



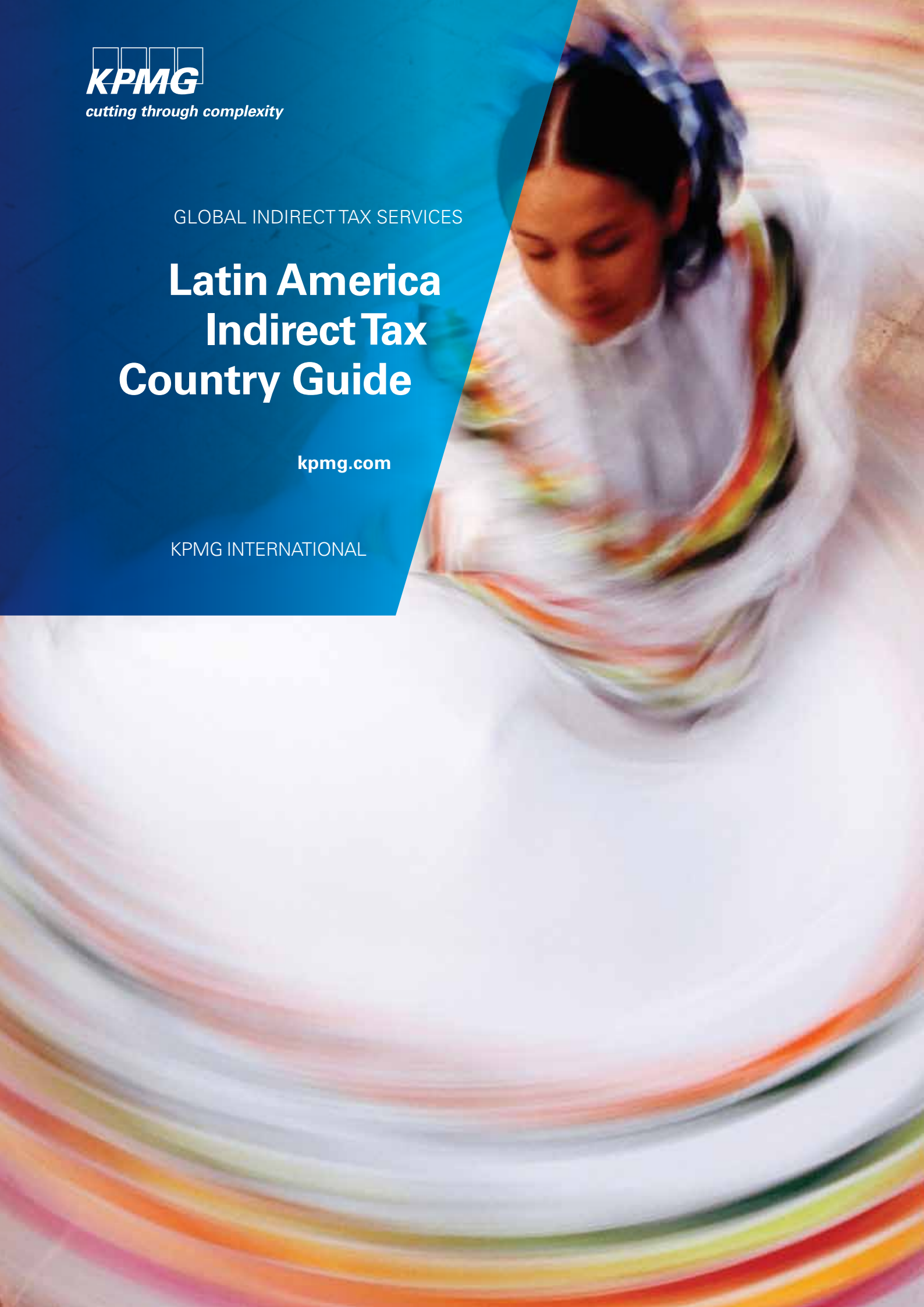
cutting through complexity

GLOBAL INDIRECT TAX SERVICES

Latin America Indirect Tax Country Guide

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Given the huge volumes of VAT/GST transactions that must be handled at any one time, finance and tax directors in Latin America should make sure their organization's people, systems and processes are able to predict and respond to the VAT/GST changes that will impact their operations and internal systems as a result of changes in law, policy and practice.

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Latin American VAT/GST on the Rise

Around the world, the shift to indirect tax continues – with corporate tax rates falling and value added tax and goods and services tax (VAT/GST) systems increasing in importance.

The latest KPMG Corporate and Indirect Tax Survey confirms the continuing increase in indirect tax rates and a broadening of the indirect tax base, particularly in mature tax jurisdictions. While these global trends have not yet been fully adopted in Latin America, there are many examples of increasing complexity in indirect tax regimes giving rise to significant additional challenges for businesses operating in the region.

As the long term global trend towards increased indirect taxation is likely to continue and significantly influence tax policy in Latin America in the coming years, businesses operating in the region need to ensure that they have the right mix of corporate income tax and VAT/GST management resources in place.

Factors driving the global shift toward lower corporate income tax rates and higher VAT/GST rates include:

- Most countries need to attract and retain foreign investment to grow. In order to attract investors, many countries have opted to follow the global trend and compete through lower direct income taxes – while making up the reduced revenues through higher indirect taxes.
- Indirect taxes can be simpler to administer than direct taxes, reducing collection costs and enforcement efforts, and they can produce more real-time cash collections for tax authorities than many other taxes.
- As their tax systems mature, many countries will opt for more streamlined, stable, sustainable sources of tax revenue – less susceptible to changes in economic circumstances. Indirect taxes, which effectively tax domestic consumption which is relatively stable and not as mobile as corporate profits, are very powerful in this regard.

Of course, in such a diverse region as Latin American, there are exceptions to the general rule, especially as countries take steps to counter the global economic downturn or to boost tax revenues to finance greater social spending. Latin American countries with higher economic growth have tended to maintain or even increase corporate income tax rates while still imposing VAT/GSTs at relatively high rates. Tax cuts in some of these countries have been aimed at personal income taxes instead.

As the global shift towards indirect taxation continues, Latin American businesses with international operations will encounter more challenges in achieving full compliance and more pressure on their resources and cash flow. Despite this pressure, these companies need to achieve a difficult balance between managing their indirect tax risks and creating value locally and globally.



Through KPMG's work with leading organizations worldwide, including the KPMG VAT/GST benchmarking study and analysis, KPMG International has developed a framework for delivering effective and efficient VAT/GST performance. The Driving Tax Performance framework outlines how companies can develop a set of clear, commonly understood policies and practices designed to manage VAT/GST risk while maximizing value creation.

Given the huge volumes of VAT/GST transactions that must be handled at any one time, finance and tax directors in Latin America should make sure their organization's people, systems and processes are able to predict and respond to the VAT/GST changes that will impact their operations and internal systems as a result of changes in law, policy and practice.

Those businesses which have developed and implemented an indirect tax management strategy in the region will be best placed to benefit from improved cash flow, reduced VAT/GST-related costs, better business process performance and enhanced profits.



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Latin America Indirect Tax Overview

	Types of indirect taxes (VAT/GST/other indirect taxes excluding custom duties)	Standard VAT/GST rate	Voluntary VAT/ GST registration possible for an overseas company?	Does an overseas company need to appoint a fiscal representative?	VAT/ GST grouping possible?
Argentina	VAT	21%	No	No	No
	Turnover tax	3% average rate			
	Tax on bank accounts	0.6% on every credit and debit in bank accounts			
	Municipal taxes	0% - 3% based on sales which are attributable to the municipality			
	Stamp tax	1% of the total value of the contract or instrument			
Aruba	Turnover tax	1.5% and 1% on export of goods	No	N/A	Yes
Bolivia	VAT	13%	No	N/A	No
	Excise tax (Impuesto al Consumo Especifico, ICE)	ad valorem ranging from 10% to 50%			
Brazil	ICMS (State Sales tax)	17% Standard rate 18% in Sao Paulo, Minas Gerais and Parana 19% in Rio de Janeiro	No	N/A	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%	No	Yes	No
	Additional tax on sumptuary products	Additional tax rate ranges from 15% to 50%			
	Additional tax on alcoholic beverages	Additional tax rate ranges from 13% to 27%			
	Additional tax on tobacco products	Additional tax rate ranges from 52.6% to 59.7%			
Colombia	VAT	16%	No	No	No
	Excise tax	20% to 55%			
	Financial tax	0.004%			
Costa Rica	VAT	13%	No	No	No
	Excise tax	Ranges from 10% to 50%			
Curaçao	Sales tax	5%	No	No	No
	Transfer tax	4%			
Dominican Republic	VAT or Impuestos a la Transferencia de Bienes Industrializados y Servicios (ITBIS)	16%	No	Yes	No
Ecuador	VAT	12%	No	No	No
	Special Consumption tax (ICE)	Ranges from 10% and 300%			
	Capital Outflow tax (ISD)	2%			
El Salvador	VAT	13%	Yes	Yes	No
Guatemala	VAT	12%	No	No	No
Honduras	Sales tax	12%	No	No	No
Mexico	VAT	16% general rate, 11% border region	Yes	Yes	No
	Special Excise tax (IEPS)	Rate depends on service or item; from 3% to 160%			
Nicaragua	VAT	15%	No	No	No
	Selective Consumption taxes- ISC	Ranges from 9% to 10%			
	Stamp taxes-ITF (tax imposed on certain legal documents which have effect in the country)	Fixed rates and ad valorem rates			
Panama	ITBMS (VAT)	7%	Yes	No	No
Paraguay	VAT	10%	No	Yes	No
	Selective Consumption tax	Ranges from 5% to 50%			
Peru	Impuesto General a las Ventas (VAT)	18%	No	No	N/A
Puerto Rico	Sales and use tax	7%	Yes	No	No
Uruguay	VAT	22%	No	No	No
Venezuela	VAT	12%	No	N/A	No

Tax rate information for each country provided by the KPMG member firm in each respective country.

	How frequently are VAT/GST returns submitted?	Can an overseas company recover VAT/GST if it is not registered for VAT/GST locally?	Are there any exemptions with the right to recover or deduct input VAT?	Are there any exemptions without the right to recover or deduct input VAT?	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 for recipient to issue tax invoices/self invoices? (self-invoicing)	Do tax audits take place on a regular basis?	Are there audits done electronically in your country (E-Audit)? If so, what system is in use?	Does a reverse charge mechanism on imported services apply?	Are rulings and decisions issued by the tax authorities publicly available in your country?
	Monthly	No	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes
	Monthly	No	N/A	N/A	No	Yes	No	No	N/A	No	No
	Monthly	No	N/A	N/A	Yes	Yes	No	Yes	No	No	Yes
	Monthly	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes
	Monthly	No	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes
	Bi-monthly	No	No	Yes	Yes	Yes	No	No	No	Yes	No
	Monthly	No	Yes	Yes	Yes	Yes	No	No	No	No	Yes
	Monthly	No	Yes	No	Yes	Yes	No	Yes	No	Yes	No
	Monthly	No	Yes	No	Yes	Yes	No	Yes	Yes	No	Yes
	Monthly	No	Yes	Yes	Yes	Yes	Yes	No	No	No	No
	Monthly	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes
	Monthly	No	Yes	No	Yes	Yes	Yes	No	Yes	Yes	Yes
	Monthly	No	N/A	Yes	Yes	Yes	Yes	No	No	Yes	Yes
	Monthly	No	Yes	Yes	Yes	Yes	No	Yes	No	Yes	No
	Monthly	No	Yes	Yes	Yes	Yes	No	Yes	No	No	Yes
	Monthly	No	Yes	No	Yes	Yes	No	No	No	No	No
	Monthly	No	Yes	No	Yes	No	Yes	No	No	No	Yes
	Monthly	No	Yes	N/A	Yes	Yes	Yes	Yes	No	Yes	Yes
	Monthly	No	Yes	Yes	No	Yes	Yes	Yes	Planned	No	No
	Monthly	No	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes
	Monthly	No	Yes	No	Yes	No	No	Yes	No	Yes	Yes



Argentina

General	Types of indirect taxes (VAT/GST and other indirect taxes excluding custom duties)	<ul style="list-style-type: none"> • VAT • Turnover tax • Excise taxes • Tax on bank accounts • Municipal taxes • Stamp tax
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	<ul style="list-style-type: none"> • VAT: 21% (standard rate) also 0%, 10.5%, 27%. • Turnover tax: 0% to 5%, with 3% average rate. • Tax on bank accounts: 0.6% on every credit and debit in bank accounts. • Municipal taxes: 0% to 3%. This tax is based on sales which are attributable to the jurisdiction/municipality. It applies to any activity as long as there is an establishment in the jurisdiction or municipality. • Stamp tax is 1% of the total value of the contract or instrument.
	Who is required to register for VAT/GST and other indirect taxes?	Private individuals/legal entities/permanent establishments performing taxable activities
VAT/GST registration	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. VAT registration is not possible without a permanent establishment in Argentina. If the company (permanent establishment) performs activities in the country, VAT registration is mandatory.
	Does an overseas company need to appoint a fiscal representative?	No
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	None
	Is grouping* for VAT/GST and other indirect taxes possible?	No
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	VAT returns: Monthly Turnover tax returns: Monthly Excise taxes: Monthly Tax on bank accounts: No return need to be submitted, withholding tax is applied by the bank Municipal taxes: Monthly
	What are the exchange rate rules in your country?	N/A

* by 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer)

VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	<ul style="list-style-type: none"> • VAT: No, with exceptions (for example international transport) • Turnover tax: No • Excise taxes: No • Tax on bank accounts: No • Municipal taxes: No
	Are there any exemptions with the right to recover or deduct input VAT?	Yes, export of goods or services
	Are there any exemptions without the right to recover or deduct input VAT?	<p>Yes</p> <p>Input VAT related to acquisition of certain services as hotels, restaurants and similar expenses is not deductible</p> <p>Input VAT related to purchase of cars is limited to ARS4,000 (USD900 as of August 2011)</p>
Invoices	Is a business required to issue tax invoices?	Yes
	Is it possible/mandatory to issue invoices electronically?	Yes, it is mandatory for companies performing certain activities or operations (e.g. exporters, etc.)
	Is it possible for recipient to issue tax invoices/self invoices ('self-invoicing')?	Yes, under certain circumstances
Audits	Do tax audits take place on a regular basis?	No. Audits take place on a random basis or when a VAT recovery request is filed.
	Are there audits done electronically in your country (E-Audit)? If so, what system is in use?	No
	What penalties can arise from non-compliance?	Fines are possible up to ARS45,000 per infringement (approximately USD11,000 as of August 2011).
Special indirect tax rules	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?	Under Argentine law, TOGC is not subject to VAT, if it is done within the framework of a tax-free reorganization as provided by art. 77 of the Income Tax Law, i.e. if a transfer takes place within the same economic group. In this respect an economic group is considered to exist if at least 80% of the capital of the transferred company belongs to the owner, partner or shareholders of the transferor company.
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	<p>Sales of goods from the mainland to the special customs area are considered an export. Hence, refunds are possible.</p> <p>Any activity carried out in the ex Territorio Nacional de Tierra del Fuego is exempt from national taxes.</p>
	Does a reverse charge mechanism apply in your country for goods or services?	Yes, on imports of services
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Exemption for certain localizations (VAT and municipal tax)
	Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?



Aruba

General	Types of indirect taxes (VAT/GST excluding custom duties)	<ul style="list-style-type: none"> • Turnover tax • Additionally there are minor, case specific indirect taxes, such as Excise taxes, Stamp duty, Registration duty, Transfer tax, Land tax for real estate, Room tax and Hazard license fee.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	<ul style="list-style-type: none"> • 1.5% standard rate • 1% 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.
VAT/GST registration	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)?	Regarding turnover tax: no, based on the applicable legislation, overseas companies could only register for sales tax purposes in case that the company is subject to turnover tax in Aruba, meaning a registered tax payer. In specific cases an overseas company might be subject to turnover tax in Aruba for services rendered or goods delivered without a presence of a permanent establishment in Aruba.
	Does an overseas company need to appoint a fiscal representative?	N/A
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	N/A
	Is grouping* for VAT/GST and other indirect taxes possible?	Yes
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Monthly
	What are the exchange rate rules in your country?	N/A
VAT/GST recovery	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
	Are there any exemptions with the right to recover or deduct input VAT?	N/A
	Are there any exemptions without the right to recover or deduct input VAT?	N/A

* by 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer)

Invoices	Is a business required to issue tax invoices?	No
	Is it possible/mandatory to issue invoices electronically?	Electronic invoicing is possible, however not mandatory
	Is it possible for recipient to issue tax invoices/self invoices ('self-invoicing')?	No
Audits	Do tax audits take place on a regular basis?	No, not regularly, only incidentally, e.g. based on filing of documents
Special indirect tax rules	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?	No
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	The import of goods is 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 an exemption to VAT may be granted to companies incorporated and established in the Free-zone of Aruba and exclusively operating in the international warehousing, distribution and production of goods and/or the delivery of non-financial international services.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	No



Bolivia

General	Types of indirect taxes (VAT/GST and other indirect taxes excluding custom duties)	<ul style="list-style-type: none"> • Value Added Tax (VAT) • Excise tax ('Impuesto al Consumo Especifico', ICE) • Direct tax on hydrocarbons ('Impuesto Directo a los Hidrocarburos', IDH)
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	<p>VAT</p> <p>Standard rate: 13% *</p> <p>Exemptions:</p> <p>0% on exports. 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"> • Financing transactions generating interest income • Purchase and sales of shares, debentures, securities and credit title transactions • Sales or transfers resulting from reorganizations • Capital contributions • Imports made by country-accredited diplomats • Others based on specific laws <p>ICE</p> <p>Cigarettes and tobacco, motor and high capacity vehicles are taxed at the ad valorem rates ranging from 10% to 50%.</p> <p>Alcoholic beverages are subject to a lump-sum tax per liter and an additional 10% tax on the sale price of some types of beverages is levied.</p> <p>Not subject to ICE:</p> <ul style="list-style-type: none"> • Imports made by country-accredited diplomats • Goods taxed destined for export
	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: Individuals, organizations and corporations that produce or import drinks, alcoholic beverages, cigarettes and vehicles. It applies to products sold by their producers (e.g. the first sale) and to importers of such goods.</p>

(*) The VAT (IVA) is an integral part of the good or service price; the actual computable rate net of VAT is 14.94%. Invoices do not show VAT separately. To compute the good or service total price, the 14.94% VAT should be included in the price.

VAT/GST registration	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 must be domiciled in Bolivia, which means that a foreign company cannot voluntarily register for VAT if it does not have a permanent establishment in Bolivia.
	Does an overseas company need to appoint a fiscal representative?	N/A
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	N/A
	Is grouping* for VAT/GST and other indirect taxes possible?	No
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	VAT: Monthly ICE: Monthly IDH: Monthly
	What are the exchange rate rules in your country?	There is a floating exchange rate. The Central Bank of Bolivia regulates and provides the exchange rates.
VAT/GST recovery	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
	Are there any exemptions with the right to recover or deduct input VAT?	N/A
	Are there any exemptions without the right to recover or deduct input VAT?	N/A
Invoices	Is a business required to issue tax invoices?	Yes
	Is it possible/mandatory to issue invoices electronically?	Yes
	Is it possible for recipient to issue tax invoices/self invoices? ('self-invoicing')	No
Audits	Do tax audits take place on a regular basis?	Yes, at the discretion of the Tax Authority
	Are there audits done electronically in your country (E-Audit)? If so, what system is in use?	No
	What penalties can arise from non-compliance?	Tax evasion is a penal offense. Furthermore there are penalties, interest charges, and exchange rate adjustments.
Special indirect tax rules	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?	Yes. In general, the sale of shares or capital and any other company re-organization is not subject to VAT. In case a company sells its assets and liabilities (without involving a transfer of shares or capital) assets and liabilities might be subject to VAT.
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	Yes, as mentioned above, in Bolivia VAT is included in the price and not shown separately.
	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% tax rate, with right of recovery.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes, to be found at: www.ait.gob.bo/busquedaresoluciones.aspx

* by 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer)



Brazil

General	Types of indirect taxes (VAT/GST and other indirect taxes excluding custom duties)	<p>There are two types of value-added taxes in Brazil:</p> <ul style="list-style-type: none"> • ICMS (State Sales tax) • IPI (Federal Excise tax). <p>There are other taxes on supplies of goods or services:</p> <ul style="list-style-type: none"> • ISS (Services tax) • COFINS (Social Contribution for Social Security Financing) • PIS (Employee Profit Participation Program)
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	<ul style="list-style-type: none"> • ICMS standard rate is 17%. • ICMS rate of 18% in São Paulo, Minas Gerais and Paraná states. • ICMS rate of 19% in Rio de Janeiro. • IPI is normally charged at an ad valorem (value) rate according to the classification of the goods based upon the international Harmonized Commodity Description and Coding System. • Rates range from 0% to a maximum of 330% and average about 10%. • ISS standard rate ranges from 2% to 5%. • PIS and COFINS standard rates under the so-called non-cumulative regime are 1.65% and 7.6%, respectively.
	Who is required to register for VAT/GST and other indirect taxes?	<p>If a business supplies goods and/or services that are subject to IPI, ICMS, ISS, PIS or COFINS in Brazil, registration is compulsory. There is no threshold below which a business is not required to account for these taxes.</p> <p>Businesses are required to separately register for ICMS in each state and ISS in each city where it has any kind of establishment.</p>
VAT/GST registration	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. Foreign businesses are able to register for IPI, ICMS, ISS, PIS and COFINS only if they have a permanent establishment in Brazil and they perform taxable transactions in the country. This will most likely give rise to corporate income and other local tax liabilities in Brazil.
	Does an overseas company need to appoint a fiscal representative?	N/A
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	N/A

VAT/GST registration (cont.)	Is grouping* for VAT/GST and other indirect taxes possible?	No
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Monthly
	What are the exchange rate rules in your country?	N/A
VAT/GST recovery	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
	Are there any exemptions with the right to recover or deduct input VAT?	N/A
	Are there any exemptions without the right to recover or deduct input VAT?	N/A
Invoices	Is a business required to issue tax invoices?	Yes
	Is it possible/mandatory to issue invoices electronically?	Yes. In Brazil most of the companies are required by law to issue invoices electronically.
	Is it possible for recipient to issue tax invoices/self invoices? ('self-invoicing')	Generally the responsibility is on the issuer, but, there are some cases where the recipient can register the invoice with the right information.
Audits	Do tax audits take place on a regular basis?	Yes. Some taxpayers are audited monthly, however this applies for large tax payers. Regular taxpayers are audited in average once every five years.
	Are there audits done electronically in your country (E-Audit)? If so, what system is in use?	Yes, as the Brazilian legislation requires that the tax payers provide all information electronically.
	What penalties can arise from non-compliance?	The penalties are from 1% up to 150%. The regular penalty is 75% of tax due.
Special indirect tax rules	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?	No
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	Yes, the VAT rules in Brazil are very specific. As examples, we can mention: On sales, even if the supplier does not receive the payment from his customer, all the VAT and indirect tax should be collected and paid to the tax authorities. For several goods, 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. The VAT taxation in Brazil is based on physical movement of products, not only on sales. For example: if one company has two different establishments and transfer goods between them, VAT is collected by the sender and is offset as a credit by the recipient.

* by 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer)

Special indirect tax rules (cont.)	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)?	<p>Yes, in Brazil there are several tax incentives.</p> <p>Certain supplies are exempt from ICMS, for example supplies of books, newspapers and the paper consumed in the printing of such goods, sale of fixed assets, fruits, vegetables, and farm and garden produce and preservatives.</p> <p>The reduced IPI rate of 0% applies to, for example, live animals and animal products, plant products, chemical products, textile products and shoes.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Finally, some Brazilian states grant ICMS benefits (reductions and exemptions) for new business.</p>
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes



Chile

General	<p>Types of indirect taxes (VAT/GST and other indirect taxes excluding custom duties)</p>	<ul style="list-style-type: none"> • VAT • Additional tax on sumptuary products • Additional tax on alcoholic beverages • Specific tax on gas and diesel supplies • Tobacco tax
	<p>What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?</p>	<ul style="list-style-type: none"> • VAT: single rate of 19% • Additional tax on sumptuary products: VAT plus 15% (in some cases 50%) • Additional tax on alcoholic beverages: VAT plus tax rate ranging from 13%, 15% and in some cases to 27% • Specific tax on gas and diesel supplies: Gas 6 UTM/m³ (USD500 approximately), diesel 1.5 UTM/m³ (USD125 approximately), plus VAT • Tobacco tax: VAT plus tax rate ranging between 52.6% , 59.7% and a fixed amount of USD0.0055 plus 62.3% of the value, per cigarette <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>Operations out of the scope: These operations are not subject to VAT and taxpayers performing them cannot deduct input VAT (e.g. sale of some immovable properties, services rendered and used abroad).</p> <p>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:</p> <p>Any person or entity who sells, on a regular basis, tangible movable goods and:</p> <ul style="list-style-type: none"> • Construction companies which sell tangible immovable goods that were completely or partially built by itself • Any person or entity who provides services levied with VAT.
	<p>Who is required to register for VAT/GST and other indirect taxes?</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.</p>

VAT/GST registration	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, 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 a branch or affiliate in Chile. The PE or the entity incorporated will become a Chilean taxpayer for all Chilean taxes.
	Does an overseas company need to appoint a fiscal representative?	Yes. Overseas companies obtaining a tax registration, as described above, should appoint a fiscal representative. This person should have domicile or residence in Chile.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	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.
	Is grouping* for VAT/GST and other indirect taxes possible?	No
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Monthly
	What are the exchange rate rules in your country?	<p>The Tax Authority can authorize certain companies to carry accounting in foreign currency, in which case they must file tax returns and make payments or request a refund in the event resulting credit balance of the applicable taxes, in such foreign currency.</p> <p>Invoices issued by Chilean taxpayers should always be issued in Chilean currency, notwithstanding the possibility to express the foreign currency values, indicating the exchange rate used to convert into Chilean pesos, which corresponds to the effective for the day of issuance of the respective invoice.</p>
VAT/GST recovery	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
	Are there any exemptions with the right to recover or deduct input VAT?	<p>Yes, special provisions contained in the VAT legislation allow the VAT recovery regarding certain exempt operations. Examples of these operations:</p> <ul style="list-style-type: none"> • Exportations of goods • Services provided to non residents accepted as exportation for the Customs Authority • Sale of goods to foreign airplanes and ships making international transportation • International transportation services <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>
	Are there any exemptions without the right to recover or deduct input VAT?	<p>Yes, the general rule is that taxpayers carrying out exempt operations cannot recover input VAT.</p> <p>Examples:</p> <ul style="list-style-type: none"> • Some insurance transactions • Financing operations not related with the sale of goods or services

* by 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer)

VAT/GST recovery (cont.)	Are there any exemptions without the right to recover or deduct input VAT? (cont.)	<ul style="list-style-type: none"> • Educational services • Some health services • Transportation of persons
Invoices	Is a business required to issue tax invoices?	Yes, in most of the cases.
	Is it possible/mandatory to issue invoices electronically?	Yes, it is possible.
	Is it possible for recipient to issue tax invoices/self invoices? ('self-invoicing')	Yes, only in the cases indicated in the VAT Law (e.g. the purchaser, whilst the seller has no residence in Chile; the beneficiary of the service whilst the provider has no residence in Chile).
Audits	Do tax audits take place on a regular basis?	There is no regular basis schedule for tax audits. They depend on the audit planning which is established by the tax authorities and based on taxpayers' behavior. Taxpayers deemed 'large business taxpayers' are audited more frequently, at least once a year.
	Are there audits done electronically in your country (E-Audit)? If so, what system is in use?	No
	What penalties can arise from non-compliance?	The penalty varies depending on the non compliance or the breach to the tax legislation. Penalties may be established as a fine on a fixed amount (UTM1 [USD85, approximately] to UTA40 [USD39.820, approximately]) or determined on a percentage of the corresponding tax due (e.g. rate ranging between 5% to 300% of the tax due), or even temporary closing of business or imprisonment.
Special indirect tax rules	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?	Sale of shares in a company is not subject to VAT
	In your country, are there unique specific indirect tax 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 to recover VAT. VAT compliance based on an input VAT/output VAT offset mechanism with carry forward of excess input VAT. With few exceptions no cash refund of excess input VAT credit (principal exceptions available for exporters and VAT incurred on the acquisition of fixed assets). As a general rule, excess input cannot be offset with other taxes, except if the taxpayer closes his business and gives notice of end of activities to the tax authority. In that case the input credit balance may be offset against the corporate income tax (first category tax) payable for the same year.
	Does a reverse charge mechanism apply in your country for goods or services?	Yes, only in certain cases provided by law, or ruled by the tax authorities (e.g. the buyer should withhold the VAT regarding the sale of some agricultural products and where the seller or service provider is not Chilean resident).
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Yes. There is the possibility to request a refund of the VAT credit generated on the purchase of goods that form part of the taxpayer fixed assets, provided the VAT credit was accumulated in a period of six or more months.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes, they are available at the following link: www.sii.cl/pagina/jurisprudencia/legis.htm



Colombia

<p>General</p>	<p>Types of indirect taxes (VAT/GST and other indirect taxes excluding custom duties)</p> <hr/> <p>What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?</p> <hr/> <p>Who is required to register for VAT/GST and other indirect taxes?</p>	<p>Value Added Tax (VAT), Excise tax, Financial tax (GMF), Registry tax.</p> <hr/> <p>VAT: 16% (standard), 10%, 1,6%</p> <p>Excise tax: 20% to 55%</p> <p>Financial tax: 0.004%</p> <p>Registry tax: 0.3% to 1%</p> <p>Reduced VAT rates</p> <p>10%: Health complementary plans and health prepaid services</p> <p>10% some specific goods (cane sugar, wheat, roasted coffee)</p> <p>1.6%: Cleaning services and Private security services</p> <p>0% VAT rate (with right to recover input VAT)</p> <hr/> <p>VAT</p> <ul style="list-style-type: none"> • Individuals and entities rendering taxable supplies of goods and or services • Importers of goods • In the sale of aircrafts: the traders and the occasional sellers of such goods • 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 <p>Excise tax</p> <ul style="list-style-type: none"> • Producers of cigarettes or alcoholic beverages <p>Financial tax</p> <ul style="list-style-type: none"> • The financial entities are the withholding agents <p>Registry tax</p> <ul style="list-style-type: none"> • The Registration offices act as the tax collector • Chambers of Commerce act as the tax collector
<p>VAT/GST registration</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>It is not possible for an overseas company to obtain a tax registration, since only entities or individual domiciled in Colombia can do it.</p> <p>Companies without domicile or residence in Colombia selling goods from overseas or rendering services to local customers are not responsible for VAT.</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>

VAT/GST registration (cont.)	Does an overseas company need to appoint a fiscal representative?	A foreign company selling goods abroad or rendering taxable services from or in Colombia without
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	A local branch office or a subsidiary will have to obtain a registry tax from the tax authorities. 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 from the tax authority.
	Is grouping* for VAT/GST and other indirect taxes possible?	No
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	VAT returns are filed and VAT due is paid every two months. VAT accrued base on 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. Excise tax due is every 15 days. Registry tax must be paid immediately after each transaction.
	What are the exchange rate rules in your country?	Financial entities are the only ones compelled to file a financial return, since they are the only ones who act as withholding agent of this tax. The financial tax return is every week. Transactions in foreign currencies must be converted to Colombian pesos, as VAT must be paid in the local currency. The Colombian Central Bank (Banco de la Republica) regulates the exchange system but the rates are based on the offer and demand of the market.
VAT/GST recovery	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, there are not any exceptions since only the registered tax payers are entitled to recover or deduct the input VAT.
	Are there any exemptions with the right to recover or deduct input VAT?	No

* by 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer)

VAT/GST recovery (cont.)	Are there any exemptions without the right to recover or deduct input VAT?	<p>There are no exemptions for overseas companies. For local companies the following exemptions apply (examples):</p> <ul style="list-style-type: none"> • Medical services • Oil and gas transportation • Loan interests • Public services (electricity, water) • Education services • Life insurance • Financial leasing • Temporal Imports of heavy machinery not produced in Colombia with the exclusive purpose of developing basic industry activities as mining and hydrocarbons
Invoices	Is a business required to issue tax invoices?	Yes, except when providers belonging to the VAT simplified regime (applicable to individuals not entities).
	Is it possible/mandatory to issue invoices electronically?	Yes, it is possible when requirements are met.
	Is it possible for recipient to issue tax invoices/self invoices? ('self-invoicing')	No, except in the event of goods or services provided by an individual covered by the simplified regime (small entrepreneurs) the recipient (business) must issue and keep a document equivalent to an invoice.
Audits	Do tax audits take place on a regular basis?	No, audits do not take place on a regular basis, they are random. There are generally triggered by a VAT refund request submitted by the taxpayer.
	Are there audits done electronically in your country (E-Audit)? If so, what system is in use?	No
	What penalties can arise from non-compliance?	The delay penalty is 5% of the amount due or favorable balance for month or fraction of delay, plus delay interests. Inaccuracy penalty is 160% of the difference between the due amount of the return filed by the taxpayer and the due amount established by the Tax Authority.
Special indirect tax rules	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?	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 subject to VAT taxed. However, inventories involved in such sale could be taxable.
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	<p>Yes, 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.</p> <p>The transfer of taxed movable goods without remuneration is not subject to VAT.</p>

Special indirect tax rules (cont.)	<p>Does a reverse charge mechanism apply in your country for goods or services?</p>	<p>Yes. The Colombian entity benefited with the taxable services rendered by non residents either from abroad or within the Colombian territory, will be responsible for 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"> • Reduced tax rates are expressly indicated, e.g. services such as health complementary and prepaid services. • The introduction of merchandise from overseas to a Free Trade Zone is not considered an import as long as it remains within such zone, therefore it is not subject to VAT. • The sale of goods from the Colombian territory to an industrial user of services or goods established in a Free Trade Zone are zero rated provided these goods are necessary for the development of the business objective of the industrial user.
Rulings	<p>Are rulings and decisions issued by the tax authorities publicly available in your country?</p>	<p>No</p>



Costa Rica

General

Types of indirect taxes (VAT/GST and other indirect taxes excluding custom duties)

VAT (known as Sales tax), excise taxes and some specific taxes (e.g., fuel, cement, and alcohol).

What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?

13% is the standard rate for VAT with reduced rates of 0%, 5% and 10%. Excise taxes range typically between 10% and 50%.

Reduced VAT rates are applicable on:

- Wood: 10%
- Residential electricity: 5%

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 zero-rated good or service. In general, input tax is not deductible for overhead expenses. The category of exempt items includes nearly two hundred different basic products such as basic food and other basic necessities (based on a concept of 'basic basket' or 'canasta basica'). 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.

There are no zero-rated items for excise tax purposes.

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

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.

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 goods sold locally under VAT exemption.

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 permanent establishment or the incorporation of a subsidiary/branch/corporation in Costa Rica.

Regarding excise taxes, individuals or entities that assemble or manufacture goods above an amount of CRC2,000,000 in market value price in a year are required to register as taxpayer.

VAT/GST registration	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>An overseas company can register as a VAT taxpayer when:</p> <ul style="list-style-type: none"> • It sells goods or provides services that are subject to VAT in the local market on a regular basis. • It is an importer of merchandise subject to VAT. <p>This activity should be performed through a branch, an agency, or a representative with general power of attorney or a subsidiary.</p>
	Does an overseas company need to appoint a fiscal representative?	<p>As mentioned above, foreign entities are not allowed to register for VAT in Costa Rica. Only permanent establishments, local subsidiaries/branches/corporations engaged in regular trading of goods or the provision of services subject to VAT are allowed to register as such. Permanent establishments 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>
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	<p>The VAT registration application form can be obtained on the internet provided that a request was sent to and approved by the Tax Administration, because it is only accessible for VAT taxpayers.</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> <ul style="list-style-type: none"> • Copy of the by-laws of the overseas company (in Spanish) • Copy of the ID number of the legal entity issued by the Costa Rican Public Registry • Power of Attorney for their legal representative properly certified • Copy of the ID of the legal representative
	Is grouping* for VAT/GST and other indirect taxes possible?	No
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	VAT and excise tax returns: monthly
	What are the exchange rate rules in your country?	<p>Pursuant to Resolution number 26-2006 issued by the Director of the Tax Administration, transactions in foreign currency must be recorded at the reference exchange rate determined by the Central Bank of Costa Rica. When debts are settled or receivables are recovered, the taxpayer may use the exchange rate determined by the entity it prefers.</p>

* by 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer)

VAT/GST recovery	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
	Are there any exemptions with the right to recover or deduct input VAT?	Yes. The sale of zero rated goods allows the right to recover input VAT.
	Are there any exemptions without the right to recover or deduct input VAT?	Input VAT incurred in relation to services not subject to VAT is not recoverable (e.g. exempt goods and services). 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.
Invoices	Is a business required to issue tax invoices?	Yes
	Is it possible/mandatory to issue invoices electronically?	Yes. However, in order issue electronic invoices the taxpayer must comply with the requirements stated in Directive of the Tax Administration Num. 02-09 dated 9 January 2009.
	Is it possible for recipient to issue tax invoices/self invoices? ('self-invoicing')	No
Audits	Do tax audits take place on a regular basis?	Only large taxpayers are subject by law to tax audits at least once every four years. Other taxpayers are not subject to regular tax audits.
	Are there audits done electronically in your country (E-Audit)? If so, what system is in use?	Audits are not done electronically in Costa Rica.
	What penalties can arise from non-compliance?	Penalties for non compliance may range from fines (25% of the applicable tax) to imprisonment.
Special indirect tax rules	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?	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 the purpose of resale or industrialization within the country and hence are not considered taxable merchandise for VAT purposes. Inventories transferred as part of the sale of a going concern are not subject to VAT as long as the purchaser is also a VAT taxpayer (not a final consumer).
	In your country, are there unique 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. 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.

Special indirect tax rules (cont.)	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions? (cont.)	<p>Therefore, as Costa Rica has a non-classic VAT system, expenses related to only partially taxable business can be deducted, only to the extent that these expenses relate to services and raw materials physically incorporated in the 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"> 1) Discounts acceptable and normally used under ordinary trading practices if separately indicated in the purchase invoice. 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 registers. 3) Financial expenses invoiced and recorded separately in the accounting registers.
	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)?	<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 related regulation 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 limited to specific cases.</p>
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes, the link is: http://196.40.56.21/scij_mhda/default.aspx .



Curaçao

General	Types of indirect taxes (VAT/GST and other indirect taxes)	<ul style="list-style-type: none"> • Sales tax • Transfer tax • Excise taxes • Stamp duty & Registration duty • Land tax (real estate) • Room tax & Casino tax
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	<p>Sales tax: 5%</p> <p>Transfer tax: 4%</p>
	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 Curaçao. 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>
	Who is required to register for Transfer tax?	<p>None of the parties. The amount of transfer tax due is collected by the notary public and paid by the notary public to the Tax Collector.</p>
VAT/GST registration	Is voluntary registration for VAT/GST possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	<p>No, based on the applicable legislation overseas companies may only register for sales tax purposes in case that the company is subject to sales tax in Curaçao.</p>
	Does an overseas company need to appoint a fiscal representative?	<p>No</p>
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST registration?	<p>A formal request</p>
	Is grouping* for VAT/GST and other indirect taxes possible?	<p>No</p>
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	<p>Monthly</p>
	What are the exchange rate rules in your country?	<p>A nonresident company of Curaçao may have a local bank account in Antillean guilders with a license from the Central Bank and under the conditions that the account can be used only for the payment of local expenses. The ANG is linked to the (USD1 = ANG1.78).</p>

* by 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer)

VAT/GST recovery	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
	Are there any exemptions with the right to recover or deduct input VAT?	<p>Yes</p> <p>Sales tax: Certain goods and services are exempt from sales tax with no right to recover input tax, including:</p> <ul style="list-style-type: none"> • The delivery of real property provided that real estate transfer tax is levied • Certain supplies of fuel • Supply of goods and services to oil refineries, used for their operations • Services rendered to companies established in an E-zone • Services rendered to and by companies with a foreign exchange license • Certain services to customers abroad are deemed to be rendered outside Curaçao (non taxable), for instance financial, IT, licensing services and services rendered by E-zone companies, provided that the service is factually enjoyed abroad <p>Transfer tax: transfer of the economic rights/ property of real estate are free of transfer tax. Transfer of shares in a real estate company is not taxable for transfer tax purposes.</p>
	Are there any exemptions without the right to recover or deduct input VAT?	No
Invoices	Is a business required to issue tax invoices?	Yes
	Is it possible/mandatory to issue invoices electronically?	Yes, it is possible, not mandatory
	Is it possible for recipient to issue tax invoices/self invoices? ('self-invoicing')	No
Audits	Do tax audits take place on a regular basis?	Yes, once every 5 years
	Are there audits done electronically in your country (E-Audit)? If so, what system is in use?	No
	What penalties can arise from non-compliance?	<p>There are two different types of penalties:</p> <p>The first type is a default penalty and applies when tax due is (wholly or partly) not paid within the specified period. The amount of the penalty is between ANG2,500 and ANG10,000 depending on the level of gravity of the case.</p> <p>The second type is an offense penalty and applies when no or insufficient tax is paid due to deliberate intent or gross negligence of the taxpayer. The penalty is then 25% - 100% of the VAT due and per infringement, depending on the gravity of the case.</p>
Special indirect tax rules	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?	Yes, exemption applicable based on a general decree
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	In general no right to claim deduction of sales tax paid by entrepreneurs

Special indirect tax rules (cont.)	Does a reverse charge mechanism apply in your country for goods or services?	Yes
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	<ol style="list-style-type: none"> 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 2) Exemption from sales tax for qualifying tourism projects
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	No



Dominican Republic

General

Types of indirect taxes (VAT/GST and other indirect taxes excluding custom duties)

VAT

Tax for the transfer of industrialized goods and services (ITBIS, 'Impuestos a la Transferencia de Bienes Industrializados y Servicios'). As the name suggests, this tax is applicable to the transfer of industrialized goods, as well as the rendering of services. These services include all those related to telecommunications, bars, discos, hotels, restaurants, vehicles, among others.

This tax is paid by natural persons and corporations executing any transfer, import or rendering services. The Tributary Code establishes a specific list of the products that are exempt from the payment of VAT (ITBIS), which include primary basically, likes food and medicine, etc.

The levy of ITBIS is of 16% above the price of each transfer or rendered service. The exported goods remain taxed at a rate of zero.

Selective tax on consumption

This tax shall burden the transfer of certain goods of national production at the level of the manufacturer, their importation and the rendering or leasing of the services described in the tax code.

Consumption tax (levied on tobacco products, alcoholic beverages and others considered as luxury goods).

Ad-valorem taxes

Additional tax imposed on tobacco products and alcoholic beverages.

What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?

VAT

The standard rate is 16%.

Selective tax on consumption: This tax will be paid at different rates depending on the goods or services to which it applies, for example:

Selective Consumption tax is imposed on a series of articles considered as 'luxury items'. Each product is imposed with a percentage determined by law, including:

**General
(cont.)**

What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes? (cont.)

- **Products derived from alcohol:** Specific amounts depending on the number of absolute alcohol grade.
- **Products derived from tobacco:** Depending on specific amounts of cigarettes and cigars 130%.
- Goods for use and final consumption (beers, wines, perfumes, derivatives of tobacco, diamonds, bijouterie, air conditioners, electronics, motor vehicles, guns, among others.
- Benefit from and allocation of communication services of long distance (national and international) rate 10%, insurance with rate of 16%.
- Vehicles with special engines, golf cars 16%.

Ad-valorem

Additional taxes imposed on alcohol and derived from tobacco are established.

The levy is 20% for tobacco and 7.5% on alcohol drinks on the retail selling price of these products.

Due to the coming into force the Treaty of Free Commerce with the United States and Central America (DR-FTAA), Law No. 557-05, annulled the charge of customs duty to all products that come into the Dominican Republic originating in signatory countries.

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

VAT

Basically all taxpayers and entities domiciled in the Dominican Republic. The taxpayers those who:

- Transfer goods
- Import goods
- Render or provide taxed services

Selective tax

Taxpayers of this tax are:

- Private citizens, corporations or enterprises, either national or foreign, that produce or manufacture goods burdened by this tax, acting in the last phase of the process destined to give the good the individuality or finish expressed in the tax code, even when it is carried to conclusion through the intervention of services rendered by third parties
- Importers of goods burdened by this tax
- Suppliers or providers of services burdened by this tax

Ad-valorem

Refers to above

VAT/GST registration	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 the Dominican Republic. VAT and indirect taxes are not applicable to items exported. For items imported the purchaser is responsible for the payment of taxes, not the seller.
	Does an overseas company need to appoint a fiscal representative?	All companies or taxpayers may assign a representative or agents. Tax obligations may be complied with by means of legal representative or agents.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	If overseas companies want to do business locally, they must incorporate or establish a domicile in the Dominican Republic. Otherwise, they have no direct fiscal responsibilities in the country.
	Is grouping* for VAT/GST and other indirect taxes possible?	No, the legal entity should comply with their own tax obligations.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	VAT Monthly. A tax return must be filed in the course of the first 20 days of each month, even when there is no tax to be paid. Selective Monthly. In the case of transfers good and rendering services, the tax shall be liquidated and paid the first 20 days of each month through a tax return. In the case of the importation of goods, the tax shall be liquidated and paid together with the corresponding custom duties in the manner and under the conditions established in the regulations.
	What are the exchange rate rules in your country?	There is a free currency exchange market. Foreign currency should be obtained from official means (banks, exchange brokers and the tax authorities).
VAT/GST recovery	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 if the company is registered in the Dominican Republic. In the case of VAT, through the compensation between the VAT paid on purchases versus local sales. For selective and Ad-valorem no.
	Are there any exemptions with the right to recover or deduct input VAT?	Yes. VAT paid on constructions real state (buildings or structures) cannot be offset, it must be considered as part of the costs. Also, if business income is VAT exempt, there is no right to recover, unless there is a difference between taxable income and non-taxable income. In the last case, the deduction of the taxes that may have been charged shall be made in the proportion corresponding to the amount of the taxed operations and the other part of the VAT should be carried as cost.
	Are there any exemptions without the right to recover or deduct input VAT?	No

* by 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer)

Invoices	Is a business required to issue tax invoices	Yes, in the Dominican Republic the taxing authorities have 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 taxing authorities.
	Is it possible/mandatory to issue invoices electronically?	Yes, invoices can be issued under the condition that they have the tax receipt number on them given by the Tax Authorities.
	Is it possible for recipient to issue tax invoices/self invoices? ('self-invoicing')	No
Audits	Do tax audits take place on a regular basis?	Yes, normally the tax audits depend on inconsistencies found by the tax authorities. The tax authorities use a tool called 'Cross Information System'.
	Are there audits done electronically in your country (E-Audit)? If so, what system is in use?	Surcharge: 10% the first month or fraction of month plus 4% for any additional months or fraction of months.
	What penalties can arise from non-compliance?	Interest: 1.73% for month or fraction of month.
Special indirect tax rules	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?	Sales of shares of a company are not subject to VAT. The sale of a company's assets is generally subject to VAT. Exemptions may apply based on the nature of the asset being transferred (e.g. intangibles, accounts receivables, securities, etc.).
	In your country, are there unique 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 of certain activities (e.g. certain tourism projects, maquilas, etc.).
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes, the web pages are www.dgii.gov.do and www.suprema.gov.do



Ecuador

<p>General</p>	<p>Types of indirect taxes (VAT/GST and other indirect taxes excluding custom duties)</p>	<p>VAT (Value Added Tax) or Impuesto al Valor Agregado (IVA)</p> <p>IVA is applied to imports, transfers of goods and services.</p> <p>Special Consumption Tax (ICE)</p> <p>ICE is applied to consumption of certain goods and services considered as sumptuous.</p> <p>Capital Outflow Tax (ISD)</p> <p>ISD applies to remittances abroad in cash or by check, transfers or withdrawals of any kind made with or without the intermediation of financial entities.</p>
	<p>What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?</p>	<p>IVA: 0% and 12%</p> <p>Supplies of goods subject to 0%: Among others, all the transfers and imports of goods such as unprocessed food, medicines, raw material to produce medicine, books, electricity, airplanes and helicopters for commercial purposes, cargo and services, and hybrid vehicles.</p> <p>Supplies of services subject to 0%: Among others national land transport, transport of crude oil and natural gas pipelines, healthcare related services, financial and stock markets related services and exported services.</p> <p>ICE: Between 10% and 300%</p> <p>ISD: 2%</p>
	<p>Who is required to register for VAT/GST and other indirect taxes?</p>	<p>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 (RUC). The aforementioned register involves VAT, Income tax, Special Consumption tax, Capital Outflow tax and all taxes administered by the Ecuadorian Internal Revenue Services.</p> <p>Anyone who imports taxable goods or services, individuals and companies that usually transfer taxable goods and individuals and companies that usually provide taxable services are VAT taxpayers.</p> <p>Individuals or companies, manufacturers of goods subject to this tax, importers of goods subject to this tax and whoever provides services subject to this tax are ICE taxpayers.</p>

General (cont.)	Who is required to register for VAT/GST and other indirect taxes? (cont.)	Individuals and companies that transfer money abroad in cash or by check, being transfers or withdrawals of any kind made with or without the intermediation of financial entities are ISD taxpayers.
VAT/GST registration	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, there is no special registry in Ecuador for VAT or other indirect taxes. If the foreign entity does not have a permanent establishment in Ecuador, it would not be required to register for tax purposes in Ecuador. Foreign entities that have established a 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.
	Does an overseas company need to appoint a fiscal representative?	No
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Form: RUC 01-A Supporting documentation: <ul style="list-style-type: none"> • Original or certified copy of incorporation deed or domiciliation document. • Original or certified copy of appointment of legal representative. • Copy of the identification card, if the legal representative is an Ecuadorian citizen, or a copy of the passport, if the legal representative is a foreigner. • Copy of a document that proves the entity's address (rental contract of, public service bills, bank account statements, etc.). The name and RUC number of the entity's accountant.
	Is grouping* for VAT/GST and other indirect taxes possible?	No
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	VAT and ICE: Monthly ISD: On each transfer or sending of money abroad
	What are the exchange rate rules in your country?	There are no specific exchange rules in Ecuador.
VAT/GST recovery	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
	Are there any exemptions with the right to recover or deduct input VAT?	According to Ecuadorian law, the VAT paid on purchases can be offset directly against the sales tax. This applies to those taxpayers whose sales are taxed at 12% and those taxpayers whose sales are taxed at 12% and 0% rates. In this second case, the VAT paid on purchases can be offset proportionally with the sales tax or as a tax credit. For those taxpayers whose sales are taxed at 0% the VAT rate paid on purchases is charged directly to expenses. Additionally, tax authorities refund only the retention of VAT that can not be used as tax credit.

* by 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer)

VAT/GST recovery (cont.)	Are there any exemptions with the right to recover or deduct input VAT? (cont.)	<p>Special cases of refund of VAT:</p> <p>Exportation is taxed at 0% for VAT. Those exporters which are paying VAT on local or imported purchases such as raw materials, supplies, services and assets used for manufacturing and sale of export goods, are entitled to a VAT refund.</p> <p>Likewise, inbound tour operators who bill inbound tour packages within or outside the country to individuals or non-resident companies in Ecuador, are entitled to a tax credit for VAT paid and held in local procurements, as well as VAT paid on imported products as goods, fixed assets, raw materials, supplies or services that integrate inbound tourism.</p> <p>If for any circumstance, the resulting tax credit can not be offset with VAT on sales, inbound tour operators may request a refund of the tax credit accrued by local purchases or imports of the above mentioned products.</p>
	Are there any exemptions without the right to recover or deduct input VAT?	See comments above.
Invoices	Is a business required to issue tax invoices?	Yes
	Is it possible/mandatory to issue invoices electronically?	Yes, it is possible, but not mandatory.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	No
Audits	Do tax audits take place on a regular basis? Please specify how often, what is checked in terms of an overview and the competent authority for it.	No; however the tax authority has a period of three years to audit taxpayers. The Ecuadorian tax authority usually audits areas such as the amount of input VAT, the computation of taxable turnover.
	Are there audits done electronically in your country (E-Audit)? If so, what system is in use?	No
	What penalties can arise from non-compliance?	The late submission of tax returns is punishable with a fine equivalent to 3% for each month or part of the month. This fine is calculated on the tax amount paid by the respective declaration. When taxes have not been paid on time, interests can be levied and the applied interest rate corresponds to a rate published quarterly by the Internal Revenue Service (Servicio de Rentas Internas). This fines applies to any tax administrated by the Internal Revenue Service
Special indirect tax rules	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?	Yes - The Ecuadorian Tax Law establishes (article 54) that the sales of businesses in which the assets and liabilities are transferred are exempt from VAT.
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	No, the same rules are applied throughout the country.
	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
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	No



El Salvador

General	Types of indirect taxes (VAT/GST and other indirect taxes excluding custom duties)	VAT
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	13% standard rate and 0% for exports.
	Who is required to register for VAT/GST and other indirect taxes?	Anyone who supplies goods or render services, no matter if taxed or not, except for companies with turnover below USD5,714.28 and total of assets below USD2,285.71 in the previous 12 months. This also applies to permanent establishments of overseas companies.
VAT/GST registration	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, foreign non-resident entities may register for VAT recovery purposes. This registration must be done by the one who imports or sells the products in El Salvador in the name of the foreign company.
	Does an overseas company need to appoint a fiscal representative?	Yes, every local or foreign company has to name a representative before the Ministry of Treasure.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	In order to register as a VAT taxpayer it is necessary to file a copy of the bylaws (duly translated into Spanish and legalized) and to present the Tributary Identification Number (NIT). The tax office provides a form for this purpose.
	Is grouping* for VAT/GST and other indirect taxes possible?	No
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Monthly
	What are the exchange rate rules in your country?	No
VAT/GST recovery	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 for a company not registered for VAT to recover VAT. VAT is part of the cost of the products for non-registered companies.
	Are there any exemptions with the right to recover or deduct input VAT?	Exporters can deduct VAT based on the percentage of zero-rated sales.
	Are there any exemptions without the right to recover or deduct input VAT?	No

* by 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer)

Invoices	Is a business required to issue tax invoices?	Yes
	Is it possible/mandatory to issue invoices electronically?	Yes, it is possible. The Tributary Code states some requirements before giving the permission to issue electronic invoices.
	Is it possible to issue tax invoices/self invoices? ('self-invoicing')	Possible if authorized by the tax authorities.
Audits	Do tax audits take place on a regular basis?	The Ministry of Finance is the authority performing tax audits. Certified companies from the private sector can also audit to issue an opinion and fiscal report where compliance with tax obligations are analyzed. The report is submitted to the Ministry of Finance for each fiscal year.
	Are there audits done electronically in your country (E-Audit)? If so, what system is in use?	The tax office does not perform audits electronically, except cross checking of certain information regarding tax payers involved in an operation, in order to match figures.
	What penalties can arise from non-compliance?	The penalties are from USD57 to the suspension of activities or closure of businesses. Penalties vary depending on the breach.
Special indirect tax rules	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?	There is no TOGC relief, but VAT is only due on the movable assets transferred.
	In your country, are there unique 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, 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 certain companies and their shareholders of paying importation taxes and income tax.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Some resolutions and information are available at: www.mh.gob.sv



Guatemala

General	Types of indirect taxes (VAT/GST and other indirect taxes excluding custom duties)	Value Added Tax (VAT)
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	12% (standard rate). No reduced VAT rates. Exports are VAT exempt with the right to recover input VAT. Exporter can request the reimbursement of the VAT paid on purchases of goods and services.
	Who is required to register for VAT/GST and other indirect taxes?	Any person or entity performing commercial activities is required to be register as a taxpayer.
VAT/GST registration	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, it is possible only if the overseas company has a local branch or subsidiary registered with the tax authorities. Voluntary registration for VAT purposes only is not permitted.
	Does an overseas company need to appoint a fiscal representative?	No
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Overseas companies need to set up a subsidiary or a branch to be registered in Guatemala in order to be able to perform commercial activities in the country and then to register for VAT purposes.
	Is grouping* for VAT/GST and other indirect taxes possible?	No
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Monthly
	What are the exchange rate rules in your country?	If the transaction is billed in a foreign currency, the operation must be recorded in the local currency, taking into account the exchange rate published by the Guatemalan Central Bank on the day of the operation.
VAT/GST recovery	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
	Are there any exemptions with the right to recover or deduct input VAT?	Only exporters that are taxpayers in Guatemala have the right to recover input VAT included in the invoices of purchases of goods and services received from its suppliers.
	Are there any exemptions without the right to recover or deduct input VAT?	No

* by 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer)

Invoices	Is a business required to issue tax invoices?	Yes
	Is it possible/mandatory to issue invoices electronically?	Yes and authorization is required from the tax authorities.
	Is it possible for recipient to issue tax invoices/self invoices? ('self-invoicing')	Yes, they are called 'Special Invoices'.
Audits	Do tax audits take place on a regular basis?	No tax audits take place on a regular basis, but taxpayers are required to file a detailed electronic list of the sales and purchases performed each month, which is often reviewed and discrepancies are questioned.
	Are there audits done electronically in your country (E-Audit)? If so, what system is in use?	Yes
	What penalties can arise from non-compliance?	Non compliance with the filing of the electronic list (called 'asistelibros') could be subject to a formal penalty of GTQ5,000 (USD650) the first time. If it is repeated, the penalty is increased.
Special indirect tax rules	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?	Yes, there is a provision in the local law that regulates the transfer of movable and immovable property which can be VAT exempt. It also applies to company mergers provided certain conditions are met.
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	Companies in the Free Trade Zone or covered by the Exporting and Maquila Promotion Law can request VAT and duties exemption. Services rendered by banks and financial institutions are VAT exempt.
	Does a reverse charge mechanism apply in your country for goods or services?	Yes
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Free Trade Zones and Exporting and Maquila Promotion Law.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes, to be found at: http://portal.sat.gob.gt/sitio/index.php/leyes/criterios-institucionales.html



Honduras

<p>General</p>	<p>Types of Indirect taxes (VAT/GST and other Indirect taxes excluding custom duties)</p>	<ul style="list-style-type: none"> • Sales tax • Consumption tax • Production tax which is added to sales tax due on soft drinks, alcoholic drinks and cigarettes • Stamp duty • Sale of internet services sale of mobile telecommunications services sale of first class airplane tickets
	<p>What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes? Use ranges where no fixed rate is available (i.e. differs in states).</p>	<ul style="list-style-type: none"> • Standard rate of Sales tax: 12% • 15% rate applied to importation of alcoholic beverages, cigarettes and other tobacco products. • 15% rate applied to sale of internet services with monthly payments over HNL27.01 and band widths larger than 1,024 mbps. • 15% to 18% rate for mobile telecommunication with monthly payments over HNL40.01 and first class, executive, business or similar class airplane tickets. • Production tax: 15% • Consumption tax applies to non-essential or imported sumptuary goods and are levied ad valorem over the cost, insurance, freight (CIF) and duty customs administrative services. Ten percent is also added to this total amount.
	<p>Who is required to register for VAT/GST and other indirect taxes? Please define the taxpayers for each type of indirect tax mentioned above.</p>	<p>All companies selling goods and providing services or importing goods must be registered. There are no thresholds.</p> <p>Basic food, medicines and others are exempt from sales tax (with no right to recover input tax for the supplier).</p> <p>Certain products are exempt from tax. In addition, there are exemptions for companies operating under special systems (free zones).</p>
<p>VAT/GST registration</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>No, VAT registration is mandatory for organizations with a permanent establishment in Honduras. Foreign entities with no fixed establishment for corporate tax purposes cannot register for sales taxes, nor have a business activity within Honduras.</p>

VAT/GST registration (cont.)	Does an overseas company need to appoint a fiscal representative?	It is not necessary to appoint a fiscal representative, however every company must have a General Manager or legal representative, who is empowered to represent the company. In some cases, in accordance with the Administrative Procedures Law a lawyer may be required to represent the company in front of the Tax Authority.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Charter of Incorporation and National Tax Registration (RTN)
	Is grouping* for VAT/GST and other indirect taxes possible?	No
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	VAT returns are submitted monthly. Taxable organizations whose annual turnover is over HNL180,000 (approximately USD9,540) must submit VAT returns annually.
	What are the exchange rate rules in your country?	The exchange rates are fixed by the Central Bank of Honduras, based on the references from the foreign exchange market.
VAT/GST recovery	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
	Are there any exemptions with the right to recover or deduct input VAT?	N/A
	Are there any exemptions without the right to recover or deduct input VAT?	All goods and services which are not subject to VAT.
Invoices	Is a business required to issue tax invoices?	Yes
	Is it possible/mandatory to issue invoices electronically?	Yes, it is possible, but not mandatory to issue invoices electronically. Approval from the Tax Authority is required.
	Is it possible for recipient to issue tax invoices/self invoices? ('self-invoicing')	Yes, it is possible to issue both documents.
Audits	Do tax audits take place on a regular basis?	No, if the Tax Authorities detect an irregularity an audit is performed within 5 years from the date of the irregularity.
	Are there audits done electronically in your country (E-Audit)? If so, what system is in use?	No
	What penalties can arise from non-compliance?	<p>Taxpayers that fail to comply with the following requirements are subject to a penalty equal to four average current base salaries (the average base salary for 2011 is HNL5,800 approximately USD300):</p> <ul style="list-style-type: none"> • Failure to maintain accounting books or records as required by law. • Providing false information when registering for VAT. • Not registering with the proper tax authorities. • Refusing to provide information to the tax authorities. <p>The penalty assessed for the late submission of VAT return is 3% monthly of the total VAT return and can be accumulated to a maximum of 36%.</p>

* by 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer)

Special indirect tax rules	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?	No
	In your country, are there unique 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 and Honduras does not refund VAT incurred by overseas companies unless they are registered for VAT in Honduras.
	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 export supplies may enjoy some tax incentives.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country? If so, please provide us with the link to the database	Yes, to be found online at: www.dei.gob.hn



Mexico

<p>General</p>	<p>Types of indirect taxes (VAT/GST and other indirect taxes excluding custom duties)</p>	<p>VAT</p> <p>Special Excise tax on production and services (Impuestos Especial Sobre Producción y Servicios or IEPS for its Spanish Acronym)</p>
	<p>What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?</p>	<p>VAT</p> <ul style="list-style-type: none"> • 16% general rate. • 11% border region. • 0% applicable to exports of goods and services and other transactions. <p>IEPS</p> <ul style="list-style-type: none"> • 25%, 26.5%, 30% and 53% – Alcoholic beverages tax and services related with them (the rates depend on the percentage of alcohol and the type of beverage). • 30.4% and 160% – Tobacco/Cigarettes and related services tax (the rate depends on the elaboration of the tobacco product – 30.4% applies to hand made products only). • 30% – Gambling tax • 3% 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).
	<p>Who is required to register for VAT/GST and other indirect taxes?</p>	<p>VAT</p> <p>Individuals and legal entities that engage in the following activities within Mexican territory:</p> <ul style="list-style-type: none"> • transfer of goods • rendering of independent services • temporary use or enjoyment of goods • importation of goods or services. <p>IEPS</p> <p>Individuals and legal entities if engaged in the following activities:</p> <ul style="list-style-type: none"> • Disposal and permanent import of the above-mentioned goods in the Mexican territory. • Rendering of services related to the above-mentioned goods.

VAT/GST registration	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, 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 VAT registration purposes.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Yes, the following documents must be provided and other requirements must be complied to. <ul style="list-style-type: none"> • A certified copy of the deed of incorporation (in Spanish). • Original document evidencing the address or domicile for tax purposes. • A certified copy of the document that proves the tax identification number of the country of residence, if applicable in the respective country. • Registration of the legal representative/power of attorney to prove the legal representative's identity. • Voter's registration card of the legal representative.
	Is grouping* for VAT/GST and other indirect taxes possible?	No
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Monthly
	What are the exchange rate rules in your country?	The exchange rate applied for VAT purposes is the daily rate applicable on the day the tax point of the transaction was produced. The source of the FX rate is the Mexican Central Bank. The conversion tables are available on the Mexican Tax authorities' web page (www.sat.gob.mx).
VAT/GST recovery	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
	Are there any exemptions with the right to recover or deduct input VAT?	There is a zero-rate which effects are equal to this kind of exemptions.
	Are there any exemptions without the right to recover or deduct input VAT?	All the exemptions regulated on the Mexican VAT Law are of this specific type.
Invoices	Is a business required to issue tax invoices?	Yes

* by 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer)

Invoices (cont.)	Is it possible/mandatory to issue invoices electronically?	<p>Yes, as of 1 January 2011 entrepreneurs, whose annual turnover is more than MXN4,000,000, are obliged to issue electronic invoices in case that the amount of the invoice (before taxes) is higher than MXN2,000. Please note that each one of the e-invoices should be verified by a third party (supplier of certification services) and this verification should be obtained by electronic means from the Mexican Tax Authorities' web page for each electronic invoice. The implementation of this electronic invoicing system requires the following pre-conditions to the taxpayers:</p> <ol style="list-style-type: none"> 1) Having an advanced electronic signature and the certificate on which it is based on. 2) Having a certificate for digital stamping. 3) Contracting a third party supplier of certification services.
	Is it possible for recipient to issue tax invoices/self invoices? ('self-invoicing')	No, except in very specific transactions in which small farmers act as suppliers.
Audits	Do tax audits take place on a regular basis?	Yes, tax audits may take place on a regular basis, but there is no rule regarding their frequency.
	Are there audits done electronically in your country (E-Audit)? If so, what system is in use?	No
	What penalties can arise from non-compliance?	<p>There are certain penalties for failing to fulfill formal obligations.</p> <p>The infringements derived for failure to register or late registration will lead to a penalty ranging between USD209 and USD629.</p> <p>When the VAT payment is partial or totally omitted, the penalties applicable are as follows:</p> <ul style="list-style-type: none"> • There are no penalties applicable if taxpayers pay spontaneously; meaning that they pay prior to the start date of an audit by the Mexican tax authorities. • 20% of the omitted VAT amount, if the taxpayer pays the amount, along with inflation adjustments and interest surcharges, before being notified by the authorities of a final resolution but after audit has begun. • 30% of the omitted VAT amount, if the taxpayer pays the amount, along with inflation adjustments and interest surcharges, after being notified by the authorities of the final resolution. • 55% to 75% of the omitted tax amount in other cases. <p>VAT taxpayers who fail to pay VAT due are obliged to pay interest accrued. The interest rate is 1.13% per month effective 2004 to date.</p> <p>Penalties are also incurred for late filings of a VAT return and late payment of VAT, and insufficiency or omission of VAT return.</p> <p>Fines range from USD84 to USD1,052.</p>

Special indirect tax rules	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?	No
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	Yes, the tax point of the transactions for VAT purposes is a cash basis system (i.e. output VAT accrual when the payment of accounts receivable is received from clients and input VAT can be deducted once the payment of accounts payable is made to suppliers).
	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 supplied by foreign residents.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	No except for reduced rates (see above).
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	No



Nicaragua

General	Types of indirect taxes (VAT/GST and other indirect taxes excluding custom duties)	<ul style="list-style-type: none"> • Value Added Tax (VAT) • Selective Consumption taxes (ISC) • Stamp taxes (ITF)
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	<p>VAT: 15% standard rate, 0 on exports.</p> <p>ISC: Rates between 9% and 10% (oil is subject to a fixed amount per gallon and by type of product).</p> <p>ITF: Fixed rates and ad valorem rates</p>
	Who is required to register for VAT/GST and other indirect taxes?	<p>VAT: Individuals or entities who perform activities of sales of goods, rendering services and imports.</p> <p>ISC: Individuals or entities who introduce goods/merchandise to the country.</p> <p>ITF: Whoever receives the good or right under document taxed.</p>
VAT/GST registration	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, it is an obligation of the taxpayer to register with the tax authorities. For a VAT registration the company needs a permanent establishment in Nicaragua.
	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. It is possible to hire firms or third parties to deal with these issues.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	<ul style="list-style-type: none"> • Original and copy of the constitution and Bylaws, duly registered in the Commercial Register • Photocopy of receipt of public service or lease (if renting) • Photocopy of certificate of legal representative, in the case of foreigners submit a copy of passport and identity card • Registration books in Revenue Administration • Photocopy of identity cards of members. Nicaraguan passports and foreign partners.
	Is grouping* for VAT/GST and other indirect taxes possible?	No

* by 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer)

VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	VAT/ISC: Monthly ITF: At the moment of purchase of the stamps
	What are the exchange rate rules in your country?	In Nicaragua, the exchange rate is set by the Central Bank and it is based on the slip of 5% (devaluation) of the Cordoba against the US Dollar.
VAT/GST recovery	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
	Are there any exemptions with the right to recover or 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.
	Are there any exemptions without the right to recover or deduct input VAT?	The following subjects are exempt from the obligation to accept the transfer of VAT and pay it (on condition that there is a reciprocity with the country): diplomats, diplomatic or consular missions or international organizations accredited in the country, churches, denominations, confessions and religious foundations with legal personality and entities exempted by the Constitution. The following sales or transfers are not exempt of VAT: education, medicine, communication media, family shopping basket, local currency, oil, agriculture, etc. Exempt services not subject to VAT: health care, insurance premium against agricultural and transit risks, non-professional sporting events or promoted by religious bodies, electricity for agricultural irrigation, education services, interest on loans granted by financial institutions, construction contracts for public housing, rental of unfurnished dwelling and land leasing, machinery and equipment.
Invoices	Is a business required to issue tax invoices?	Yes
	Is it possible/mandatory to issue invoices electronically?	Yes, it is possible, but not mandatory.
	Is it possible for recipient to issue tax invoices/self invoices? ('self-invoicing')	No
Audits	Do tax audits take place on a regular basis?	Yes, tax audits are performed at the discretion of the Department of Revenue.
	Are there audits done electronically in your country (E-Audit)? If so, what system is in use?	No
	What penalties can arise from non-compliance?	Failure to comply with formal obligations of taxpayers, involves monetary penalties to be applied as the number of times the taxpayer commits a breach within the period indicated on the prescription. Penalties range from 30 to 150 fine units, each unit is equivalent to twenty-five Cordobas (NIO25).

Audits (cont.)	What penalties can arise from non-compliance? (cont.)	<p>A penalty of 25% of the omitted tax, plus penalties of between 500 and 1500 units can be applied, if tax evasion can be proved, if transfers of tax end up in a decrease of tax profits or for improperly obtained exemptions or tax benefits. Other sanctions could include: business management intervention, confiscation of goods or vehicles and other items used to commit infringement, closure of the premises where the infringement was committed for a maximum of six days.</p> <p>Persons submitting tax returns late and/or tax payment shall pay the credit rate of 5% surcharge per month on unpaid balance. In case a taxpayer does not submit an income tax, a surcharge of 2.5% per month or part month on the unpaid balance, will be charged. Accumulated charges can not exceed 50% of the unpaid balance.</p>
Special indirect tax rules	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?	No
	In your country, are there unique 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)?	<p>The Nicaraguan government established a special tax regime, which is a stimulating element for the development of investment and consequent economic and social benefit for the country.</p> <p>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).</p>
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes, to be found at: www.tta.gob.ni



Panama

General

Types of indirect taxes (VAT/GST and other indirect taxes excluding custom duties)

ITBMS (Panama's VAT).

Stamp tax is levied on the issuance of certain documents.

Selective Consumption tax (ISC as per its abbreviation in Spanish) is an Excise tax on the import of specific goods such as luxury vehicles, jewelry, firearms, alcoholic beverages and tobacco products.

Insurance tax is levied on insurance premiums.

What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?

Standard rate: 7%

Higher rates: 10% (alcoholic beverages and hotel services) and 15% (tobacco products)

There are no zero rate rules for supplies. However, exporters of goods (i.e. services not included) may recover a tax credit certificate related to the input VAT incurred. The same regime applies to local sales of food products and medical/pharmaceutical products. There are several partial exemptions (i.e. without the right to deduct input VAT), including services related to healthcare, education, electricity, insurance and financial services.

Some transfers of goods are also VAT exempt. This includes e.g.:

- agricultural products
- export and re-export of goods
- goods that are inside free zones and those inside customs precincts, as well as warehouses and similar places
- newspapers, magazines, educative magnetic media, notebooks, pencils and other items for school purposes, like books and general publications.

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.

Selective Consumption tax: Various tax rates

Insurance tax: 5% of the premium

Stamp tax: Rate varies depending on the value and type of document

General (cont.)	Who is required to register for VAT/GST and other indirect taxes?	<p>For VAT purposes 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 USD36,000 per year.</p> <p>All individuals or legal entities regarded as taxable persons for VAT purposes are obliged to enroll in the Panama Taxpayer 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>A registration or any indirect tax registration is not possible without a permanent establishment (PE) in Panama. In the case of foreign companies importing goods to Panama, the import must be made by another company located in Panama and with a taxpayer identification number. The local company has to settle the import VAT and recover it in the sale afterwards.</p> <p>In the case of import of services, the client (based in Panama) must pay the non-resident supplier (which is rendering a service within the territory of Panama). When making the payment the client applies a VAT retention, which can be applied afterwards as a credit related with the acquisition of the service. The retention amounts to the total invoiced by the supplier multiplied with the rate 0.65421.</p> <p>Services achieved by a non-resident supplier for a customer based in Panama, which are rendered outside of Panama, are not subject to VAT.</p> <p>For Excise taxes on consumption purposes, the taxpayer is the individual or legal entity which acts:</p> <ul style="list-style-type: none"> • as a provider of taxable services • as a manufacturer, importer or provider of taxable goods. <p>Excise taxes on consumption purposes refers to the Selective Consumption tax, but a distinction is made between Selective tax and Petroleum tax (both of them are Excise taxes on consumption).</p>
VAT/GST registration	Does an overseas company need to appoint a fiscal representative?	No
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	The only registration required in Panama is that related to the Panama Taxpayer Registry (Registro Único de Contribuyentes). Standard registry forms are available online at the Directorate General of Revenue's website, www.dgi.gob.pa .
	Is grouping* for VAT/GST and other indirect taxes possible?	No

* by 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer)

VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Monthly (VAT) Selective Consumption tax can be paid in the customs clearance at the final product placement (in the case of imported products) or on a monthly basis.
	What are the exchange rate rules in your country?	There are no exchange rate rules in place.
VAT/GST recovery	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 Panama are granted the right to recover VAT.
	Are there any exemptions with the right to recover or deduct input VAT?	Exclusively the exportation of goods and the importation and local supplies of food products and medical/pharmaceutical products.
	Are there any exemptions without the right to recover or deduct input VAT?	As a general rule, exemptions do not grant the right to recover VAT.
Invoices	Is a business required to issue tax invoices?	Yes
	Is it possible/mandatory to issue invoices electronically?	Yes, although an authorization from the tax authorities is required.
	Is it possible for recipient to issue tax invoices/self invoices? ('self-invoicing')	No
Audits	Do tax audits take place on a regular basis?	No, audits are carried out on a discretionary basis by the Dirección General de Ingresos.
	Are there audits done electronically in your country (E-Audit)? If so, what system is in use?	No
	What penalties can arise from non-compliance?	Non-compliance is generally subject to a 10% surcharge applied on any VAT tax assessment, interest is also charged for late payment. Tax fraud may be subject to monetary penalties ranging from 5 to 10 times the tax assessed and prison from 2 to 5 years.
Special indirect tax rules	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?	No
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	<ul style="list-style-type: none"> • No refunds can be requested for ITBMS paid in excess. • No ITBMS can be charged on services provided to the State. • There is a special ITBMS regime applicable to concessions granted by the government related to infrastructure projects, the concessionaire is also granted a exemption for VAT. • On a general basis, contracts entered into with the Government will be subject to VAT. The Government will withhold 25% of the VAT charged by the contractor upon payment. This regime may generate excess credit positions to contractors.

Special indirect tax rules (cont.)	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 regimes that grant companies ITBMS exemptions.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	No, rulings and decisions are not publicly available. Tax opinions issued by the Dirección General de Ingresos are available at www.dgi.gob.pa



Paraguay

General

Types of indirect taxes (VAT/GST and other indirect taxes excluding custom duties)

Value Added Tax (VAT), Selective Consumption tax

What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?

VAT standard rate is 10%

A reduced rate of 5% applies to:

- Cession contracts for goods and transfer of immovable property
- The disposal of assets included in the 'family basket': rice, noodles, mate, edible oils, milk, eggs, raw meat, flour and iodized salt.
- Interest, commissions and surcharges on loans and financing.
- Sale of pharmaceutical products.

Exporters have the right to recover VAT incurred on local purchases needed for the manufacture of goods exported overseas.

The 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 include notably some interests, services rendered by civil servants and some other official bodies.

VAT exemption is applicable on some imports of goods (e.g. goods whose local sale is exempt goods brought in travelers' luggage or some capital assets).

General (cont.)	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes? (cont.)	<p>Entities considered as VAT exempt bodies:</p> <ul style="list-style-type: none"> • political parties, entities of public utility, charity and non charity organizations • religious entities recognized by authorities • educative organizations recognized by the Ministry of Education and Culture or by law, for basic, school, technical instruction and university. <p>Consumption tax rates vary from 5% to 50% depending on the type of product.</p>
	Who is required to register for VAT/GST and other indirect taxes?	<p>VAT taxpayers</p> <ul style="list-style-type: none"> • traders • manufacturers • exporters (of taxable and exempted goods) • leasers of real estate • professionals • small taxpayers • owners, partners and companies' directors • Educational organizations not recognized by the Ministry of Education • Companies carrying out financing activities (in general) • 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 • individual businesses (earnings less than PYG100 million annually, approximately USD25,641). <p>Selective Consumption tax taxpayers:</p> <ul style="list-style-type: none"> • manufacturers of taxable goods • importers of taxable goods.
VAT/GST registration	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, foreign companies must have a permanent establishment to be registered for VAT.
	Does an overseas company need to appoint a fiscal representative?	Yes, for VAT a fiscal representative is mandatory.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	N/A
	Is grouping* for VAT/GST and other indirect taxes possible?	No

* by 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer)

VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	VAT: Monthly Selective Consumption tax: Monthly, except fuels which are declared weekly.
	What are the exchange rate rules in your country?	The tax rule on exchange rate provides that the value of transactions in foreign currencies agreed between parties shall be converted into local currency at the exchange rate of the buyer or seller on the open market at the close of the banking day on which the operation took place depending on whether a sale or a purchase respectively. The import and export operations will apply the exchange rate of that seller and buyer market, respectively, whichever considered for this purpose the date of customs clearance.
VAT/GST recovery	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
	Are there any exemptions with the right to recover or deduct input VAT?	Exporters have the right to recover VAT incurred on local purchases needed for the manufacture of goods exported overseas.
	Are there any exemptions without the right to recover or deduct input VAT?	No
Invoices	Is a business required to issue tax invoices?	Yes
	Is it possible/mandatory to issue invoices electronically?	It is not possible to issue invoices electronically.
	Is it possible for recipient to issue tax invoices/self invoices? ('self-invoicing')	Self invoices (Autofactura) 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 (approximately USD426).
Audits	Do tax audits take place on a regular basis?	No, not on a regular basis. Lately there have been tax audits focused on exporter companies mainly to verify the validity of their VAT credits amounts, considering that exporters are the only ones allowed to recover their VAT credits. The competent authority is the tax office (Subsecretaría de Estado de Tributación).
	Are there audits done electronically in your country (E-Audit)? If so, what system is in use?	No
	What penalties can arise from non-compliance?	The main penalty is the refusal from the tax office to refund VAT credits to exporters that did not document their credits connected to export transactions accurately. The tax office also can instruct to open an administrative legal process to investigate the compliance of the company's tax obligations.

Special indirect tax rules	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?	When a company is transferred as a consequence of a process of reorganization (transformation, merger of existing entities, spin off, split off/split up) and capital contribution, VAT will not be due on the sale as long as the transaction is notified to the tax office within a legal term established in the law.
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	<ul style="list-style-type: none"> • 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% 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 and VAT. • Law 60/90: aimed at promoting investments. It grants the beneficiary with the exemption of all taxes (including VAT) on transactions such as 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 USD5 million or more; overseas remittance of dividends and profits from approved investment projects of USD5 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.
	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
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes, and may be found on the tax office's website: www.set.gov.py



Peru

General

Types of indirect taxes (VAT/GST and other indirect taxes excluding custom duties)

General Sale tax (IGV): Spanish acronym for Impuesto General a las Ventas) Municipal Promotion tax (IPMF): Spanish acronym for Impuesto de Promoción Municipal.

Selective Consumption tax (Excise tax) which applies either on a proportional or an ad-valorem basis to the sale and import of certain goods as fuels, cigarettes, beers, liquors, soft drinks, among others.

What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?

The standard rate of VAT is 16%. Nevertheless, the 2% IPMF is charged together with VAT. This amounts to a total indirect taxation of 18%.

Selective Consumption tax is applied under three systems:

- (i) Specific, which involves a fixed amount in local currency for each unit.
- (ii) At the value, a percentage of the sale price.
- (iii) The sale price, a percentage of the suggested retail price.

Selective Consumption tax rates vary depending on the goods subject to it and the system applied.

Zero rated operations

- Exports of goods and services.
- VAT exempt operations (no input VAT deduction on related costs).
- Operations described in Appendix I and Appendix II of the IGV Law:

Appendix I

In general, the sale or import of livestock, fresh vegetables, cereals, phosphates, fertilizers, etc.

Appendix II

Public transportation services, cargo transportation, cultural performances, sale of food in popular dining rooms, vessel construction and repairing by foreign enterprises, interest derived of securities issued by individuals or legal entities, incorporated or established in Peru, insurance policies issued by insurance companies established in Peru, etc.

Taxpayers carrying out both In case of executing VAT-exempt and taxable operations can recover VAT based on a pro rata.

General (cont.)	Who is required to register for VAT/GST and other indirect taxes?	<p>VAT taxpayers required to register are those carrying VAT taxable operations:</p> <ul style="list-style-type: none"> • sale of movable goods within the country • services rendered by companies domiciled within the country • service utilization rendered by non-domiciled • first sale of immovable property by the constructors • building contracts • import of goods • exports of goods and services.
VAT/GST registration	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>Unless, the non-resident company has a Permanent Establishment (PE) in Peru, it cannot register for VAT purposes.</p> <p>Only domiciled companies can obtain a taxpayer's registration number.</p>
	Does an overseas company need to appoint a fiscal representative?	No, unless it has a permanent establishment.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	N/A
	Is grouping* for VAT/GST and other indirect taxes possible?	N/A
VAT/GST compliance	How frequently are VAT/GST and other Indirect taxes returns submitted?	Monthly
	What are the exchange rate rules in your country?	<p>If operations are performed in a foreign currency, they must be converted to PEN by applying the 'weighted average sale price' published by the Banking and Insurance Superintendence at the time the tax liability arises.</p> <p>In case of imports, operations must be converted into PEN by applying the 'weighted average sale price' published by the Banking and Insurance Superintendence at the time the tax liability is paid.</p>
VAT/GST recovery	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
	Are there any exemptions with the right to recover or deduct input VAT?	<p>The regular way to recover input VAT derived from purchases is to offset it against the output VAT derived from local sales.</p> <p>If a taxpayer performs VAT exempt and taxed operations, the input VAT related to exempt operations cannot be recovered. Therefore, either a specific identification system or, if it not possible, a pro rata system should be applied.</p> <p>The input VAT that cannot be offset should be included in the cost of goods and services.</p> <p>Exporters (whose exports are zero-rated) are allowed to offset the input VAT against the Advance Corporate Income tax payments, the Annual Income tax liability, or any other Central Government tax liability.</p>

* by 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer)

VAT/GST recovery (cont.)	Are there any exemptions with the right to recover or deduct input VAT? (cont.)	<p>If this is not possible, taxpayers can request an input VAT refund capped at 18% of the shipped exports. The remaining balance that cannot be refunded could be carried forward to the following reporting period it can be subject to a later refund.</p> <p>Furthermore, input VAT incurred on purchases of USD1,000 or more is deductible/refundable only if the payment was executed by means of a banking systems. Such a Peruvian banking system includes: bank deposits, wire transfers, paying orders, credits, debit cards and non negotiable checks.</p> <p>This specific requirement also implies a 0.05% tax imposed on debits and credits applicable for Peruvian bank accounts.</p>
Invoices	Is a business required to issue tax invoices?	Yes
	Is it possible/mandatory to issue invoices electronically?	Yes, as from 19 July 2010 tax payers with income no bigger than USD2,185,000 can opt to issue their invoices electronically.
	Is it possible for recipient to issue tax invoices/self invoices? ('self-invoicing')	<p>Yes, self invoicing is known in Peru as 'Liquidación de Compra'.</p> <p>Self invoices are issued by the purchaser when the seller does not have a tax identification number or is an individual selling:</p> <ul style="list-style-type: none"> • farming products • small-scale fishing • logging • wild products • small-scale gold mining • arts and crafts • waste material as well as metal and non-metallic wastes • paper waste and rubber waste.
Audits	Do tax audits take place on a regular basis?	Tax audit procedures take place on a discretionary basis. Tax authorities continuously evaluate taxpayer's behavior considering different elements such as: penalties, accumulation of input VAT, etc.
	Are there audits done electronically in your country (E-Audit)? If so, what system is in use?	No
	What penalties can arise from non-compliance?	<p>If VAT liability is re-assessed by tax authorities, penalties are among others:</p> <ul style="list-style-type: none"> • A tax fine equivalent to 50% of the omitted VAT plus 1.2% monthly interest. This fine can be reduced up to 90% under certain conditions. • The omitted (re-assessed VAT) must be paid with a 1.2% monthly interest.
Special indirect tax rules	In your country are there any special rules for the sale of a company by a taxpayer to another where GST is not due on the sale?	No, there are no TOGC rules in Peru.
	In your country, are there unique specific indirect taxes rules that you would not expect to find in 'standard' VAT jurisdictions?	Zero-rated exports of goods may include sales made to commercial establishments located in duty free areas, sales made in these establishments, swap operations made by mining producers, and provision of lodging to non-residents, among others.

<p>Special indirect tax rules (cont.)</p>	<p>In your country, are there unique specific indirect taxes rules that you would not expect to find in 'standard' VAT jurisdictions? (cont.)</p>	<p>So far only a few services could be tax-exempt, as they had to be included in a list of export services approved by the Finance and Economic Ministry and needed to fulfil certain specific requirements. However, the definition of export of services has been extended to other types of services and classified into the following:</p> <ul style="list-style-type: none"> • Cross-border trade services (services supplied from Peru to another country). • Foreign consumption (services acquired in Peru by a non-domiciled consumer who moves into the country). Some of these services require that the non-domiciled individual, user of the service, is in the country at the time the service is rendered and consumed. • Commercial presence (services supplied by establishing a branch or permanent establishment in the other country). • Individuals presence (services supplied by moving individuals into the other country).
	<p>Does a reverse charge mechanism apply in your country for goods or services?</p>	<p>Yes, based on the 'services utilization within the country' rules.</p> <p>It is applicable to services rendered by non domiciled services providers to resident companies. In this case the resident recipient of the services is liable for paying the VAT due on the supply. It is entitled to deduct this VAT, provided the payment was registered into its purchase book.</p> <p>In case of goods, there is no reverse charge mechanism applicable. Nonetheless, the domiciled goods acquirers are jointly and severally liable for the VAT if this is not paid by the non-domiciled seller. For this reason and because of there is no specific collecting mechanism for the non domiciled seller to pay the VAT, domiciled acquirers may withhold VAT from the price to be paid in order to pay it directly to the tax authorities.</p>
	<p>Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?</p>	<p>The import of goods into the Amazon is VAT exempt provided imported goods would be consumed within this region.</p> <p>The sale of movable goods, supply of services and building contracts within the Amazon are VAT exempt.</p> <p>The sale of movable goods within the Amazon region is VAT exempt. Therefore, importers of movable goods to be consumed within this region can request the 'definitive reimbursement' of the Input VAT paid when acquiring such goods outside the Amazon.</p> <p>Additionally, it should be mentioned that there is a system allowing the early recovery of input VAT paid by corporations in a pre-operative stage, which have signed an Investment Agreement with the Peruvian Government and provided they are committed to invest at least USD5 million.</p>
<p>Rulings</p>	<p>Are rulings and decisions issued by the tax authorities publicly available in your country?</p>	<p>Yes, the tax authority's rulings can be found at: www.sunat.gob.pe/legislacion/tributaria/index.html</p>



Puerto Rico

General	<p>Types of indirect taxes (VAT/GST and other indirect taxes excluding custom duties)</p>	<p>Sales and Use tax (IVU-Impuesto de Ventas y Uso).</p> <p>Excise tax on imports of sugar, cement, vehicles, cigarettes, liquor and petroleum.</p>
	<p>What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?</p>	<p>Sales and Use tax: 7%</p> <p>Excise tax: depends on the category of goods</p> <p>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"> 1) Both merchants, the seller and purchaser must be registered with the Merchant's Registry of the Puerto Rico Treasury Department. 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. <p>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.</p>
	<p>Who is required to register for VAT/GST and other indirect taxes?</p>	<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"> • If the merchant has establishments or offices in Puerto Rico • 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

General (cont.)	Who is required to register for VAT/GST and other indirect taxes? (cont.)	<ul style="list-style-type: none"> • If the merchant owns tangible personal property or real property in Puerto Rico • 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 • If the merchant accepts, expressly or implicitly, the tax levied by Subtitle BB of the Code • 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.
VAT/GST registration	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>Yes, merchants who do not have a commercial establishment in Puerto Rico and for any reason have created a nexus with Puerto Rico, including but not limited, due to:</p> <ul style="list-style-type: none"> (i) The execution of direct marketing or purchases by mail, radio, distribution of unsolicited catalogs, through computers, television or any other electronic means, or advertisements in magazines or newspapers, or other means. (ii) The existence of an agreement or reciprocity or implicitly with their origin jurisdiction. (iii) The merchant's acceptance expressly or implicitly, of the tax levied by the Code. (iv) The creation of a sufficient connection or relationship with Puerto Rico or its residents of some sort with the purpose or objective of creating a sufficient nexus with Puerto Rico.
	Does an overseas company need to appoint a fiscal representative?	No
	Which forms and supporting documentation does an overseas company need to submit 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
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Monthly
	What are the exchange rate rules in your country?	Puerto Rico uses the US dollar. There are no specific rules on exchange rates.

* by 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer)

VAT/GST recovery	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
	Are there any exemptions with the right to recover or deduct input VAT?	Any merchant who claims a credit against his or her obligation to pay the sales tax, shall keep and have available for the Secretary all the documentation needed to verify the merchant's right to such credit. The Secretary may reject a credit claimed in the Monthly Sales & Use tax return, insofar as it is not supported by the information required in this article, in which case, the amount owed shall be considered a deficiency.
	Are there any exemptions without the right to recover or deduct input VAT?	Merchants who are resellers, and who do not hold an Exemption Certificate at the moment of paying the sales tax for items that they resell, shall not be entitled to claim a credit for taxes paid for such items.
Invoices	Is a business required to issue tax invoices?	No
	Is it possible/mandatory to issue invoices electronically?	Possible, not mandatory
	Is it possible for recipient to issue tax invoices/self invoices? ('self-invoicing')	Yes
Audits	Do tax audits take place on a regular basis?	The indirect tax is the most active tax pursued by Treasury. Frequency depends on industry. An annual communication or request for information could be expected.
	Are there audits done electronically in your country (E-Audit)? If so, what system is in use?	Treasury is currently implementing this.
	What penalties can arise from non-compliance?	Depending on the infringement specific penalties apply. There is a whole table of penalties.
Special indirect tax rules	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?	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 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.
	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, back to school goods. On or before 1 June of each year, the Secretary of Treasury shall issue a Circular Letter specifying a period of three days in the month of July, during which the retail sale of those covered articles as defined by the Puerto Rico Internal Revenue Code of 1994, as amended ('the Code') are exempt from the payment of sales tax. In those years for which no Circular Letter is issued, there shall be understood that the period begins at 12:01 a.m. of 15 July and ends at twelve midnight of 17 July of each year.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	No, most determinations are private.



Uruguay

General	Types of indirect taxes (VAT/GST and other indirect taxes excluding custom duties)	Value Added Tax (VAT) Excise tax (IMESI): applies to the first transaction carried out by manufacturers or importers of certain goods in the domestic market.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	VAT standard rate is currently 22%. A reduced rate of 10% applies to certain goods and services, such as basic food items, medicines and services rendered by hotels. IMESI: 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% for alcoholic beverages and 70% for tobacco. Petroleum products are taxed on their selling price at different rates. The rate can be as high as 133%, 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%.
	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 at the tax office for tax purposes. The VAT or IMESI registration procedure in Uruguay is the same as for the rest of the local taxes (Corporate Income tax, Capital tax, etc). In order to develop a commercial activity in Uruguay, a foreign company must register for all tax purposes (and not just for VAT), as it would need to set up a permanent establishment.
VAT/GST registration	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
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	N/A
	Is grouping* for VAT/GST and other indirect taxes possible?	No

VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Monthly
	What are the exchange rate rules in your country?	Tax returns have to be presented in Pesos. The Central Bank of Uruguay (BCU) regulates and provides all exchange rates. The exchange rate of the day previous to the transaction applies.
VAT/GST recovery	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
	Are there any exemptions with the right to recover or deduct input VAT?	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. 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.
	Are there any exemptions without the right to recover or deduct input VAT?	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. 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.
Invoices	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/mandatory to issue invoices electronically?	Yes
	Is it possible for recipient to issue tax invoices/self invoices? ('self-invoicing')	No
Audits	Do tax audits take place on a regular basis?	Tax audits take place regularly, but not with a specified periodicity. The scope of the audit is determined by the tax authorities and taxpayers have the obligation to provide all the relevant commercial and fiscal information and documents.
	Are there audits done electronically in your country (E-Audit)? If so, what system is in use?	No
	What penalties can arise from non-compliance?	Depending on the type of infraction, penalties can include monetary sanctions, surcharges (interest) or other measures that may include temporary closing of the business or other criminal liabilities (e.g. fraud).

* by 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer)

Special indirect tax rules	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?	No
	In your country, are there unique 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?	Yes
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Movement of goods inside Uruguayan free zones or port 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.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes, rulings are available on the tax office website: www.dgi.gub.uy



Venezuela

General	Types of indirect taxes (VAT/GST and other indirect taxes excluding custom duties)	VAT
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	<p>Standard Rate</p> <p>12%</p> <p>Zero Rate</p> <ul style="list-style-type: none"> • Exportation of goods and services. • Sale of natural hydrocarbons performed by joint-ventures companies ('empresas mixtas') to Petróleos de Venezuela S.A. or any of its subsidiaries. <p>Reduced Rate</p> <p>Certain goods and services (such as red meat, animal oil or domestic plane tickets), are temporary subject to the rate of 8%, until the budget law provides a different rate. This reduced rate allows the taxpayer to recover any VAT paid.</p>
	Who is required to register for VAT/GST and other indirect taxes?	<p>Venezuelan Entities</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>Foreign Entities</p> <p>Foreign entities are not required to charge 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>
VAT/GST registration	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?	N/A
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	N/A
	Is grouping* for VAT/GST and other indirect taxes possible?	No

* by 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer)

VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Monthly
	What are the exchange rate rules in your country?	The country is under an exchange control regime. When the official exchange rate is modified, the VAT basis must be adjusted and credit or debit notes must be issued. The official exchange rate is VEF4,300/1USD at present and is provided by the Central Bank of Venezuela. This rate has been effective since January 2010.
VAT/GST recovery	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.
	Are there any exemptions with the right to recover or deduct input VAT?	On local sales not subject to VAT, the taxpayer is not allowed to recover or deduct the input VAT.
	Are there any exemptions without the right to recover or deduct input VAT?	No
Invoices	Is a business required to issue tax invoices?	Yes
	Is it possible/mandatory to issue invoices electronically?	No
	Is it possible for recipient to issue tax invoices/self invoices? ('self-invoicing')	No, invoices must be printed by authorized (by the tax authorities) printing companies.
Audits	Do tax audits take place on a regular basis?	VAT audits take place often, even more often than once a year.
	Are there audits done electronically in your country (E-Audit)? If so, what system is in use?	No
	What penalties can arise from non-compliance?	Who, by either action or omission, causes an illegal diminution of the tributary income, including the illegal benefit of exemptions, fiscal exonerations or other benefits, will be sanctioned with a fine of 25% to 200% of the omitted tax. Also in cases of non-compliance with formal duties, the company could be closed from one to five business days.
Special indirect tax rules	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?	Stocks sales are not subject to VAT. 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 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 than specified above. Financial institutions (banks) charge VAT only on leasing operations (not very common in Venezuela). As unique rule, special taxpayers are required to withhold the 75% of the VAT invoiced to them.
	Does a reverse charge mechanism apply in your country for goods or services?	Yes
	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.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes, the link to the tax authorities is: www.seniat.gov.ve

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