That in itself makes a difference.

	Does a reverse charge mechanism apply in your country for goods or services?	No
	Are there Indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Yes.
<b>Other indirect taxes</b>	Are there other indirect taxes not commented on above? If yes, could you please briefly specify?	There is an excise tax on imports of sugar, cement, vehicles, cigarettes, liquor and petroleum. Each one has a different basis of taxation.

# Uruguay



<b>General</b>	Types of Indirect taxes (VAT/GST and other Indirect taxes)	Value Added Tax (VAT)
	What is the standard rate for VAT/GST and other Indirect taxes?	VAT standard rate is currently 22 percent.
	Who is required to register for VAT/GST and other Indirect taxes?	Those who engage on commercial, industrial, agricultural or independent professional activities in Uruguay, have to register for tax purposes. The registration is made at the Tax Office. The VAT registration procedure in Uruguay is the same as for the rest of the local taxes (Corporate Income Tax, Capital Tax, etc).
	Are there any reduced rates, zero rates or exemptions with/without the right to deduct input VAT?	<p>A reduced rate of 10 percent applies to certain goods and services, such as basic food items, medicines, and services rendered by hotels.</p> <p>Exports of goods and services are zero-rated, with the effect that VAT is not computed on the net amounts invoiced, with the possibility for the taxpayer to recover the Input tax.</p> <p>Sales of farming products by qualified taxpayers are also zero-rated, with the effect that VAT is not computed on the net amounts invoiced whereas the supplier is entitled to a VAT refund.</p> <p>Certain products are exempt from VAT, e.g. fruits, vegetables, foreign currency, precious metals, real estate, agricultural machinery and accessories, fuel derived from oil except fuel oil, milk, agricultural inputs, potable water, books, newspapers, magazines, educational material, etc.</p> <p>There is also an exemption for the rendering of certain services, including interest on public and private securities and deposits, rental of real estate, banking operations and personal remunerations for services related to cultural activities. These exemptions do not give the right to recover input VAT.</p>
<b>VAT/GST Registration</b>	Is voluntary registration for VAT/GST and other Indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other Indirect taxes registration threshold)?	Not as a rule. The Uruguayan purchaser is liable to account for VAT on behalf of the non tax registered foreign supplier of services (withholding the VAT levied on the operation).
	Does an overseas company need to appoint a fiscal representative?	No, the tax is withheld as indicated above.

	What documentation does an overseas company need for VAT/GST and other Indirect taxes registration?	N/A
	Is grouping for VAT/GST and other Indirect taxes possible?	No
<b>VAT/GST compliance</b>	How frequently are VAT/GST and other Indirect taxes returns submitted?	Tax returns must be filed monthly by the end of the following month.
<b>VAT/GST recovery</b>	Can an overseas company recover VAT/GST and other Indirect taxes if it is not registered for VAT/GST and other Indirect taxes locally?	No.
<b>Invoices</b>	Is a business required to issue tax invoices?	Taxpayers are required to document their operations related to taxable activities by means of invoices, sales slips, notes of credit, notes of debit or other similar commercial documents that must comply with certain formalities established by applicable regulations.
	Is it possible to issue invoices electronically?	Yes
	Is it possible to issue recipient created tax invoices/self invoices?	No
<b>Special indirect tax rules</b>	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale? (e.g. transfer of a going concern relief)	No
	In your country, are there unique country specific Indirect tax rules that you would not expect to find in "standard" VAT jurisdictions?	An aspect to be considered is that not all the services provided from Uruguay to foreign entities are considered as exports. In order for them to qualify as export services they must be included in a list established by the Executive Power.
	Does a reverse charge mechanism apply in your country for goods or services?	No
	Are there Indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Movement of goods inside Uruguayan free zones or ports areas (areas of the national territory subject to a special tax regime) are not subject to VAT.  Services provided inside the free zones or port areas are considered as exports, provided they are exclusively and necessarily developed in those areas.

**Other indirect taxes**

Are there other indirect taxes not commented on above? If yes, could you please briefly specify?

Excise Tax (Impuesto Específico Interno – IMESI) applies on the first transaction carried out by manufacturers or importers of certain goods in the domestic market. Exports are not taxable. Rates vary for each item and they are generally fixed by the Government. Goods subject to higher rates are alcoholic beverages, tobacco, gasoline, fuel, lubricants, and other petroleum products. The maximum rates are 80 percent for alcoholic beverages and 70 percent for tobacco. Petroleum products are taxed on their selling price at different rates. The rate can be as high as 133 percent, as in the case of high-grade gasoline. Other taxable commodities are alcohol, soft drinks, cosmetics, and motor vehicles which attract rates varying from 10 to 30 percent.

# Venezuela



<b>General</b>	Types of Indirect taxes (VAT/GST and other Indirect taxes)	VAT
	What is the standard rate for VAT/GST and other Indirect taxes?	12 percent
	Who is required to register for VAT/GST and other Indirect taxes?	<p><b>Venezuelan Entities</b></p> <p>Companies that perform sales of taxable services or goods in Venezuela are required to file VAT returns. No additional registration will be required but the Fiscal Registration Number (RIF).</p> <p><b>Foreign Entities</b></p> <p>Foreign entities are not required to assess VAT; in cases of import of goods and services the buyer is responsible for the payment of the VAT. The importer has to compute the VAT, pay it, and then benefit from a VAT credit.</p>
	Are there any reduced rates, zero rates or exemptions with/without the right to deduct input VAT?	<p><b>Zero Rate</b></p> <ul style="list-style-type: none"> <li>– Exportations of goods and services are subject to the zero rate.</li> <li>– Sales of natural hydrocarbons performed by joint-ventures companies (empresas mixtas) to Petróleos de Venezuela, S.A. or any of its subsidiaries.</li> </ul> <p><b>Reduced Rate</b></p> <p>Certain goods and services (such as red meat, animal oil or domestic plane tickets), are temporary subject to the rate of 8 percent, until the budget law provides a different rate. This reduced rate allows the taxpayer to recover any VAT paid.</p>
<b>VAT/GST Registration</b>	Is voluntary registration for VAT/GST and other Indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other Indirect taxes registration threshold)?	Not applicable, see general section (Foreign entities).
	Does an overseas company need to appoint a fiscal representative?	Not applicable, see general section (Foreign entities).
	What documentation does an overseas company need for VAT/GST and other Indirect taxes registration?	Not applicable, see general section (Foreign entities).
	Is grouping for VAT/GST and other Indirect taxes possible?	No, grouping is not allowed.

<b>VAT/GST compliance</b>	How frequently are VAT/GST and other Indirect taxes returns submitted?	Monthly
<b>VAT/GST recovery</b>	Can an overseas company recover VAT/GST and other Indirect taxes if it is not registered for VAT/GST and other Indirect taxes locally?	No, only local taxpayers are allowed to recover VAT.
<b>Invoices</b>	Is a business required to issue tax invoices?	Yes, is a mandatory requirement.
	Is it possible to issue invoices electronically?	No, it is not possible
	Is it possible to issue recipient created tax invoices/self invoices?	No, invoices must be printed by authorized (by the tax authorities) printing companies.
<b>Special indirect tax rules</b>	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale? (e.g. transfer of a going concern relief)	There is a similar relief applicable when new entities are set up in order to continue with the same activities as the former entity.
	In your country, are there unique country specific Indirect tax rules that you would not expect to find in "standard" VAT jurisdictions?	No, in general terms VAT legislation in Venezuela has no other specific rules that specified above. Financial institutions (banks) charge VAT only on leasing operations (not very common in Venezuela)
	Does a reverse charge mechanism apply in your country for goods or services?	Not applicable
	Are there Indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Certain tax exemptions or relieves apply according to the VAT Law. Zero and reduced rates apply as explained above.
	<b>Other indirect taxes</b>	Are there other indirect taxes not commented on above? If yes, could you please briefly specify?

# Contacts

## KPMG in Argentina

**Vivian Monti**  
**Partner**  
**T:** + 54 1143165961  
**E:** vmonti@kpmg.com.ar

## KPMG in Aruba

**Fong-Mang Cheong**  
**Senior Tax Manager**  
**T:** +599 9 732 5403  
**E:** cheong.fong-mang@kpmg.an

## KPMG in Brazil

**Roberto A. Cunha**  
**Partner**  
**T:** +55 11 2183 3118  
**E:** rcunha@kpmg.com.br

## KPMG in Bolivia Grupo Ruizmier KPMG Correspondent Firm

**Carola Jáuregui Cisneros**  
**Partner**  
**T:** + 591 22442626  
**E:** cjauregui@ruizmier.com

## KPMG in Chile

**Francisco Lyon**  
**Partner, International Corporate Tax**  
**T:** +562798100  
**E:** flyon@kpmg.com

## KPMG in Colombia

**Vicente Torres**  
**Vice President**  
**T:** + 571 6188000  
**E:** vjtorres@kpmg.com

## KPMG in Curaçao

**Ton van Doremalen**  
**Senior Tax Manager**  
**T:** +599 9 732 5428  
**E:** vandoremalen.ton@kpmg.an

## KPMG in Costa Rica

**Sergio Garcia**  
**Tax Partner**  
**T:** + 506 22014292  
**E:** sgarcia1@kpmg.com

## KPMG in Dominican Republic

**José N. Cardona**  
**Executive Partner**  
**T:** + 809 5669161  
**E:** jcardona@kpmg.com

## KPMG in Ecuador

**Patricia Arteaga**  
**Partner**  
**T:** + 593 42292229  
**E:** parteaga@kpmg.com

## KPMG in El Salvador

**Alfredo Aguirre**  
**Partner**  
**T:** + 503 2213 8400  
**E:** aaguirre@kpmg.com

## KPMG in Guatemala

**Felipe Gómez**  
**Senior Partner**  
**T:** + 502 2334 2628  
**E:** fagomez@kpmg.com

KPMG in Honduras

**Ruben Alonzo**

**Partner**

**T:** + 504 2385605

**E:** realonzo@kpmg.com

KPMG in Mexico

**César Catalán Sánchez**

**Tax Partner**

**T:** +52 55 5246 8374

**E:** cesarcatalan@kpmg.com.mx

**Catherine Thibault**

**Tax Senior Manager**

**H:** +52 55 5246 8474

**E:** catherinethibault@kpmg.com.mx

KPMG Netherlands Antilles

**Jaap Roks**

**Senior Tax Manager**

**T:** +31 (0)10 453 6819

**E:** roks.jaap@kpmg.an

KPMG in Nicaragua

**Reina Gonzalez**

**Partner**

**T:** + 505 22744265

**E:** reinagonzalez@kpmg.com

KPMG in Panama

**Luis Laguerre**

**Partner**

**T:** +507 208 0704

**E:** llaguerre@kpmg.com

BCA – Benítez Cudas & Asociados

Business Consultants & Auditors

Correspondent firm in Paraguay for

KPMG International Cooperative

("KPMG International")

**Ruht Bareiro**

**Partner Manager Tax & Legal**

**T:** + 595 21 212505

**E:** rbareiro@bca.com.py

KPMG in Peru

**Rocio Bances**

**Partner**

**T:** + 51 16113000

**E:** rbances@kpmg.com

KPMG in Puerto Rico

**Rolando Lopez**

**Partner**

**T:** +44 1 787 756 6020

**E:** rlopez@kpmg.com

KMG in Uruguay

**Luis Waksman**

**Partner**

**T:** + 598 29024546

**E:** luiswaksman@kpmg.com

KPMG in Venezuela

**Zulay Pérez Sánchez**

**Tax Partner**

**T:** + 58 212 2777881

**E:** zperez@kpmg.com

[www.kpmg.com](http://www.kpmg.com)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2010 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International.

Designed by Evalueserve.

Publication name: Latin America indirect tax country guide

Publication number: 100935

Publication date: September 2010