



Nicaragua

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| General | Types of indirect taxes (VAT/GST and other indirect taxes). | VAT. |
| | Are there other indirect taxes? | — 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? | — 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? | — 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 tax registrations? | Not applicable. |
| | Is grouping* for VAT/GST and other indirect taxes possible? | No. |
| VAT/GST compliance | How frequently are VAT/GST and other indirect tax 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 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 fiction for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

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| 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. healthcare-related services, loans granted by financial institutions and land leasing). Exempt services: healthcare; 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 the vendor to issue an invoice, i.e. is self-billing possible? | 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 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 there is proof of tax evasion, 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 and/or tax payments late shall pay the credit rate of a 5% surcharge per month on the 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. |

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| Special indirect tax rules | Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale? | No. |
| | 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 for goods or services? | No. |
| | Are there indirect tax incentives available (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 a 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? | Yes, they can be found at www.tta.gob.ni . |