



Nicaragua

General	Types of indirect taxes (VAT/GST and other indirect taxes)	VAT.
	Are there other indirect taxes?	<ul style="list-style-type: none"> — 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?	<ul style="list-style-type: none"> — VAT: 15% standard rate, 0% on exports. — ISC: rates between 9% and 30%. A few items exceed 30% (oil is subject to a fixed amount per gallon and by type of product). — ITF: fixed rates and ad valorem rates.
	Who is required to register for VAT/GST and other indirect taxes?	<ul style="list-style-type: none"> — VAT: Individuals or entities that perform activities of sales of goods, rendering services and imports through a permanent establishment. — ISC: Individuals or entities that produce or introduce goods and/or merchandise to the country. — ITF: Whoever receives the good or right under the document taxed.
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. Under Nicaraguan VAT legislation, it is not possible for a non-resident entity to voluntarily register in Nicaragua and act as an established entity.
	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?	Not applicable.
	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?	<ul style="list-style-type: none"> — 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 Nicaraguan cordoba (NIO) against the US dollar.

* 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?	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 restrictions to the deduction of input VAT?	Yes, there are some exemptions not allowing a recovery of input VAT (e.g. health care-related services, loans granted by financial institutions and land leasing). Exempt services: health care, insurance premiums 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?	It is possible, but not mandatory.
	Is it possible for recipients to issue tax invoices/self-invoices (self-invoicing)?	Yes, in certain cases (self-consumption).
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 and each unit is equivalent to NIO25. 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 and closure of the premises where the infringement was committed for a maximum of 6 days. Persons submitting tax returns late and/or tax payment shall pay the credit rate of 5% surcharge per month on unpaid balance. Where a taxpayer does not submit an income tax, a surcharge of 2.5% per month or partial month on the unpaid balance will be charged. Accumulated charges cannot exceed 50% of the unpaid balance.

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, Non-governmental organizations (NGO), energy industries and tourism industries).</p>
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes, they can be found at www.tta.gob.ni .