



Tax Flash



Dominican Republic: Tax incentives for commercial civil aviation

The Executive Branch enacted Law no. 57-23 (hereinafter, the “Law”), which establishes a regime of tax incentives for national and international commercial civil aviation, with a view to promoting and increasing the competitiveness of civil aviation in the Dominican Republic, as well as strengthening the position of the country as a connection point for international trade and investment.

It is appropriate to highlight that the new tax incentives would only be applicable to national or foreign air operators that have a permanent establishment in the country. Moreover, certain limitations are imposed on transactions with jurisdictions that are considered to be of low or nil taxation (e.g., tax havens).

Below is a summary of the referred tax incentives:

Law no. 57-23 on tax incentives for civil aviation	
Tax Concept	Taxes, Fees or Exemptions
Payments abroad for aircraft and engine aircraft leasing.	Total exemption from income tax withholding
Payments abroad for aircraft maintenance and repair services.	Total exemption from income tax withholding
Payments abroad for crew training.	One-time, reduced income tax withholding of 5%
Inbound flights to the Dominican Republic, where a Dominican operating company sells the complete flight to a foreign entity (charter).	Exemption from 18% Value Added Tax (VAT)
Import of aircraft with subheadings 8802.30.00 y 8802.40.00.	Tariffs and Value Added Tax (VAT)
1% Tax on Assets	Exempt

KPMG confirms its interest in assisting you in taking advantage of the tax incentives of said regulations.



José Manuel Romero

Partner, Tax & Legal-Outsourcing
joseromero1@kpmg.com

TAX PRACTICE SERVICES

Tax opinions

Fiscal assistance

Tax compliance

Tax diagnosis

Tax planning for mergers and acquisitions

Tax planning and audit

Individual tax planning

Best,

José Manuel Romero
Partner, Tax & Legal – Outsourcing

Services

Corporate:	International Trade:	Fiscal Litigation:
<ul style="list-style-type: none">• General legal advice• Negotiation of transactions on behalf of clients• Legal services in mergers and acquisitions (including legal due diligence services)• Consultancy and opinion before the tax authority• Social security and remunerations• Foreign investment, Free Trade Zones, Law 173• Legal compliance• Global entity management• Regulatory compliance of financial services	<ul style="list-style-type: none">• International trade and customs assistance• Rules of origin and customs classification• International trade diagnosis• Customs audit	<ul style="list-style-type: none">• Legal fiscal assistance• Representation of clients before tax courts / arbitration forums• Fiscal legal procedures and constitutional rights• Customs and international trade dispute resolution• Double taxation and tax treaties dispute resolution• Enquiries to the tax authority

Preparation and filing of returns and monthly reports

Administrative appeals

Transfer pricing

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KPMG Dominicana, S. A., Winston Churchill avenue, Acrópolis Center Tower, suite 23, Santo Domingo, Dominican Republic

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