



# 2017 Americas indirect tax country guide

**Global Indirect Tax Services**

KPMG International

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**Given the huge volumes of value added tax/general sales tax (VAT/GST) transactions that must be handled at any one time, finance and tax directors in the Americas region 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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# Introduction

## Welcome to the 2017 Americas indirect tax country guide by KPMG's Global Indirect Tax Services.

This year's guide covers 32 jurisdictions throughout the Americas. We've expanded the guide this year to feature indirect tax<sup>1</sup> information for three additional countries: Antigua, St. Lucia and St. Vincent and the Grenadines.

Since the last edition of this guide was published, the indirect tax landscape has continued to grow more complex across the Americas region. In the US, tax reform is high on the agenda of the new federal administration, with potentially far-reaching implications for cross-border dealings where indirect taxes are concerned. Meanwhile, in Latin America, pressure on tax authorities to boost collections and their increasingly sophisticated use of technology is transforming indirect tax compliance and the way companies and individuals interact with local tax authorities.

### United States — tax reforms on the horizon

In the US, both the new administration and Congress have signaled that tax reform is a major priority. In April 2017, the Trump administration released a short list of tax reform principles, which include lowering the corporate tax rate to 15 percent and significantly reducing personal income tax rates. Among other changes, the proposals would move the US from a worldwide tax system to a territorial one.

It had been widely speculated that the US might introduce the destination-based cash-flow tax — commonly called a border adjustment tax — as proposed in the House Republicans' 'Blueprint' for US tax reform in June 2016. However, the administration indicated in April 2017 that it would not support this controversial proposal in its current form.

How the administration proposes to pay for income tax rate cuts is not specified. It has been estimated that the cuts could increase the US federal budget deficit by several trillion dollars over 10 years.

Some commenters have speculated that the US might be wise to consider replacing lost income tax revenue by adopting a value added tax — an idea the US has steadfastly resisted even as such taxes have been put in place in over 160 countries worldwide. These taxes are widely acknowledged as progressive, with built-in efficiencies to broaden the tax base, decrease the cascading effect of multiple indirect taxes and contain revenue leakage.

Canada, for example, introduced its federal goods and services tax (GST) in 1991. The country's former federal sales tax was seen as making exports less competitive and as favoring imports over domestic products — concerns echoed by the current US administration.

Since 2000, one commenter observes that the federal government's reliance on the GST allowed it to cut the country's net general corporate tax rate almost in half (from 28 percent to 15 percent). In fact, the government now collects almost as much in GST as it does in corporate taxes.<sup>2</sup> Unlike the proposed border adjustment tax, this commenter notes that a form of VAT would balance import taxes imposed by Canada, Mexico and other US trading partners without trade distortions or overt protectionism.

Whether the US will ultimately decide to adopt a VAT or a border adjusted tax in modified form remains to be seen.

<sup>1</sup> In this guide, indirect taxes are defined as transactional taxes including VAT/GST, consumption taxes and other subnational taxes (e.g. Brazilian ICMS, Canadian provincial sales tax, US sales tax and similar tax regimes that are levied on a state, provincial or local basis).

<sup>2</sup> "In his corporate tax cut quest, Trump should take cues from Canada's GST," *The Globe and Mail*, 26 April 2017.



## Latin America — digitalizing indirect tax reporting and compliance

Since Chile first introduced the concept of electronic invoices for documenting business transactions more than a decade ago, e-invoice requirements have spread across the region. Along with Chile, mandatory systems for issuing and submitting e-invoices are now in place in, among others, Argentina, Peru and Uruguay.

These countries say they are imposing extensive digitalization requirements to tackle tax evasion and increase tax transparency. Boosting collections appears to be the ultimate aim, however, as tax authorities grow more aggressive and tax digitalization opens opportunities for them to employ increasingly sophisticated data analytics techniques to identify issues and patterns of non-compliance.

Brazil and Mexico have taken tax digitalization to a whole different level. For example, Brazil's Public Digital Bookkeeping System (SPED, by its Portuguese acronym) integrates federal, state and municipal tax reporting through standardized digital accounting and filing of all tax information. The system allows

the tax authorities to review a broad range of taxpayer data to identify mismatches between different filings (including tax filings and accounting reports). Intelligence produced by SPED is driving most Brazilian tax audits today.

Similarly, Mexico now requires almost all tax filings, refund claims and reporting to be conducted electronically. Taxpayers are required to keep digital accounts and submit accounting data monthly. Like Brazil, Mexico is well advanced in using data analytic processes to identify audit targets by flagging inconsistencies in taxpayers' reported profits and tax accounts from year to year.

The new requirements are increasing the pressure on taxpayers to ensure the data they provide to tax authorities is accurate, complete and consistent. Just as technology is driving new compliance requirements, it also offers solutions. International companies and their advisers are putting in place technology platforms to reduce the operational risks associated with the hostile compliance environment in the region.

Some of the most advanced and effective resources in the market are extraction technologies that connect a company's enterprise resource planning (ERP) systems with the accounting or tax teams without any need for manipulation or intervention. Software solutions can cross-check thousands or more lines of information before the financial statements or tax returns are filed.

Given the scope and level of financial detail that tax authorities can now access, technologies like these can give tax teams a clear picture of their company's finances so they can spot indirect tax risks, confirm the integrity of their data, and meet their compliance needs. At the same time, technology solutions and analytic techniques are enabling indirect tax leaders to go beyond compliance to derive strategic insights from their compliance data and deliver value-adding advice to the business.



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# Americas indirect tax overview

|                          | Types of indirect taxes (VAT/<br>GST/other indirect taxes<br>excluding custom duties) | Standard VAT/GST rate   | Voluntary VAT/GST registration<br>possible for an overseas<br>company? | Does an overseas company<br>need to appoint a fiscal<br>representative? | VAT/GST grouping possible? |
|--------------------------|---|---|--|---|----------------------------|
| Antigua                  | Antigua and Barbuda sales tax   | 15%   | Yes  | Yes   | No                         |
| 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 attributable to the<br>municipality  |  |   |                            |
|                          | Stamp tax   | 1% of the total value of the contract or instrument   |  |   |                            |
| Aruba                    | Turnover tax and health levy  | 1.5% turnover tax and 2% health levy  | No   | N/A   | Yes                        |
| Bahamas                  | VAT, stamp duty, real property tax, business<br>licence fees                          | 7.50%   | Yes  | No  | Yes                        |
| Barbados                 | VAT, NSRL (national social responsibility<br>levy).                                   | 17.50%  | Yes  | Yes   | No                         |
| Bolivia                  | VAT   | 13% (effective rate 14,94%)   | No   | N/A   | No                         |
|                          | Excise tax (Impuesto al Consumo<br>Especifico, ICE)                                   | Ad valorem ranging from 10% to 55%  |  |   |                            |
| Brazil                   | ICMS (state sales tax)  | 17% - Acre, Alagoas, Ceará, Espírito Santo, Goiás,<br>Mato Grosso, Mato Grosso do Sul, Pará, Piauí,<br>Rondônia, Roraima, Santa Catarina<br><br>18% - Amazonas, Amapá, Bahia, Distrito Federal,<br>Maranhão, Minas Gerais, Paraíba, Paraná,<br>Pernambuco, Rio Grande do Norte, Rio Grande do<br>Sul, São Paulo, Sergipe, Tocantins<br><br>19% - Rio de Janeiro | No   | Yes   | No                         |
|                          | IPI (federal excise tax)  | Ranges from 0% to a maximum of 330% and<br>average about 10%  |  |   |                            |
|                          | ISS (services tax)  | Ranges from 2% to 5%  |  |   |                            |
|                          | COFINS (social contribution for social<br>security financing)                         | 3% / 760% ~ 9.65% (importation of goods)  |  |   |                            |
|                          | PIS (employees' profit participation<br>program)                                      | 0.65% / 1.65% ~ 2.10% (importation of goods)  |  |   |                            |
| Canada                   | GST, HST, QST, PST  | 5% GST, 13% to 15% HST, 5% to 8% PST, and<br>9.975% QST   | Yes, if<br>company<br>meets<br>certain<br>conditions                   | No  | No                         |
| Caribbean<br>Netherlands | General consumption tax (abbreviation in<br>Dutch: ABB)                               | The standard rate is 8% in Bonaire (however 6%<br>for services and 7% for insurance services). The<br>standard rate is 6% in Saba and St. Eustatius<br>(however 4% for services and 5% for insurance<br>services)   | No   | No  | No                         |

|                       | 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 restrictions to the deduction of 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)? | Does a reverse charge mechanism apply for goods or services | Are rulings and decisions publicly available in your country? |
|-----------------------|---|--|---|---|---|--|--|---|---|---|---|
| Antigua               | Monthly   | No   | Yes   | Yes   | Yes   | Yes  | No   | Yes   | No  | Yes   | No  |
| Argentina             | Monthly   | No   | Yes   | Yes   | Yes   | Yes  | No   | No  | Yes   | Yes   | Yes   |
| Aruba                 | Monthly   | No   | N/A   | N/A   | Turnover tax: no, health levy: yes  | Yes  | No   | No  | No  | No  | No  |
| Bahamas               | Quarterly/ monthly or semi-annually based on turnover | No   | Yes   | Yes   | Yes   | Yes  | No   | Yes   | No  | Yes   | No  |
| Barbados              | VAT and NSRL returns are submitted bi-monthly.        | No   | Yes   | Yes   | Yes   | Yes  | No   | Audits take place, but not in any specified periods or frequency. Commonly occur if the person is in a refund position. | No  | No  | No  |
| Bolivia               | Monthly   | No   | Yes   | Yes   | Yes   | Yes  | No   | Yes   | No  | No  | Yes   |
| Brazil                | Monthly   | No   | N/A   | Yes   | Yes   | Yes  | No   | Yes   | Yes   | No  | Yes   |
| Canada                | Monthly, quarterly or annually (based on revenues)    | No   | No  | Yes   | Yes   | Yes  | No   | No  | Yes   | Yes   | No  |
| Caribbean Netherlands | Monthly (or quarterly)                                | No   | No  | Yes   | No  | Yes  | No   | Yes   | No  | Yes   | No  |

# Americas 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?                           |
|--------------------|--|---|---|---|--|
| Chile              | VAT  | 19%   | No  | Yes   | No   |
|                    | Additional tax on sumptuary products   | Ranges from 15% to 50%  |   |   |  |
|                    | Additional tax on alcoholic beverages  | Ranges from 20.5% to 31.5%  |   |   |  |
|                    | Additional tax on non-alcoholic beverages  | Ranges from 10% to 18%  |   |   |  |
|                    | Additional tax on tobacco products   | Ranges from 52.6% to 59.7%  |   |   |  |
|                    | Additional tax on emissions  | Tax rate under a fixed formula  |   |   |  |
|                    | Stamp tax  | ranges from 0.332% to 0.8%  |   |   |  |
| Colombia           | VAT  | 19% standard rate   | Currently enforceable tax law does not establish a voluntary registration regime. | An overseas company required to file vat returns would be liable to appoint an authorized signatory of the returns.<br><br>The recent tax reform established a mandatory registration regime for foreign providers of taxable services however the registration procedure is on hold the deadline to establish it is July 2018. | No   |
|                    | National excise tax  | 4%, 8% or 16%   |   |   |  |
|                    | Regional excise duties   | On liquor depending on two features, the first one expressed in cop the second one expressed in a percentage<br><br>On tobacco depending on two features, the first one is a fixed feature, the second one is 10% over the selling price<br><br>On beers 48% on beer mixtures 20% |   |   |  |
|                    | Financial tax  | 0.4%  |   |   |  |
|                    |  |   |   |   |  |
| Costa Rica         | VAT  | 13% standard rate   | No  | No  | No   |
|                    | Excise tax   | Ranges from 10% to 50%  |   |   |  |
| Cuba               | Sales tax on goods (impuesto sobre la venta)                                       | 2% tax rate on wholesale sales and 10% tax on retail sales  | No regulations have been promulgated in this respect                              | Yes, if it has a permanent establishment  | No regulations have been promulgated in this respect |
|                    | Sales tax on services (impuesto sobre los servicios)                               | 10% tax rate on services  |   |   |  |
|                    | Excise duty on alcohol, cigars, etc. (impuesto especial a productos y servicios)   | Rates are not published yet   |   |   |  |
| Curaçao            | Sales tax  | 6%  | No  | No  | No   |
|                    | Real state transfer tax  | 4%  |   |   |  |
| Dominican Republic | VAT or impuestos a la transferencia de bienes industrializados y servicios (ITBIS) | 18% (please note there is a reduced rate of 16% on selected goods. In the case of imports, selected raw materials are exempted)   | No  | Yes   | No   |
|                    | Excise tax   | Ranges from 10% to 130%   |   |   |  |
|                    | Ad-valorem taxes   | Ranges from 10% to 20%  |   |   |  |
| Ecuador            | VAT  | 12% standard rate   | No  | N/A   | No   |
|                    | Special consumption tax (ICE)  | Ranges from 5% and 300%   |   |   |  |
|                    | Capital outflow tax (ISD)  | 5%  |   |   |  |
| El Salvador        | VAT  | 13%   | No  | Yes   | No   |
| Guatemala          | VAT  | 12%   | No  | No  | No   |

|                    | 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 restrictions to the deduction of 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)? | Does a reverse charge mechanism apply for goods or services                    | Are rulings and decisions issued by the tax authorities publicly available in your country? |
|--------------------|---|--|---|---|---|--|--|--|---|--|---|
| Chile              | Monthly   | No   | Yes   | Yes   | Yes   | Yes  | No   | No   | No  | Yes  | Yes   |
| Colombia           | Returns frequency is either bi-monthly or quarterly depending on the previous year's gross income | No   | Yes   | Yes   | Yes   | Yes  | No, in certain specific operations an internal document equivalent to an invoice should be prepared by the recipient | No   | No  | A reverse charge mechanism is applicable in certain supply of taxable services | Yes   |
| Costa Rica         | Monthly   | No   | Yes   | Yes   | Yes   | Yes  | No   | No   | No  | No   | Yes   |
| Cuba               | Monthly   | No regulations have been promulgated in this respect                                 | Not applicable since there is no VAT system                             | N/A   | N/A   | N/A  | N/A  | Yes  | N/A   | N/A  | No  |
| Curaçao            | Monthly   | No   | No  | N/A   | Yes   | Yes  | No   | Yes  | No  | Yes  | No  |
| Dominican Republic | Monthly   | No   | Yes   | Yes   | Yes   | Yes  | No   | Yes  | Yes   | No   | No  |
| Ecuador            | Monthly   | No   | Yes   | Yes   | Yes   | Yes  | Yes  | No   | No  | N/A  | No  |
| El Salvador        | Monthly   | No   | Yes   | Yes   | Yes   | Yes  | Yes  | Yes  | No  | Yes  | Yes   |
| Guatemala          | Monthly   | No   | Yes   | No  | Yes   | Yes  | Yes  | No   | No  | Yes  | Yes   |

# Americas 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? |
|-----------|---|---|--|---|----------------------------|
| Honduras  | Sales tax (VAT)   | 15% general rate<br>18% for beer, hard liquor and other alcoholic beverages cigarettes and other processed tobacco products, first class air tickets                      | No   | No  | No                         |
|           | Selective consumption tax   | 10%   |  |   |                            |
|           | Production tax  | Cigarettes HNL350 per thousand  |  |   |                            |
|           |   | Alcoholic and carbonated beverages from HNL0.6787 to HNL32.6725 per liter   |  |   |                            |
|           | Contribution for preservation of roads assets   | USD0.03 to USD1.4089  |  |   |                            |
|           | Tax on public roads service   | From HNL200 to HNL2,200   |  |   |                            |
|           | Tax on airport services   | National departures HNL48.47  |  |   |                            |
|           |   | International departures USD46.20   |  |   |                            |
|           | Tax on tourist services   | 4%  |  |   |                            |
| Mexico    | VAT   | 16% general rate  | No   | No  | 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 30% (a few exemptions exceed 30%)   |  |   |                            |
|           | 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% - 10% - 15%  | Yes  | Yes   | No                         |
|           | Stamp tax   | 0.1%  |  |   |                            |
|           | Selective consumption tax   | From 5% up to 32.5%   |  |   |                            |
|           | Insurance tax   | 5% of the premium   |  |   |                            |
| Paraguay  | VAT   | 10% is the standard general VAT rate<br>5% differential VAT rate applies on products of the family basket, pharmaceutical products and sale/lease of real estate property | No   | Yes   | No                         |
|           | Selective consumption tax   | From 1% to 50% depending on the product   |  |   |                            |

|           | 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 restrictions to the deduction of 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)? | Does a reverse charge mechanism apply for goods or services | Are rulings and decisions issued by the tax authorities publicly available in your country? |
|-----------|---|--|--|---|--|--|--|--|---|---|---|
| Honduras  | Monthly   | No   | Yes  | Yes   | Yes  | Yes  | Yes  | Yes  | No  | No  | Yes   |
| Mexico    | Monthly   | No   | Yes  | Yes   | Yes  | Yes  | No   | Yes  | No  | Yes   | No  |
| Nicaragua | Monthly   | No   | Yes  | Yes   | Yes  | Yes  | Yes (self consumption)   | Yes  | No  | No  | Yes   |
| Panama    | Monthly   | No   | Yes  | Yes   | Yes  | Yes  | No   | No   | No  | No  | No  |
| Paraguay  | VAT is monthly basis (taxpayers of agricultural income tax - IRAGRO - and those with invoiced amounts below PYG500 million in the previous fiscal year, have different periods) GST: on monthly basis, except fuels that are submitted weekly | No   | Yes, only exporters are allowed to recover their VAT credits derived from exports operations | Yes, only those related to the business and income generation are allowed to be used as fiscal credits in the monthly returns | For certain taxpayers it is possible to issue virtual invoices (it is the step previous to the implementation of the electronic invoicing) | Not yet  | Yes  | No, except for exporters in the process of recovering tax credits derived from export transactions | No  | No  | Yes   |

# Americas 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? |
|---------------------------|--|---|--|---|----------------------------|
| Puerto Rico               | Sales and use tax  | 11.5% (most goods and services); 10.5% (goods and services not subject to municipal SUT rates); 6% (preexisting construction contracts); 4% (designated professional services and services rendered to other merchants) | Yes  | No  | No                         |
|                           | Excise tax   | Various rates   |  |   |                            |
| St. Lucia                 | VAT  | 12.50%  | Yes  | Yes   | No                         |
| St. Vincent               | VAT  | 16%   |  | Yes   | No                         |
| Sint Maarten              | Turnover tax   | 5%  | No   | No  | No                         |
| Suriname                  | Turnover tax   | Ranges from 0% to 25%   | Yes  | No  | No                         |
| Trinidad and Tobago (T&T) | VAT  | VAT standard rate – 12.5% (reduced from 15% effective 1 February 2016)<br>VAT zero-rate   | Yes  | Yes   | Yes                        |
|                           | Financial services tax   | 15%   |  |   |                            |
|                           | Insurance premium tax  | 6%  |  |   |                            |
|                           | Hotel accommodation tax  | 10%   |  |   |                            |
| United States             | Sales or use taxes are imposed by the local jurisdictions                      | Ranges from 2.9% to 7.5% at state level and additional tax ranging from 1% to 5% at sub-state jurisdiction level  | Yes  | No  | Yes                        |
| Uruguay                   | VAT  | 22%   | No   | N/A   | No                         |
|                           | Excise tax   | Rates depends on goods; ranges from 10% to 133%   |  |   |                            |
| Venezuela                 | VAT  | 12%   | N/A  | N/A   | No                         |
|                           | Municipal taxes  | Depends on the country and the type of income of the entity   |  |   |                            |
|                           | Anti-drug tax  | 1%  |  |   |                            |
|                           | Sport tax  | 1%  |  |   |                            |
|                           | Science and technology tax   | 0.5%  |  |   |                            |
|                           | Tax on large financial transactions  | 0.75%   |  |   |                            |

|                           | 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 restrictions to the deduction of 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)? | Does a reverse charge mechanism apply for goods or services | Are rulings and decisions issued by the tax authorities publicly available in your country? |
|---------------------------|--|--|---|---|---|---|--|--|---|---|---|
| Puerto Rico               | Monthly  | No   | No VAT  | No VAT  | No  | Yes   | Yes  | Yes  | Planned   | Yes   | No. Prospectively some will be published.   |
| St. Lucia                 | Monthly  | No   | Yes   | Yes   | Yes   | Yes   | No   | Yes  | No  | Yes   | No; policy notes may be made public   |
| St. Vincent               | Monthly  | No   | Yes   | Yes   | Yes   | Yes   | No   | Yes  | No  | Yes   | No; policy notes may be made public   |
| Sint Maarten              | Monthly  | No   | No  | N/A   | Yes   | Yes   | No   | Yes  | No  | Yes   | No  |
| Suriname                  | Monthly  | No   | Determined on a case-by-case basis                                      | Determined on a case-by-case basis                        | Yes   | Yes   | No   | Yes  | No  | Yes   | No  |
| Trinidad and Tobago (T&T) | Every 2 months and in certain circumstances monthly                            | No   | N/A   | Yes   | Yes   | Yes   | Yes  | Yes  | No  | No  | No  |
| United States             | Semi-monthly, monthly, quarterly semi-annually or annually (based on revenues) | N/A  | Yes   | N/A   | Yes   | Yes   | No   | Yes  | No  | N/A   | Yes   |
| Uruguay                   | Monthly  | No   | Yes   | Yes   | Yes   | Yes (new regime is being implemented and most taxpayers will be covered by the end of 2019) | No   | Yes  | No  | Yes   | Yes   |
| Venezuela                 | Monthly  | No   | Yes   | Yes   | Yes   | Yes   | No   | Yes  | No  | Yes   | Yes   |



# Antigua

|                |   |   |
|----------------|---|---|
| <b>General</b> | <b>Types of indirect taxes (VAT/GST and other indirect taxes).</b>                                    | <p>Antigua sales tax (ABST) is a value added type of tax introduced in Antigua in 2007. ABST is levied on local consumption and is borne by the consumer. The Commissioner of Inland Revenue, supported by the Inland Revenue Department, administers the tax. The Customs and Excise Department collects ABST payable on imports on behalf of the Commissioner.</p>  |
|                | <b>Are there other indirect taxes?</b>  | <p>All imports are subject to customs duties, ABST, Revenue Recovery Charge (RRC) and an environmental levy. In some instances, certain exemptions will apply. RCC is applied at a flat rate of 10% on the CIF value on all goods imported into, or produced in, Antigua and Barbuda (exemptions also apply); stamp tax.</p>  |
|                | <b>What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?</b> | <p>VAT (standard) 15%; VAT (reduced) 0%, and 12.5% for hotel accommodation. Certain supplies are exempt.</p>  |
|                | <b>Who is required to register for VAT/GST and other indirect taxes?</b>                              | <p>Entities must be registered if they:</p> <ul style="list-style-type: none"> <li>— have an annual taxable activity level of at least 300,000 East Caribbean dollars (XCD)</li> <li>— are government entities making commercial-type supplies, promoters of public entertainment, licensees/proprietors of places of public entertainment or persons providing specified professional services</li> <li>— are asked by the Inland Revenue Department to combine the value of supplies (made or projected) with those of related persons in combination with another person, and the total is at least XCD300,000.</li> </ul> <p>A taxable person for the purposes of ABST is a person (individual, corporate or otherwise) who is registered or required to be registered so as to collect and pay ABST. Generally, registration is required of persons who have made or are likely to make supplies to the value of at least XCD300,000 in a continuous period of 12 calendar months. Additionally, government entities and similar bodies that supply goods and services for a fee or carry out business-type activities, promoters of public entertainment, and suppliers of certain types of professional services are all required to be registered regardless of whether or not they reach the registration threshold noted above.</p> |

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| <b>VAT/GST registration</b> | <p>Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?</p> | <p>The ABST registration provisions apply to all persons providing supplies in Antigua, regardless of whether they are residents or not. Supplies made by a non-resident are regarded as taking place in Antigua where the supply is of:</p> <ul style="list-style-type: none"> <li>— goods that are in Antigua at the time of the supply</li> <li>— a lease, hire, or license of goods that are used or are for use in Antigua</li> <li>— telecommunication services initiated by a person physically in Antigua</li> <li>— a service directly in connection with land situated in Antigua</li> <li>— any other service (not mentioned above) that is physically performed in Antigua by a person in Antigua at the time.</li> </ul> |
|                             | <p>Does an overseas company need to appoint a fiscal representative?</p>  | <p>Yes, depending on the services where the company is regarded as a taxable person.</p>  |
|                             | <p>Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect tax registrations?</p>   | <p>The taxable activity period is a 12-month period. A period in the ABST Act represents 1 month. Taxable persons are required to complete an ABST Tax Remittance Form and Return.</p>  |
|                             | <p>Is grouping* for VAT/GST and other indirect taxes possible?</p>  | <p>No.</p>  |
| <b>VAT/GST compliance</b>   | <p>How frequently are VAT/GST and other indirect tax returns submitted?</p>   | <p>One return per month. The ABST return for each tax period should be filed no later than 1 calendar month after the end of the period.</p>  |
|                             | <p>What are the exchange rate rules in your country?</p>  | <p>Fixed exchange rates (USD1=XCD2.7).</p>  |
| <b>VAT/GST recovery</b>     | <p>Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?</p>   | <p>No; unless through an agent.</p>   |
|                             | <p>Are there any exemptions with the right to recover or deduct input VAT?</p>  | <p>Yes.</p>   |
|                             | <p>Are there any restrictions to the deduction of input VAT?</p>  | <p>Yes.</p>   |
| <b>Invoices</b>             | <p>Is a business required to issue tax invoices?</p>  | <p>Yes.</p>   |
|                             | <p>Is it possible/mandatory to issue invoices electronically?</p>   | <p>Yes, however, an audit may require the presentation of physical invoices to the authorities.</p>   |
|                             | <p>Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?</p>  | <p>No.</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).

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| <b>Audits</b>                     | Do tax audits take place on a regular basis?   | Yes, audits are conducted; various selection criteria apply.   |
|                                   | Are audits done electronically in your country (e-audit)? If so, what system is in use?                            | No, physical audits are conducted with the use of electronic data.   |
|                                   | What penalties can arise from non-compliance?  | <ul style="list-style-type: none"> <li>— Late filing penalty equal to the greater of XCD500 or 5% of the tax due for each month in which the return remains outstanding.</li> <li>— Late payment penalty of 20% of the tax due where the payment is not made by the due date.</li> <li>— Interest at the rate of 1% per month, or part thereof, for the period during which the payment remains unpaid.</li> <li>— Other penalties may apply.</li> </ul> |
| <b>Special indirect tax rules</b> | Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale? | Special provisions apply in respect of exempt supplies, governmental activities, public entertainment, etc.  |
|                                   | Are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?    | Various provisions apply.  |
|                                   | Does a reverse charge mechanism apply for goods or services?   | Yes.   |
|                                   | Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?                                    | Yes, reduced rate with respect to the provision of hotel accommodation. Zero rated provisions also apply.  |
| <b>Rulings</b>                    | Are rulings and decisions issued by the tax authorities publicly available?  | Court rulings are public, but rulings issued in respect of individual requests are not usually made public. However, as a result of an issue the authorities may issue a policy note.  |



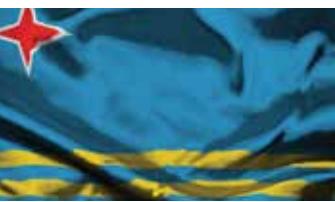
# Argentina

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| <b>General</b>              | Types of indirect taxes (VAT/GST and other indirect taxes).   | VAT.   |
|                             | Are there other indirect taxes?   | <ul style="list-style-type: none"> <li>— Turnover tax.</li> <li>— Excise taxes.</li> <li>— Tax on bank accounts.</li> <li>— Municipal taxes.</li> <li>— Stamp tax.</li> </ul>  |
|                             | What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?  | <ul style="list-style-type: none"> <li>— VAT: 21% (standard rate); 10.5% (capital goods, meat and grains, among others); 27% (public services such gas and electricity); 2.5% and 5% (newspapers and magazines). Exports are zero-rated. The exempt items include books, planes and services such education, religion and medical assistance.</li> <li>— Turnover tax: 0% to 5% with a 3% average rate.</li> <li>— Tax on bank accounts: 0.6% on every credit and debit in bank accounts.</li> <li>— Municipal taxes: 0% to 3%. This tax is based on sales that are attributable to the jurisdiction and/or municipality. It applies to any activity as long as there is an establishment in the jurisdiction or municipality.</li> <li>— Stamp tax: 1% of the total value of the contract or instrument.</li> </ul> |
|                             | Who is required to register for VAT/GST and other indirect taxes?   | Private individuals, legal entities and/or permanent establishments performing taxable activities in Argentina.  |
| <b>VAT/GST registration</b> | <p>Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?</p> <p>Does an overseas company need to appoint a fiscal representative?</p> <p>Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect tax registrations?</p> <p>Is grouping* for VAT/GST and other indirect taxes possible?</p> | <p>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.</p> <p>Only in a few cases, such as international transport, in order to apply for a VAT refund.</p> <p>Not applicable.</p> <p>No.</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).

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| <b>VAT/GST compliance</b> | <p><b>How frequently are VAT/GST and other indirect tax returns submitted?</b></p>   | <ul style="list-style-type: none"> <li>— VAT returns: monthly.</li> <li>— Turnover tax returns: monthly.</li> <li>— Excise taxes: monthly.</li> <li>— Tax on bank accounts: no return needs to be submitted. Withholding tax is applied by the bank.</li> <li>— Municipal taxes: monthly.</li> </ul> |
|                           | <p><b>What are the exchange rate rules in your country?</b></p>  | <p>If a business receives a purchase invoice in a foreign currency, it should use the latest closing day exchange rate published by the national bank. A business can issue VAT invoices denominated in a foreign currency. In this case, the exchange rate must be stated in the invoice.</p>       |
| <b>VAT/GST recovery</b>   | <p><b>Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?</b></p> | <ul style="list-style-type: none"> <li>— VAT: no, with some exceptions (i.e. international transport).</li> <li>— Turnover tax: no.</li> <li>— Excise taxes: no.</li> <li>— Tax on bank accounts: no.</li> <li>— Municipal taxes: no.</li> </ul>   |
|                           | <p><b>Are there any exemptions with the right to recover or deduct input VAT?</b></p>  | <p>Yes, export of goods or services.</p>   |
|                           | <p><b>Are there any restrictions to the deduction of input VAT?</b></p>  | <p>Yes, there are certain items without the right to recover VAT.</p>  |
| <b>Invoices</b>           | <p><b>Is a business required to issue tax invoices?</b></p>  | <p>Yes.</p>  |
|                           | <p><b>Is it possible/mandatory to issue invoices electronically?</b></p>   | <p>Yes. It is mandatory for VAT registered taxpayers, with some exceptions.</p>  |
|                           | <p><b>Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?</b></p>  | <p>No, it is not possible.</p>   |

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| <b>Audits</b>                     | <p><b>Do tax audits take place on a regular basis?</b></p> <p><b>Are audits done electronically in your country (e-audit)? If so, what system is in use?</b></p> <p><b>What penalties can arise from non-compliance?</b></p>  | <p>No, audits take place on a random basis or when a VAT recovery request is filed.</p> <p>Yes, the Argentinean tax authorities can conduct an e-audit or a physical audit. The e-audit is done online through the website of the tax authorities where the taxpayer has to answer questions and attach the supporting documentation.</p> <p>There are certain penalties for failing to fulfill formal obligations. The penalty for failing to pay VAT varies between 50% and 100% of the unpaid VAT.</p> <p>In cases of fraudulent practices, there are fines ranging from two to 10 times the unpaid taxes and, in some cases, imprisonment. Compensatory interest is presently at a rate of 3%.</p>   |
| <b>Special indirect tax rules</b> | <p><b>Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale?</b></p> <p><b>Are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?</b></p> <p><b>Does a reverse charge mechanism apply for goods or services?</b></p> <p><b>Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?</b></p> | <p>Under local law, transfer on going concern (TOGC) is not subject to VAT if it is done within the framework of a tax-free reorganization as provided by Article 77 of the Income Tax Law (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.</p> <p>Sales of goods from the mainland to the special customs area are considered exports. Hence, refunds are possible.</p> <p>Any activity carried out in the former Territorio Nacional de Tierra del Fuego is exempt from national taxes.</p> <p>Yes, on imports of services.</p> <p>Exemption for certain localizations (VAT and municipal tax).</p> |
| <b>Rulings</b>                    | <b>Are rulings and decisions issued by the tax authorities publicly available?</b>  | Yes.   |



# Aruba

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| <b>General</b>              | Types of indirect taxes (VAT/GST and other indirect taxes).  | <ul style="list-style-type: none"> <li>— Turnover tax.</li> <li>— Health levy.</li> </ul>  |
|                             | Are there other indirect taxes?  | Additionally, there are minor, case-specific indirect taxes, such as an excise tax, stamp duty, registration duty, transfer tax, land tax for real estate and room 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"> <li>— 1.5% turnover tax.</li> <li>— 2% health levy.</li> </ul>  |
|                             | 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.   |
| <b>VAT/GST registration</b> | Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)? | In terms of the turnover tax and health levy, the answer is no. Based on the applicable legislation, overseas companies can only register for turnover tax or health levy if the company is subject to those taxes in Aruba, meaning they are registered taxpayers. In specific cases, an overseas company might be subject to turnover tax or health levy in Aruba for services rendered or goods delivered without the presence of a permanent establishment in Aruba. |
|                             | Does an overseas company need to appoint a fiscal representative?  | Not applicable.  |
|                             | 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?  | Yes.   |
| <b>VAT/GST compliance</b>   | How frequently are VAT/GST and other indirect tax returns submitted?   | Monthly.   |
|                             | What are the exchange rate rules in your country?  | The following fixed exchange rate applies between the Aruban florin (AWG) and the US dollar (USD): USD1 = AWG1.79.   |

\* 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).

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| <b>VAT/GST recovery</b>           | Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally? | No, Aruba has a cascade tax system.  |
|                                   | Are there any exemptions with the right to recover or deduct input VAT?  | Not applicable.  |
|                                   | Are there any restrictions to the deduction of input VAT?  | Not applicable.  |
| <b>Invoices</b>                   | Is a business required to issue tax invoices?  | For the turnover tax, no.<br>For the health levy, yes.   |
|                                   | Is it possible/mandatory to issue invoices electronically?   | Electronic invoicing is possible, but not mandatory.   |
|                                   | Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?  | No.  |
| <b>Audits</b>                     | Do tax audits take place on a regular basis?   | Only incidentally (i.e. based on the filing of documents).   |
|                                   | Are audits done electronically in your country (e-audit)? If so, what system is in use?  | No.  |
|                                   | What penalties can arise from non-compliance?  | <p>The following administrative fines can arise:</p> <ul style="list-style-type: none"> <li>— if the tax is not fully paid in time, a maximum of AWG10,000</li> <li>— if the tax is not fully paid in time on purpose or due to gross negligence, 100% of the additional tax amount that had to be paid on time.</li> </ul> <p>The Aruban tax authorities are not able to impose an administrative fine if a criminal charge has been laid.</p>              |
| <b>Special indirect tax rules</b> | 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, except for goodwill under certain conditions based on policy.  |
|                                   | Are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?                        | <p>The import of goods is not a taxable event for the turnover tax or for the health levy.</p> <p>No right to claim deduction of the turnover tax and/or health levy paid by entrepreneurs.</p>  |
|                                   | Does a reverse charge mechanism apply for goods or services?   | No.  |
|                                   | Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?  | If certain conditions are met, an exemption of turnover tax and health levy 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. Also, an exemption of the turnover tax (and health levy) may be granted for companies established in the Special Zone of Aruba. |
| <b>Rulings</b>                    | Are rulings and decisions issued by the tax authorities publicly available?  | No.  |



# Bahamas

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| <b>General</b>              | <p><b>Types of indirect taxes (VAT/GST and other indirect taxes).</b></p>  | <p>VAT.</p>   |
|                             | <p><b>Are there other indirect taxes?</b></p>  | <ul style="list-style-type: none"> <li>— Stamp duty (stamp tax).</li> <li>— Business license tax.</li> <li>— Real property tax.</li> </ul>  |
|                             | <p><b>What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?</b></p>   | <ul style="list-style-type: none"> <li>— VAT: 0% (zero-rated), and 7.5% (standard rate).</li> <li>— Stamp duty: 1% to 6% of the value of the instrument or transaction. Certain other transactions have a fixed amount such as 0.40 Bahamian dollars (BSD) per check or bank withdrawal.</li> <li>— Business license: ranges from flat fee of BSD100 to 3% depending on industry and total revenues.</li> <li>— Real property tax: rate varies according to market value of property and whether it is residential or commercial property. Broad exemptions also exist depending on the location, ownership and whether the property is developed or undeveloped.</li> <li>— Residential: flat fee of BSD300 up to 0.625% of market value.</li> <li>— Commercial: 0.75% to 2.0% of market value.</li> </ul> |
|                             | <p><b>Who is required to register for VAT/GST and other indirect taxes?</b></p>  | <ul style="list-style-type: none"> <li>— Private individuals/legal entities/permanent establishments carrying on taxable activities from within the Bahamas with annual turnover in excess of BSD100,000.</li> <li>— Persons providing telecommunications services or electronic commerce for the use, enjoyment, benefit or advantage of persons within the Bahamas.</li> </ul>  |
| <b>VAT/GST registration</b> | <p><b>Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?</b></p> | <p>No, VAT registration is not possible without a fixed place of abode in the Bahamas. If the company (branch) carries on taxable activities in the country in excess of the turnover threshold (BSD100,000), VAT registration is mandatory.</p> <p>An exception to the fixed place requirement is made for non-resident persons providing telecommunications services or electronic commerce. Such persons must register if selling BSD100,000 annually into the Bahamas.</p>  |
|                             | <p><b>Does an overseas company need to appoint a fiscal representative?</b></p>  | <p>No, but the VAT comptroller has the power to declare a representative for purposes of administration or enforcement of the act.</p>  |
|                             | <p><b>Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect tax registrations?</b></p>   | <p>VAT registrants must first obtain a taxpayer identification number (TIN) prior to applying for a VAT registration.</p>   |

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| <b>VAT/GST registration (continued)</b> | Is grouping* for VAT/GST and other indirect taxes possible?  | Yes, for VAT. However, grouping is not allowed between a resident and non-resident entity or between an entity that holds a Grand Bahama Port Authority license and one that does not.  |
| <b>VAT/GST compliance</b>               | How frequently are VAT/GST and other indirect tax returns submitted?   | <p>VAT:</p> <ul style="list-style-type: none"> <li>— monthly: annual turnover &gt; BSD5 million</li> <li>— quarterly: annual turnover &lt; BSD5 million</li> <li>— semiannually: annual turnover &lt; BSD400,000 (optional: must apply).</li> </ul> <p>Stamp duty: per transaction/instrument.</p> <p>Business license: annually.</p> <p>Real property: annually.</p> |
|   | What are the exchange rate rules in your country?  | Not applicable.   |
| <b>VAT/GST recovery</b>                 | Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally? | No.   |
|   | Are there any exemptions with the right to recover or deduct input VAT?  | <p>Yes:</p> <ul style="list-style-type: none"> <li>— Grand Bahama Port Authority licensees</li> <li>— diplomatic mission or international organization, and eligible staff members for certain qualifying goods or services</li> <li>— approved charitable organizations for certain qualifying goods or services.</li> </ul>   |
|   | Are there any restrictions to the deduction of input VAT?  | <p>Yes, VAT on expenses or purchases related to VAT-exempt income may not be recovered.</p> <p>Personal use items such as meals and entertainment, memberships in recreational clubs, cell phones and motor vehicles.</p>   |
| <b>Invoices</b>                         | Is a business required to issue tax invoices?  | Yes.  |
|   | Is it possible/mandatory to issue invoices electronically?   | Yes.  |
|   | Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?  | No.   |
| <b>Audits</b>                           | Do tax audits take place on a regular basis?   | Yes, at the discretion of the VAT comptroller.  |
|   | Are audits done electronically in your country (e-audit)? If so, what system is in use?  | No.   |
|   | What penalties can arise from non-compliance?  | <p>Penalties are classified as:</p> <ul style="list-style-type: none"> <li>— minor</li> <li>— serious</li> <li>— very serious.</li> </ul> <p>Any non-compliance can be subject to penalties of up to BSD150,000 and/or imprisonment.</p>  |
| <b>Special indirect tax rules</b>       | Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale?                     | Yes, in general, the sale of shares or capital and any other company reorganization is not subject to VAT. Where a company sells its assets and liabilities (without involving a transfer of shares or capital) the sale may qualify for zero-rated status.   |

\* 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).

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| <b>Special indirect tax rules (continued)</b> | <p>Are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?</p> | <p>Retail businesses must display prices VAT-inclusive but show the VAT separately on their VAT sales receipts or VAT invoices.</p> <p>Businesses with turnover less than BSD1 million may use a cash method of accounting when reporting their VAT without applying for approval from the VAT comptroller. All other businesses must follow the accrual method.</p> <p>Businesses must self-report VAT on taxable supplies made free of charge or for less than fair value such as complementary meals or hotel rooms.</p> <p>Startup businesses may apply to register for VAT and file VAT returns for inputs relating to construction and startup costs. However, the VAT refunds are not paid until the business commences making taxable supplies.</p> |
|   | <p>Does a reverse charge mechanism apply for goods or services?</p>  | <p>Yes, on all imported services.</p>   |
|   | <p>Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?</p>                                 | <p>A VAT deferral mechanism is available under the Hotel Encouragement Act. This deferral allows an approved startup business to avoid paying VAT on imports by self-declaring the import VAT on their VAT returns and claiming input VAT at the same time.</p>   |
| <b>Rulings</b>                                | <p>Are rulings and decisions issued by the tax authorities publicly available?</p>                                     | <p>Yes, VAT rules issued by the VAT comptroller have the force of law under the VAT act.</p>  |



## Barbados

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| <b>General</b>              | Types of indirect taxes (VAT/GST and other indirect taxes).  | VAT, NSRL (national social responsibility levy).   |
|                             | Are there other indirect taxes?  | Excise duty, property transfer tax, stamp duty.  |
|                             | What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?   | VAT: the standard rate is 17.5%. The VAT rate on accommodation in the hotel sector and on direct tourism services is 7.5%. On certain mobile services the rate is 22%. Certain supplies are exempt.<br>NSRL rate is 2% on imports and domestic outputs.  |
|                             | Who is required to register for VAT/GST and other indirect taxes?  | Under the provisions of the VAT Act, a person is required to register for VAT purposes if they supply goods and services in Barbados in the course of a business or other 'taxable activity', and if their annual taxable supplies are 200,000 Barbadian dollars (BBD) (USD100,000) or more. Registration allows a person to recover all or part of their input tax incurred on purchases for use in their taxable activities. |
| <b>VAT/GST registration</b> | Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)? | Voluntary registration is possible for an overseas company, However it is generally not encouraged by the Revenue Authority.   |
|                             | Does an overseas company need to appoint a fiscal representative?  | Yes, if a company incorporated outside Barbados carries on business in Barbados and renders taxable supplies it is required to register an external company.   |
|                             | Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect tax registrations?   | Relevant registration documents of the external company.   |
|                             | Is grouping* for VAT/GST and other indirect taxes possible?  | Grouping is not possible for VAT and other indirect taxes. Each obligation is separate and distinct.   |

\* 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).

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| <b>VAT/GST compliance</b> | How frequently are VAT/GST and other indirect tax returns submitted?   | VAT and NSRL returns are submitted bi-monthly on the 21st day of the month immediately following a tax period.  |
|                           | What are the exchange rate rules in your country?  | Where the consideration for a supply is a foreign currency or other money, denominated or expressed in a foreign currency, for the purposes of determining the value of the supply, the consideration shall be valued in Barbados currency at the rate of exchange at which the Central Bank of Barbados would, at the time of the supply, have purchased that currency in the form of notes. Barbados has a fixed exchange rates of USD1=BBD2. |
| <b>VAT/GST recovery</b>   | Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally? | There is a local registration requirement in order to file VAT/NSRL returns. Certain entities in the international financial services sector are not required to be registered for VAT purposes but can recover VAT suffered by filing certain prescribed forms.  |
|                           | Are there any exemptions with the right to recover or deduct input VAT?  | In general, where a registrant provides tax exempt supplies, the input VAT that may be deducted is reduced in proportion to the VAT exempt supplies provided.   |
|                           | Are there any restrictions to the deduction of input VAT?  | Same as above.  |
| <b>Invoices</b>           | Is a business required to issue tax invoices?  | A registrant who makes a taxable supply in Barbados to another registrant shall, forthwith upon the request of the other registrant, issue a tax invoice to the other registrant containing such particulars as may be prescribed.<br><br>A registrant who fails to issue a tax invoice as required is liable to pay a penalty of such amount not exceeding one thousand dollars as the Comptroller may determine.                              |
|                           | Is it possible/mandatory to issue invoices electronically?   | It is possible to issue invoices electronically once the electronic record accurately retains all required information.   |
|                           | Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?  | Self-billing is not allowed.  |

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| <b>Audits</b>                     | <p><b>Do tax audits take place on a regular basis?</b></p>   | <p>Audits take place, but not in any specified periods or frequency. Commonly occur if the person is in a refund position.</p>  |
|                                   | <p><b>Are audits done electronically in your country (e-audit)? If so, what system is in use?</b></p>                            | <p>Audits are not done electronically. Officers of the Barbados Revenue Authority will generally conduct site visits or request submission (electronic or otherwise) of supporting documentation.</p>   |
|                                   | <p><b>What penalties can arise from non-compliance?</b></p>  | <p>A person who is required to file a return and fails to do so within the time prescribed shall pay to the Comptroller a penalty of BBD100.</p>  |
|                                   |  | <p>A registrant who defaults in paying the total amount of output tax payable by him for a taxable period by the day prescribed shall in addition to the amount of output tax in default, pay to the Comptroller:</p>   |
|                                   |  | <p>a. a penalty equal to 10% of the amount of output tax in default; and</p>  |
|                                   |  | <p>b. interest at 1.5% calculated for each month or part of a month during which any amount of tax and penalty remained unpaid on the largest of amount of tax and penalty that was due and unpaid at any time in that month.</p>   |
| <b>Special indirect tax rules</b> | <p><b>Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale?</b></p> | <p>The sale of shares in the capital stock of a corporation or any interest in or right to such a share is an exempt supply and therefore no VAT is chargeable. Various other provisions may apply.</p>   |
|                                   | <p><b>Are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?</b></p>    | <p>No.</p>  |
|                                   | <p><b>Does a reverse charge mechanism apply for goods or services?</b></p>   | <p>There is no reverse charge mechanism applicable for goods and services in Barbados.</p>  |
|                                   | <p><b>Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?</b></p>                                    | <p>Incentives are generally specific to a taxpayer and are made available on a case by case basis. Companies in the international business sector are not required to register for VAT and any VAT which they suffer may be refunded on application to the VAT division on the prescribed form.</p>   |
| <b>Rulings</b>                    | <p><b>Are rulings and decisions issued by the tax authorities publicly available?</b></p>  | <p>Rulings and decisions are generally not made public and are issued on a case by case basis. The Commissioner may communicate confidential information to any person who is otherwise legally entitled to that information under the Income Tax Act or any other enactment. Hearings on appeal to the Value Added Tax Appeal Tribunal are held 'in camera'.</p> |



# Bolivia

|                |   |  |
|----------------|---|--|
| <b>General</b> | <b>Types of indirect taxes (VAT/GST and other indirect taxes).</b>                                    | VAT.   |
|                | <b>Are there other indirect taxes?</b>  | <ul style="list-style-type: none"> <li>— An excise tax: <i>impuesto al consumo específico</i> (ICE).</li> <li>— A direct tax on hydrocarbons: <i>impuesto directo a los hidrocarburos</i> (IDH).</li> </ul>  |
|                | <b>What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?</b> | <p><b>VAT</b></p> <p>Standard rate: 13%* (effective rate 14.94%).</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>For VAT-excluded or exempt transactions, VAT on expenses or purchases related to VAT-exempt income may not be computed or recovered in these instances:</p> <ul style="list-style-type: none"> <li>— financing transactions generating interest income</li> <li>— purchase and sales of shares, debentures, securities and credit title transactions</li> <li>— sales or transfers resulting from reorganizations</li> <li>— capital contributions</li> <li>— imports made by country accredited diplomats</li> <li>— life insurance premiums</li> <li>— book imports and sales</li> <li>— the sales into Bolivia (internal market) of minerals and metals, in the first commercialization phase performed by mining cooperatives</li> <li>— goods that introduce 'bonafide'</li> <li>— activities produced and diffused by Bolivian artists</li> <li>— others based on specific laws.</li> </ul> <p><b>ICE</b></p> <p>Cigarettes and tobacco are taxed at the ad valorem rates ranging from 50% to 55%. Motor vehicles are taxed from 0% to 80%.</p> <p>Alcoholic beverages are subject to a lump sum tax per liter. An additional 0% to 10% tax on the sale price of some types of beverages is levied.</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.

|                                |   |
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| <b>General<br/>(continued)</b> | <p>Not subject to ICE:</p> <ul style="list-style-type: none"> <li>— imports made by country accredited diplomats</li> <li>— taxed goods destined for export</li> <li>— vehicles which transport up to 18 people (including the driver), for example a van or a bus</li> <li>— vehicles build and equipped for health services except if diesel powered.</li> </ul>  |
|                                | <p><b>Who is required to register for VAT/GST and other indirect taxes?</b></p> <p><b>VAT</b><br/>Those persons, organizations and corporations that regularly sell goods, render services or undergo definitive imports and rentals.</p> <p><b>ICE</b><br/>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>   |
| <b>VAT/GST registration</b>    | <p><b>Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?</b></p> <p>Registered companies must be domiciled in Bolivia. A foreign company cannot voluntarily register for VAT if it does not have a permanent establishment in Bolivia.</p> <p><b>Does an overseas company need to appoint a fiscal representative?</b></p> <p>Not applicable.</p> <p><b>Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect tax registrations?</b></p> <p>Not applicable.</p> <p><b>Is grouping** for VAT/GST and other indirect taxes possible?</b></p> <p>No.</p> |
| <b>VAT/GST compliance</b>      | <p><b>How frequently are VAT/GST and other indirect tax returns submitted?</b></p> <ul style="list-style-type: none"> <li>— VAT: monthly.</li> <li>— ICE: monthly.</li> <li>— IDH: monthly.</li> </ul> <p><b>What are the exchange rate rules in your country?</b></p> <p>There is a floating exchange rate. The Central Bank of Bolivia regulates and provides the exchange rates.</p>   |
| <b>VAT/GST recovery</b>        | <p><b>Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?</b></p> <p>No.</p> <p><b>Are there any exemptions with the right to recover or deduct input VAT?</b></p> <p>VAT paid on export-related purchases or expenses may be recovered through a tax refund request.</p> <p><b>Are there any restrictions to the deduction of input VAT?</b></p> <p>VAT on expenses or purchases related to VAT-exempt income may not be recovered.</p>   |
| <b>Invoices</b>                | <p><b>Is a business required to issue tax invoices?</b></p> <p>Yes.</p> <p><b>Is it possible/mandatory to issue invoices electronically?</b></p> <p>Yes.</p> <p><b>Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?</b></p> <p>No.</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).

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| <b>Audits</b>                     | Do tax audits take place on a regular basis?   | Yes, at the discretion of the tax authority.  |
|                                   | Are audits done electronically in your country (e-audit)? If so, what system is in use?                            | Yes, in the Integrated Tax Administration System II (SIRAT II).   |
|                                   | What penalties can arise from non-compliance?  | Tax evasion is a penal offense. There are also penalties, interest charges and exchange rate adjustments.   |
| <b>Special indirect tax rules</b> | Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale? | Yes, in general, the sale of shares or capital and any other company reorganization is not subject to VAT. If a company sells its assets and liabilities (without involving a transfer of shares or capital), assets and liabilities might be subject to VAT. |
|                                   | Are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?    | Yes, in Bolivia, VAT is included in the price and not shown separately.   |
|                                   | Does a reverse charge mechanism apply for goods or services?   | No.   |
|                                   | Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?                                    | Goods exports and international road transport have a 0% tax rate with right of recovery.   |
| <b>Rulings</b>                    | Are rulings and decisions issued by the tax authorities publicly available?  | Yes, they can be found at <a href="http://www.ait.gob.bo/busquedaresoluciones.aspx">www.ait.gob.bo/busquedaresoluciones.aspx</a> .  |



# Brazil

## General

### Types of indirect taxes (VAT/GST and other indirect taxes).

There are two types of VAT in Brazil:

- ICMS: *imposto sobre operações relativas à circulação de mercadorias e serviços de transporte interestadual e intermunicipal e de comunicações* (tax on the circulation of goods and transportation and communication services), a state sales tax
- IPI: *imposto sobre produtos industrializados* (tax on industrialized goods), a federal excise tax.

### Are there other indirect taxes?

There are other taxes on supplies of goods or services:

- ISS: *imposto sobre serviços* (municipal services tax)
- COFINS: *contribuição para o financiamento da segurança social* (social contribution for social security financing)
- PIS: *programa de integração social* (employees' profit participation program).

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

- The ICMS rate of 17% applies to the following states: Acre, Alagoas, Ceará, Espírito Santo, Goiás, Mato Grosso, Mato Grosso do Sul, Pará, Piauí, Rondônia, Roraima and Santa Catarina.
- The ICMS rate of 18% applies to the following states: Amazonas, Amapá, Bahia, Distrito Federal, Maranhão, Minas Gerais, Paraíba, Paraná, Pernambuco, Rio Grande do Norte, Rio Grande do Sul, São Paulo, Sergipe and Tocantins.
- The ICMS rate of 19% is in Rio de Janeiro.
- The rate applied on interstate movements of goods may vary based on the state of destination.
- The IPI is normally charged at an ad valorem rate according to the classification of the goods based on the international harmonized commodity description and coding systems. Rates range from 0% to a maximum of 330% and average at about 10%.
- The ISS standard rate ranges from 2% to 5%.
- The PIS and COFINS standard rates under the so-called non-cumulative regime are 1.65% and 7.6%, respectively. Please note that the rate of PIS and COFINS on importation of goods are 2.10% and 9.65%, respectively, but different rates may be applied for some specific listed products.

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| <b>General<br/>(continued)</b>  | <p><b>Who is required to register for VAT/GST and other indirect taxes?</b></p>  | <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 they have any kind of establishment.</p> |
| <b>VAT/GST<br/>registration</b> | <p><b>Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?</b></p> | <p>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.</p>   |
|                                 | <p><b>Does an overseas company need to appoint a fiscal representative?</b></p>  | <p>Only when the company has a permanent establishment.</p>  |
|                                 | <p><b>Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect tax registrations?</b></p>   | <p>Not applicable.</p>   |
|                                 | <p><b>Is grouping* for VAT/GST and other indirect taxes possible?</b></p>  | <p>VAT grouping is possible for the purposes of calculating and withholding contributions for PIS and/or COFINS. Some states may offer some tax grouping (e.g. headquarter branches located within the state's territory).</p>   |
| <b>VAT/GST<br/>compliance</b>   | <p><b>How frequently are VAT/GST and other indirect tax returns submitted?</b></p>   | <p>Monthly.</p>  |
|                                 | <p><b>What are the exchange rate rules in your country?</b></p>  | <p>If a business receives a purchase invoice in foreign currency, the value of the goods needs to be converted into Brazilian currency using the exchange rate published by the Brazilian Central Bank.</p> <p>Businesses cannot issue VAT invoices in a foreign currency. The invoices must be issued in the local currency.</p>  |
| <b>VAT/GST<br/>recovery</b>     | <p><b>Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?</b></p>   | <p>No.</p>   |
|                                 | <p><b>Are there any exemptions with the right to recover or deduct input VAT?</b></p>  | <p>Not applicable.</p>   |
|                                 | <p><b>Are there any restrictions to the deduction of input VAT?</b></p>  | <p>In general, goods, services or products do not generate a right to a credit if the final product was tax exempt.</p> <p>However, the legislation establishes some exceptions as far as ICMS, IPI, PIS and COFINS are concerned.</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).

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| <b>Invoices</b>                   | Is a business required to issue tax invoices?  | Yes.   |
|                                   | Is it possible/mandatory to issue invoices electronically?   | Yes, most companies are required, by law, to issue invoices electronically.  |
|                                   | Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?                                  | As a rule, self-invoicing is not allowed except in specific situations established in the legislation.   |
| <b>Audits</b>                     | Do tax audits take place on a regular basis?   | Yes, some taxpayers are audited monthly. However, this applies to large taxpayers. Regular taxpayers are audited, on average, once every 5 years.  |
|                                   | Are audits done electronically in your country (e-audit)? If so, what system is in use?                            | Yes, the Brazilian legislation requires that the taxpayers provide all information electronically.   |
|                                   | What penalties can arise from non-compliance?  | The penalties range from 1% up to 150%. The regular penalty is 75% of tax due.   |
| <b>Special indirect tax rules</b> | Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale? | If a company sells its business while it is in operation, then tax cannot be levied. However, it is a requirement for this benefit that the company is sold with all its assets and inventory, without any moving of such assets. Otherwise, taxes shall be levied.  |
|                                   | Are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?    | <p>Yes, the indirect tax rules in Brazil are very specific.</p> <p>For example:</p> <ul style="list-style-type: none"> <li>— on sales, even if the supplier does not receive the payment from the customer, all indirect tax should be collected and paid to the tax authorities</li> <li>— for the supply of 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 the taxpayer substitution regime</li> <li>— the taxation in Brazil is based on physical movement of products, not only on sales. For example, if one company has two different establishments and transfers goods between them, tax is collected by the sender and is offset as a credit by the recipient</li> <li>— there are some special regimes applied per sector or activity for ICMS, PIS and COFINS purposes (e.g. ICMS ST and PIS-COFINS single phase).</li> </ul> |
|                                   | Does a reverse charge mechanism apply for goods or services?   | No.  |

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| <b>Special<br/>indirect<br/>tax rules<br/>(continued)</b> | <b>Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?</b> | <p>Yes, there are several tax incentives. Certain supplies are exempt from ICMS, such as supplies of books, newspapers and the paper consumed in the printing of such goods, sale of fixed assets, fruits, vegetables, 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, such as 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>The ISS rates may vary from one municipality to another, but always in the range of 2% to 5%. Certain supplies are exempt from ISS, such as 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, such as 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, but this situation, called 'tax war', could trigger questioning among the states.</p> |
| <b>Rulings</b>  | <b>Are rulings and decisions issued by the tax authorities publicly available?</b>     | Yes.   |



## Canada

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| <b>General</b> | <b>Types of indirect taxes (VAT/GST and other indirect taxes).</b>                                    | <p>Generally, the federal goods and services tax (GST) applies to taxable goods and services supplied in Canada. The harmonized sales tax (HST) is a blended federal/provincial sales tax that includes a 5% federal component and a provincial component that varies from 8% to 10%. An HST applies in the provinces of Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador. The province of Québec applies its own value added tax, the Québec sales tax (QST). The provinces of British Columbia, Saskatchewan and Manitoba levy provincial sales taxes (PST), also known as retail sales taxes, in their respective jurisdictions.</p>   |
|                | <b>Are there other indirect taxes?</b>  | <p>Yes, various other indirect taxes apply in Canada, including fuel taxes, tobacco taxes, alcohol taxes and environmental levies.</p>   |
|                | <b>What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?</b> | <p>GST: 5% (0% reduced rate).<br/>           HST: 13% to 15% (0% reduced rate).<br/>           QST: 9.975% (0% reduced rate).<br/>           PST: 5% to 8% (up to 10% on certain goods).</p>   |
|                | <b>Who is required to register for VAT/GST and other indirect taxes?</b>                              | <p>Generally, a person or entity is required to register and collect GST/HST if the person or entity makes taxable supplies in Canada and the value of its taxable supplies made inside or outside Canada, including taxable supplies of any associated entities, exceeds 30,000 Canadian dollars (CAD) in the last 4 calendar quarters or in a single calendar quarter. If the value of those supplies is below this registration threshold, the person or entity can choose to register voluntarily for GST/HST purposes. Once registered, the person or entity must collect GST/HST on all its taxable sales. Other special GST/HST rules apply to (among other entities) charities, taxi businesses, non-resident book and magazine publishers and a person who enters Canada and charges admission to an event (e.g. a show, concert or seminar). Similar rules apply for QST purposes. Various other rules apply for PST purposes.</p> |

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| <b>VAT/GST registration</b> | <p><b>Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?</b></p>       | <p>Yes, a non-resident company that is not required to register under the general GST/HST registration rules may voluntarily register if the company, in the ordinary course of carrying on business outside Canada:</p> <ul style="list-style-type: none"> <li>— regularly solicits orders for the supply by the company of goods for export to, or delivery in Canada</li> <li>— has entered into an agreement for the supply by the company: <ul style="list-style-type: none"> <li>— of services to be performed in Canada</li> <li>— of intangible personal property to be used in Canada or that relates to real property situated in Canada, to goods ordinarily situated in Canada or to services to be performed in Canada.</li> </ul> </li> </ul> <p>Similar rules apply for QST purposes.<br/>Other rules apply for PST purposes.</p> |
|                             | <p><b>Does an overseas company need to appoint a fiscal representative?</b></p> <p><b>Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect tax registrations?</b></p> | <p>No.</p> <p>To register for GST/HST, a non-resident company generally must submit:</p> <ul style="list-style-type: none"> <li>— GST/HST application form (GST Form RC1 or GST Form RC1A depending on the circumstances)</li> <li>— documents of incorporation.</li> </ul> <p>A non-resident company may also be required to fill out a GST/HST questionnaire for non-residents and may want to file a request to keep books and records outside of Canada.</p> <p>Generally, a non-resident company that does not have a permanent establishment in Canada and that is required, or that applies voluntarily, to be registered must provide and maintain security with the Canada Revenue Agency. The required amount of security is generally between CAD5,000 and CAD1 million. Different rules apply for QST and PST registration.</p>      |
|                             | <p><b>Is grouping* for VAT/GST and other indirect taxes possible?</b></p>  | <p>No, GST/HST grouping for registration purposes is generally not permitted. However, special rules may apply for certain qualifying investment plans.</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).

| <b>VAT/GST compliance</b> | <p>How frequently are VAT/GST and other indirect tax returns submitted?</p>   | <p>Generally, for GST/HST and QST purposes, the reporting periods vary according to the total annual revenues from taxable supplies made in Canada by the particular business and any associates:</p> <table border="1" data-bbox="906 354 1489 541"> <thead> <tr> <th>Reporting period</th><th>Total annual revenues</th></tr> </thead> <tbody> <tr> <td>Annually</td><td>Up to CAD1.5 million</td></tr> <tr> <td>Quarterly</td><td>CAD1.5 million to CAD6 million</td></tr> <tr> <td>Monthly</td><td>Over CAD6 million</td></tr> </tbody> </table> <p>Different rules apply for PST purposes and vary by province.</p> | Reporting period | Total annual revenues | Annually | Up to CAD1.5 million | Quarterly | CAD1.5 million to CAD6 million | Monthly | Over CAD6 million |
|---------------------------|---|--|------------------|-----------------------|----------|----------------------|-----------|--------------------------------|---------|-------------------|
| Reporting period          | Total annual revenues   |  |                  |                       |          |                      |           |                                |         |                   |
| Annually                  | Up to CAD1.5 million  |  |                  |                       |          |                      |           |                                |         |                   |
| Quarterly                 | CAD1.5 million to CAD6 million  |  |                  |                       |          |                      |           |                                |         |                   |
| Monthly                   | Over CAD6 million   |  |                  |                       |          |                      |           |                                |         |                   |
| <b>VAT/GST recovery</b>   | <p>What are the exchange rate rules in your country?</p>  | <p>Generally, for GST/HST purposes, prices (i.e. consideration) expressed in a foreign currency must be converted into Canadian currency using either the exchange rate on the day tax is payable or on such other day that is acceptable to the tax authorities.</p>  |                  |                       |          |                      |           |                                |         |                   |
|                           | <p>Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?</p> | <p>No, however, in some specific cases the GST/HST system provides for a flow through for import GST paid by an unregistered non-resident company to certain GST/HST registered purchasers for recovery purposes. As various conditions apply, an unregistered non-resident company may wish to carefully review the rules before proceeding with this mechanism.</p> <p>Also, an unregistered non-resident company may be eligible for a rebate equal to the tax paid for qualifying goods exported outside of Canada. These rebates are subject to certain conditions.</p>   |                  |                       |          |                      |           |                                |         |                   |
|                           | <p>Are there any exemptions with the right to recover or deduct input VAT?</p>  | <p>No, however, Canada provides a zero-rate of GST/HST to many qualifying goods and services, which give rise to a right for the supplier to recover or deduct input tax. Common examples are qualifying exported goods and services, basic groceries and prescription medicine.</p>   |                  |                       |          |                      |           |                                |         |                   |
|                           | <p>Are there any restrictions to the deduction of input VAT?</p>  | <p>Yes, businesses are subject to a number of GST/HST restrictions that limit their recovery of the GST/HST paid on inputs.</p>  |                  |                       |          |                      |           |                                |         |                   |
| <b>Invoices</b>           | <p>Is a business required to issue tax invoices?</p>  | <p>Yes, businesses must comply with a number of tax disclosure requirements.</p>   |                  |                       |          |                      |           |                                |         |                   |
|                           | <p>Is it possible/mandatory to issue invoices electronically?</p>   | <p>Yes, it is possible to issue invoices electronically. However, the invoice must, either alone or in combination with another eligible document or documents, contain the information required for the recipient to be able to claim the input tax credit. Businesses are required to follow specific requirements for electronic records.</p>   |                  |                       |          |                      |           |                                |         |                   |
|                           | <p>Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?</p>  | <p>Canada does not have a formal self-billing program.</p>   |                  |                       |          |                      |           |                                |         |                   |

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| <b>Audits</b>                     | Do tax audits take place on a regular basis?   | There are no specific guidelines as to how often the tax authorities do tax audits.  |
|                                   | Are audits done electronically in your country (e-audit)? If so, what system is in use?                            | The tax authorities may request data in electronic format during an audit.   |
|                                   | What penalties can arise from non-compliance?  | Various penalties can arise from non-compliance under the GST/HST, QST and PST systems. For example, different GST/HST related penalties may apply where the person has failed to file a return by the due date, has made a false statement or omissions attributable to gross negligence or has failed to recapture input tax credits as required. Also, interest is generally assessed on outstanding tax amounts. |
| <b>Special indirect tax rules</b> | Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale? | Yes, subject to a number of conditions, a person may be able to sell certain assets of a business or part of a business without charging or collecting GST/HST where the appropriate election is filed. However, businesses must also consider various other taxes including QST and PST, which may apply.   |
|                                   | Are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?   | Yes, the GST/HST and QST include various rules such as partial rebates for certain entities, self-assessment rules for various imported supplies and specific rules for certain financial institutions and pension plans.  |
|                                   | Does a reverse charge mechanism apply for goods or services?   | Yes, some businesses are required to self-assess GST, HST or PST on certain goods and services imported in Canada or brought into certain provinces.   |
|                                   | Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?                                    | Yes, under the GST/HST and QST systems, certain supplies qualify as zero-rated supplies and are taxed at a 0% tax rate, such as basic groceries.<br>For PST purposes, certain exemptions may apply.  |
| <b>Rulings</b>                    | Are rulings and decisions issued by the tax authorities publicly available?  | In general, several interpretation letters released by the tax authorities are available through publishers. However, a few provinces do publish some of their several interpretation letters on their websites.   |



## Caribbean Netherlands

Bonaire, Sint Eustatius, Saba (BES-islands)

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| <b>General</b> | <p><b>Types of indirect taxes (VAT/GST and other indirect taxes).</b></p>                                    | <p>General consumption tax (abbreviation in Dutch: ABB).</p>   |
|                | <p><b>Are there other indirect taxes?</b></p>  | <ul style="list-style-type: none"> <li>— Excise taxes.</li> </ul>  |
|                | <p><b>What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?</b></p> | <ul style="list-style-type: none"> <li>— Bonaire: <ul style="list-style-type: none"> <li>— standard rate for supply/import of goods: 8%</li> <li>— standard rate for services: 6%</li> <li>— insurances: 7%</li> <li>— export: 0%.</li> </ul> </li> <li>— Sint Eustatius and Saba: <ul style="list-style-type: none"> <li>— standard rate for supply/import of goods: 6%</li> <li>— standard rate for services: 4%</li> <li>— insurances: 5%</li> <li>— export: 0%.</li> </ul> </li> </ul> <p>Special rates apply with regard to passenger cars.</p>   |
|                | <p><b>Who is required to register for VAT/GST?</b></p>   | <p>For general consumption tax purposes:</p> <ul style="list-style-type: none"> <li>— producers who supply their produced goods in the Caribbean Netherlands for the purpose of their business against payment of compensation. (In principle, producers are entrepreneurs in the Caribbean Netherlands who produce goods using raw materials or semi-finished products)</li> <li>— entrepreneurs who render services in the Caribbean Netherlands for the purpose of their business against payment of compensation</li> <li>— anyone who imports goods.</li> </ul> <p>An entrepreneur is anyone who independently runs a business or practices a profession in the Caribbean Netherlands as well as any person who exploits an asset for the purposes of obtaining income therefrom on a continuing basis.</p> <p>Some entrepreneurs who have an annual turnover of USD20,000 or less may receive an exemption for the payment of general consumption tax.</p> |
|                | <p><b>Who is required to register for Transfer tax?</b></p>  | <p>The receiving party has to pay the transfer tax. The amount of transfer tax due should be added to the receiving party's tax return.</p>  |

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| <b>VAT/GST registration</b> | 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)? | No.  |
|                             | 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?  | At least the form 'starting entrepreneur' along with required attachments.   |
|                             | Is grouping* for VAT/GST and other indirect taxes possible?   | No.  |
| <b>VAT/GST compliance</b>   | How frequently are VAT/GST and other indirect tax returns submitted?  | Monthly (or quarterly).  |
|                             | What are the exchange rate rules in your country?   | The US dollar is the official currency of the Caribbean Netherlands.   |
| <b>VAT/GST recovery</b>     | Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?  | No.  |
|                             | Are there any exemptions with the right to recover or deduct input VAT?   | No.  |
|                             | Are there any restrictions to the deduction of input VAT?   | Yes, in general, deduction of input ABB is only possible for producers with respect to imported or purchased locally produced goods.   |
| <b>Invoices</b>             | Is a business required to issue tax invoices?   | No, except for the producers, there is no mandatory requirement to issue an invoice for ABB.   |
|                             | Is it possible/mandatory to issue invoices electronically?  | Yes, it is possible, but not mandatory.  |
|                             | Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?   | No.  |
| <b>Audits</b>               | Do tax audits take place on a regular basis?  | Yes, approximately every 5 years.  |
|                             | Are 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:</p> <ul style="list-style-type: none"> <li>— the tax return is not filed in time (max. penalty of USD1,400)</li> <li>— the tax due is (wholly or partly) not paid within the specified period (max. penalty of USD5,600).</li> </ul> <p>The second type is an offense penalty and applies when tax is not (fully) paid in time due to deliberate intent or gross negligence of the taxpayer. The maximum penalty is then 100% of the tax due.</p> <p>Furthermore, in specific cases criminal penalties or imprisonment could be the consequence of non-compliance.</p> |
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\* 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).

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| <b>Special indirect tax rules</b> | Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale? | Yes, this situation is exempt from ABB.  |
|                                   | Are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?    | In principle, the ABB is levied based on a cumulative cascade system. There are special rules with regard to the construction of immovable property. |
|                                   | Does a reverse charge mechanism apply for goods or services?   | Yes.   |
|                                   | Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?                                    | Bonded warehouse for goods and services, with extraordinary possibilities.   |
| <b>Rulings</b>                    | Are rulings and decisions issued by the tax authorities publicly available?  | No.  |



Chile

## General

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| Types of indirect taxes (VAT/GST and other indirect taxes).                                    | <ul style="list-style-type: none"> <li>— VAT.</li> <li>— Stamp tax.</li> </ul>  |
| Are there other indirect taxes?  | <ul style="list-style-type: none"> <li>— Additional tax on luxury goods.</li> <li>— Additional tax on alcoholic beverages.</li> <li>— Additional tax on non-alcoholic beverages with and without high sugar levels.</li> <li>— Specific tax on gas and diesel supplies.</li> <li>— Tobacco tax.</li> <li>— Additional tax on emissions.</li> </ul>  |
| What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes? | <ul style="list-style-type: none"> <li>— VAT: single rate of 19%.</li> <li>— Stamp tax: money credit operations: 0.066% per month, with a 0.8% maximum; money credit operation without a termination date or payable at sight: 0.332%.</li> <li>— Additional tax on luxury products: VAT plus 15% (in some cases 50%).</li> <li>— Additional tax on non-alcoholic beverages: VAT plus 10% or 18% (for beverages with high sugar levels).</li> <li>— Additional tax on alcoholic beverages: VAT plus a tax rate of 20.5% and in some cases, 31.5%.</li> <li>— Specific tax on gas and diesel supplies: gas 6 UTM/m3 (approximately USD420); diesel 1.5 UTM/m3 (approximately USD70) plus VAT.</li> <li>— Tobacco tax: VAT plus tax rate ranging between 52.6%–59.7% and a fixed amount of USD0.072 plus 30% of the value per cigarette.</li> <li>— Additional tax on emissions: new, lightweight and medium motorized vehicles pay a specific onetime tax under a fixed formula.</li> </ul> <p>There are no reduced rates. It is possible to distinguish four types of operations: out of scope, exempt without right to recover input VAT, exempt with the right to recover input VAT and exempt operations where VAT recovery is not relevant.</p> <p><b>Operations out of scope:</b></p> <p>These operations are not subject to VAT and taxpayers performing them cannot deduct input VAT (e.g. sale of some immovable properties, but only until 1 January 2016; services rendered and used abroad).</p> <p><b>Exempt operations where VAT recovery is not relevant:</b></p> <p>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> |

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| <b>General<br/>(continued)</b> | <b>What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes? (continued)</b>   | <p>Any person or entity who sells, on a regular basis, tangible movable goods, and immovable property from 1 January 2016 onward, and:</p> <ul style="list-style-type: none"> <li>— construction companies that sell tangible immovable goods that were completely or partially built by themselves (until 1 January 2016)</li> <li>— any person or entity who provides services levied with VAT.</li> </ul> <p>Stamp tax is applied on acts or documents involving a money credit operation.</p>   |
|                                | <b>Who is required to register for VAT/GST and other indirect taxes?</b>  | <p>There is no special registration for VAT/ stamp tax purposes. Nevertheless, there is an obligation for all taxpayers to obtain a taxpayer identification number (RUT), register with the Chilean Tax Administration (SII) and file a notice of commencement of activities with the SII.</p> <p>Such registration not only includes VAT taxable persons, but all other types of taxpayers and/or taxable persons that may be subject to Chilean tax laws as well (including income tax, VAT and others). These obligations also apply to a Chilean branch or permanent establishment in Chile of a non-resident taxpayer.</p>   |
| <b>VAT/GST registration</b>    | <b>Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?</b> | <p>No, overseas companies cannot register voluntarily for the sole purpose of recovering VAT/GST. In order to obtain a tax registration the relevant overseas companies should set up 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.</p>   |
|                                | <b>Does an overseas company need to appoint a fiscal representative?</b>  | <p>Yes, overseas companies obtaining a tax registration (as described above) should appoint a fiscal representative. This person should have a domicile or residence in Chile.</p>  |
|                                | <b>Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect tax registration?</b>  | <p>Applications for registration of a PE or local entity should be submitted by filing forms 4415.1 and 4418. In addition to the forms, the following documentation must be provided:</p> <ul style="list-style-type: none"> <li>— incorporation documents of the legal entity translated if not in Spanish and duly legalized</li> <li>— certificate of good standing of the legal entity translated if not in Spanish and duly legalized</li> <li>— identification of the company's representative in Chile and documents evidencing the powers of attorney granted to the representative (translated and legalized)</li> <li>— ownership title, lease agreement or other title related to the address used by the company in Chile.</li> </ul> |
|                                | <b>Is grouping* for VAT/GST and other indirect tax possible?</b>  | <p>No.</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).

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| <b>VAT/GST compliance</b> | How frequently are VAT/GST and other indirect tax returns submitted?   | Monthly (in some special cases bimonthly). In the case of stamp tax, it will depend on the payor or the nature of the document.  |
|                           | What are the exchange rate rules in your country?  | <p>The tax authority can authorize certain companies to carry out accounting in a foreign currency. Those authorized companies may apply for an authorization to file some or all of their taxes, make payments or request a refund (in the event of a credit balance of the applicable taxes) in the foreign currency.</p> <p>Invoices issued by Chilean taxpayers should always be issued in Chilean currency (pesos), notwithstanding the possibility to express the foreign currency values, indicating the exchange rate used to convert into Chilean pesos, which corresponds to the effective rate for the day of issuance of the respective invoice.</p> |
| <b>VAT/GST recovery</b>   | Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally? | No.  |
|                           | Are there any exemptions with the right to recover or deduct input VAT?  | <p>Yes, special provisions contained in the VAT legislation allow VAT recovery regarding certain exempt operations, such as:</p> <ul style="list-style-type: none"> <li>— exportation of goods</li> <li>— services provided to non-residents accepted as an exportation by the customs authority</li> <li>— sale of goods to foreign airplanes and ships making international transportation</li> <li>— international transportation services.</li> </ul> <p>In these cases, the law also provides the possibility of a refund of the input VAT paid. This refund could be requested on a monthly basis for the VAT paid in the previous month.</p>              |
|                           | Are there any restrictions to the deduction of input VAT?  | <p>Yes, the general rule is that taxpayers carrying out exempt operations cannot recover input VAT, such as:</p> <ul style="list-style-type: none"> <li>— some insurance transactions</li> <li>— financing operations not related to the sale of goods or services</li> <li>— educational services</li> <li>— some health services</li> <li>— transportation of persons.</li> </ul>  |
| <b>Invoices</b>           | Is a business required to issue tax invoices?  | Yes, in most cases.  |
|                           | Is it possible/mandatory to issue invoices electronically?   | Yes, it is possible and mandatory for some taxpayers.  |
|                           | Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?  | As a general rule, self-invoicing is not allowed. However, in some very specific and particular cases, the VAT law and the Chilean tax authorities have allowed issue purchase invoices, thus, allowing self-invoicing only for such cases.  |

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| <b>Audits</b>                     | 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 per year).   |
|                                   | Are audits done electronically in your country (e-audit)? If so, what system is in use?                            | The authorities may request data in an electronic format during an audit.   |
|                                   | What penalties can arise from non-compliance?  | The penalty varies depending on the non-compliance or the breach of the tax legislation. Penalties may be established as a fine on a fixed amount or determined on a percentage of the corresponding tax due (e.g. a rate ranging between 5% to 300% of the tax due); the temporary closing of the business; or imprisonment.   |
| <b>Special indirect tax rules</b> | Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale? | The transfers resulting from business reorganizations (mergers or spinoffs) and the transfer of a business structured as a share transfer deal are not subject to VAT. The sale of a going concern is subject to VAT when it includes the transfer of movable personal property and/or real estate constructed by a construction company, but only on the value of such goods.  |
|                                   | Are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?    | No, but Chilean VAT is characterized by a flat tax rate, few VAT exemptions and low chances for the foreign taxpayer to recover VAT. VAT compliance is based on an input VAT/output VAT offset mechanism with carry-forward of excess input VAT. With few exceptions there is 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 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 a Chilean resident).   |
|                                   | Are there indirect tax incentives available (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 6 or more months.  |
|                                   | Are rulings and decisions issued by the tax authorities publicly available?  | Yes, they are available at the following link: <a href="http://www.sii.cl/pagina/jurisprudencia/legis.htm">www.sii.cl/pagina/jurisprudencia/legis.htm</a> .   |



# Colombia

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| <b>General</b> | Types of indirect taxes (VAT/GST and other indirect taxes).                                    | VAT.   |
|                | Are there other indirect taxes?  | Excise tax, financial tax, <i>Gravamen a los Movimientos Financieros</i> (GMF) (financial transactions tax) and registry 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"> <li>— Beginning on 1 January 2017, VAT: 19% (standard rate), 5% and 0%.</li> <li>— National excise tax: 4% (mobile phone and mobile internet services), 8% (vehicles which free on board (FOB) value is less than USD30,000; boats for recreation; certain motorcycles; restaurants; and bar and club services) and 16% (vehicles which FOB value is equivalent or greater than USD30,000).</li> <li>— Regional excise duty: on alcoholic beverages, the rate is based on two components. The first one is determined in local currency (Colombian peso (COP)) and in accordance with the alcoholic grade of the beverage. The second one is a percentage of 20% for wines and 25% for other alcoholic beverages (over the selling price before taxes); on cigarettes and elaborated tobacco products the rate is expressed in COP (cigarettes with packages of 20 units); 48% on beer and 20% on beer mixtures. Additionally, alcoholic beverages are subject to a 5% VAT.</li> <li>— Financial tax: 0.4%.</li> <li>— Registry tax: 0.3% to 1%.</li> </ul> |
|                | Who is required to register for VAT/GST and other indirect taxes?                              | <p><b>VAT</b></p> <ul style="list-style-type: none"> <li>— Resident individuals and entities rendering taxable supplies of goods and/or services in Colombia.</li> <li>— Non-resident individuals and entities rendering taxable services from abroad in Colombia. The obligation takes place as of July 2018.</li> <li>— Importers of goods.</li> <li>— In the sale of aircrafts: the traders and the occasional sellers of such goods.</li> </ul> <p><b>National excise tax</b></p> <ul style="list-style-type: none"> <li>— Individuals and entities rendering taxable supplies of goods and/or services.</li> <li>— Importers of goods subject to the tax.</li> </ul> <p><b>Regional excise duties</b></p> <ul style="list-style-type: none"> <li>— Producers and importers of cigarettes, alcoholic beverages, beer and beer mixtures.</li> </ul>   |
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| <b>General<br/>(continued)</b>  | Who is required to register for VAT/GST and other indirect taxes?  | <p><b>Financial tax</b></p> <ul style="list-style-type: none"> <li>— The financial entities are the withholding agents.</li> </ul> <p><b>Registry tax</b></p> <ul style="list-style-type: none"> <li>— The registration offices act as the tax collector.</li> <li>— Chambers of commerce act as the tax collector.</li> </ul>   |
| <b>VAT/GST<br/>registration</b> | Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)? | <p>There is not a voluntary registration regime for VAT purposes.</p> <p>Companies without domicile or residence in Colombia selling goods from overseas to local customers are not responsible for VAT.</p> <p>Companies without domicile or residence in Colombia rendering taxable services from abroad would be liable to register for VAT and to file the respective returns. This obligation would start as of July 2018 (the tax administration shall establish the registration procedure).</p> <p>Transitorily, the VAT would be accrued by the purchaser via reverse charge. The tax authority shall establish the respective procedure.</p> <p>Companies without domicile or residence in Colombia selling goods located in the country at the time of the sale would be liable to register for VAT purposes.</p> |
|                                 | Does an overseas company need to appoint a fiscal representative?  | <p>A foreign company selling goods abroad without a domicile is not required to appoint a fiscal representative. Foreign entities selling goods in Colombia on a regular basis must incorporate a permanent establishment (e.g. branch office or a subsidiary for such purposes).</p> <p>Foreign companies rendering taxable services from abroad are liable to file VAT returns in Colombia (obligation would start as of July 2018), therefore, they should designate an authorized signatory who in general terms would be held jointly and severally liable with the taxpayer for the payment of the VAT. The corresponding requirements and procedures for overseas services providers have not been established yet.</p>   |
|                                 | Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect tax registrations?   | <p>A local permanent establishment (i.e. a branch office or a subsidiary) would have to register with the tax authorities. The tax registry would be obtained after the respective incorporation, provided the entity fulfills the requirements established in such regards. Requirements for an overseas company rendering taxable services have not been established yet.</p>  |
|                                 | 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).

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| <b>VAT/GST compliance</b> | <p><b>How frequently are VAT/GST and other indirect tax returns submitted?</b></p>   | <ul style="list-style-type: none"> <li>— VAT returns are filed and VAT due is paid every 2 months or quarterly depending on the previous year's earnings.</li> <li>— VAT accrued via the reverse charge mechanism must be declared and paid by the customer through a monthly withholding tax return.</li> <li>— Excise tax returns are filed and excise tax is paid every 2 months.</li> <li>— Regional excise duties are filed and paid every 15 days. However, there is a special period in regard to cigarettes.</li> <li>— Registry tax must be paid immediately after each transaction.</li> </ul>      |
|                           | <p><b>What are the exchange rate rules in your country?</b></p>  | <p>Transactions in foreign currencies must be converted to Colombian pesos and the VAT must be paid in the local currency. The Colombian Central Bank (<i>Banco de la Republica</i>) regulates the exchange system.</p>   |
| <b>VAT/GST recovery</b>   | <p><b>Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?</b></p>   | <p>Only registered taxpayers are entitled to recover or deduct the input VAT. Procedures for an overseas company rendering taxable services have not been established yet.</p>  |
|                           | <p><b>Are there any exemptions (sale of goods to a free trade zone and exportations) with the right to recover or deduct input VAT?</b></p>  | <p>Yes, certain VAT exemptions have the right to recover input VAT, among them exportations, provided several requirements are met.</p>   |
| <b>VAT/GST recovery</b>   | <p><b>Are there any restrictions to the deduction of input VAT?</b></p>  | <ul style="list-style-type: none"> <li>— The VAT paid on the acquisition of goods and services for the production and/or sale of excluded goods/services is not recoverable as input VAT.</li> <li>— The VAT paid on the purchase or importation of fixed assets.</li> </ul> <p>When taxpayers undertake activities that generate VAT, zero-rated activities and VAT excluded activities at the same time, deduction of input VAT is subject to a proportionality calculation (i.e. not all input VAT would be recoverable).</p>  |
| <b>Invoices</b>           | <p><b>Is a business required to issue tax invoices?</b></p> <p><b>Is it possible/mandatory to issue invoices electronically?</b></p> <p><b>Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?</b></p> | <p>Yes, except when providers belong to the VAT simplified regime (applicable to individuals, not entities).</p> <p>It is possible when requirements are met, but not mandatory.</p> <p>Pursuant to the dispositions of the recent tax reform, electronic invoicing would be mandatory as of 2019 once the government and the tax administration regulate the subject.</p> <p>No, however in certain specific circumstances, the taxpayer is required to prepare an internal document denominated 'equivalent document' to formalize operations with individuals that are not required to issue invoices.</p> |

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| <b>Audits</b>                     | <b>Do tax audits take place on a regular basis?</b>   | Audits are random. They are generally triggered by a VAT refund request submitted by the taxpayer or due to audit programs of the tax authority.  |
|                                   | <b>Are audits done electronically in your country (e-audit)? If so, what system is in use?</b>                          | No.   |
|                                   | <b>What penalties can arise from non-compliance?</b>  | The delay penalty is 5% of the amount due per month or fraction of delay plus default interests. The penalty would be increased to 10% if the outstanding return is filed after being summoned by the tax authority. Should the taxpayer not file the returns after being summoned, the non-compliance penalty will be equivalent to 10% of the gross revenues (among other parameters). The inaccuracy penalty is 100% or 160% of the difference between the tax or balance in favor assessed by the taxpayer and the amount established by the tax authority.   |
| <b>Special indirect tax rules</b> | <b>Are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?</b> | There is not a specific VAT rule applicable on the sale of a company. 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. However, inventories and intangibles associated with industrial property (i.e. brands, patents, commercial names, industrial designs, industrial secrets, etc. — copyrights are not included) involved in such a sale would be taxable. In the event of the acquisition of a company by the purchase of its shares, no VAT would be triggered.                                   |
|                                   | <b>Are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?</b>  | Yes. Pursuant to the dispositions of the recent tax reform, overseas companies rendering taxable services from abroad to Colombian entities/ individuals are liable to register for VAT purposes and file the respective returns; procedures for registration and filing of the returns have not been established yet.  |
|                                   | <b>Does a reverse charge mechanism apply for goods or services?</b>   | Yes, there is a reverse charge applicable by the Colombian entity benefited by taxable services rendered by non-residents, either from abroad or within the Colombian territory. As of 1 January 2017 pursuant to the new dispositions incorporated by the tax reform, non-residents providing taxable services from abroad should register for VAT purposes and file returns declaring the VAT on taxable operations; however, such registration would take place as of July 2018. In the meantime, the reverse charge would continue to apply; the tax authority shall list the transactions upon which the same is applicable. |

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| <p><b>Special indirect tax rules (continued)</b></p> | <p>Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?</p> <ul style="list-style-type: none"> <li>— Reduced tax rates are expressly indicated (e.g. complementary health).</li> <li>— 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.</li> <li>— The sale of goods from the Colombian territory to an industrial user of services or goods established in a free trade zone are zero-rated provided these goods are necessary for the development of the business objective of the industrial user.</li> </ul> <p><b>VAT benefits on importations</b></p> <ul style="list-style-type: none"> <li>— Payment of the VAT in installments: In importation of heavy machinery for basic industries and provided that the respective machine's cost, insurance and freight (CIF) value is greater than USD500,000, the taxpayers will be allowed to pay the VAT caused by the importation in 3 installments: 40% with the importation return and the other 60% in two equal installments within the following 2 years. A payment agreement shall be signed with the tax authority for this purpose.</li> <li>— Corporate tax credit: Taxpayers are able to use as a tax credit the VAT paid in the importation of heavy machinery for basic industries in the year in which the respective VAT is paid or in the following years.</li> </ul> <p>It is important to point out that said benefits would be applicable only in the case of ordinary importations of machinery (i.e. not temporary importations).</p> |
|  | <p>Are there indirect tax incentives available (e.g. reduced rates, tax holidays) (continued)?</p> <ul style="list-style-type: none"> <li>— Importations not subject to VAT: The temporary importation of heavy machinery for basic industries is not subject to VAT provided that there is no production of the respective goods in Colombia.</li> </ul> <p>It should be highlighted that mining, hydrocarbons and heavy chemicals are considered basic industries (among others).</p> <ul style="list-style-type: none"> <li>— VAT paid on importation/acquisitions on capital goods: Income taxpayers would be allowed to deduct, in the determination of the tax, the VAT paid in the acquisition/importation of capital goods (levied with VAT at the general rate). Several conditions are applicable.</li> </ul>   |
|  | <p>Are rulings and decisions issued by the tax authorities publicly available?</p> <p>Rulings are publicly available. However, rulings in Colombia do not cover particular or specific taxpayer situations, but are general interpretations of the tax law. Rulings are not mandatory for taxpayers, although they can be used to support their operations with the tax authority.</p>  |



## Costa Rica

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| <b>General</b> | <b>Types of indirect taxes (VAT/GST and other indirect taxes).</b>                                    | VAT.  |
|                | <b>Are there other indirect taxes?</b>  | Excise taxes and some specific taxes (e.g. fuel, cement and alcohol).   |
|                | <b>What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?</b> | <p>13% is the standard rate for VAT with reduced rates of 0%, 5% and 10%. Excise taxes range typically between 10% and 50%.</p> <p>Reduced VAT rates are applicable on:</p> <ul style="list-style-type: none"> <li>— wood: 10%</li> <li>— residential electricity: 5%.</li> </ul> <p>There are exempt supplies with right to recover input VAT, but only regarding the VAT paid for inputs and raw materials that are physically incorporated into a zero-rated good or service.</p> <p>In general, input tax is not deductible for overhead expenses. The category of exempt items includes nearly 200 different basic products, such as food and other necessities (based on the concept of 'basic basket' or <i>canasta basica</i>).</p> <p>Exports of goods are also exempt, as well as the re-importation of merchandise of Costa Rican origin occurring within the 3 years following their exportation.</p> <p>There are no zero-rated items for excise tax purposes.</p> |
|                | <b>Who is required to register for VAT/GST and other indirect taxes?</b>                              | <p>A legal entity should be registered as a VAT taxpayer when it sells goods or provides services that are subject to VAT in the local market on a regular basis. There are no thresholds for VAT registration. However, there are several methods providing for an exemption/suspension/reimbursement of VAT, which are usually in connection with re-export of the goods or with the production of goods sold locally under VAT exemption.</p> <p>In order to register as a VAT taxpayer, it is necessary to have a local presence able to conduct taxable transactions within Costa Rica. This implies either a permanent establishment or the incorporation of a subsidiary/branch/corporation in Costa Rica.</p> <p>Regarding excise taxes, individuals or entities that assemble or manufacture goods above an amount of 2 million Costa Rican colóns (CRC) in market value a year are required to register as taxpayers.</p>   |

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| <b>VAT/GST registration</b> | <p>Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?</p> | <p>An overseas company can register as a VAT taxpayer when:</p> <ul style="list-style-type: none"> <li>— it sells goods or provides services that are subject to VAT in the local market on a regular basis</li> <li>— it is an importer of merchandise subject to VAT.</li> </ul> <p>This activity should be performed through a branch, an agency or a representative with general power of attorney or a subsidiary.</p>  |
|                             | <p>Does an overseas company need to appoint a fiscal representative?</p>  | <p>Foreign entities are not allowed to register for VAT in Costa Rica.</p> <p>Only permanent establishments, local subsidiaries/branches/corporations engaged in the 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 permanent establishment will have a fiscal representative with authority to file income tax returns, respond to inquiries by the tax authorities and file the registration as a VAT taxpayer.</p> |
|                             | <p>Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect tax registrations?</p>   | <p>Not applicable.</p>   |
|                             | <p>Is grouping* for VAT/GST and other indirect taxes possible?</p>  | <p>No.</p>   |
| <b>VAT/GST compliance</b>   | <p>How frequently are VAT/GST and other indirect tax returns submitted?</p>   | <p>VAT and excise tax returns: monthly.</p>  |
|                             | <p>What are the exchange rate rules in your country?</p>  | <p>In accordance with Resolution 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>   |
| <b>VAT/GST recovery</b>     | <p>Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?</p>   | <p>No.</p>   |
|                             | <p>Are there any exemptions with the right to recover or deduct input VAT?</p>  | <p>Yes, the sale of zero-rated goods allows the right to recover input VAT.</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).

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| <b>VAT/GST recovery (continued)</b> | Are there any restrictions to the deduction of input VAT?  | <p>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, and only certain services, are taxed. Furthermore, when manufacturing taxable goods and services, 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.</p> <p>Input VAT paid for goods or services used in the commercialization or distribution of goods or of exempt services may also be recovered.</p> |
| <b>Invoices</b>                     | Is a business required to issue tax invoices?  | Yes.  |
|                                     | Is it possible/mandatory to issue invoices electronically?   | <p>Yes, however, in order to issue electronic invoices, the taxpayer must comply with the requirements stated in Directive of the Tax Administration Number 02-09 dated 9 January 2009.</p> <p>Tax authorities have authorized the use of vouchers under certain conditions.</p>  |
|                                     | Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?                                  | No.   |
| <b>Audits</b>                       | Do tax audits take place on a regular basis?   | Only large taxpayers are subject by law to tax audits at least once every 4 years. Other taxpayers are not (in principle) subject to regular tax audits.  |
|                                     | Are 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 (50% of the applicable tax) to imprisonment.  |
| <b>Special indirect tax rules</b>   | Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale? | <p>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).</p> <p>Used or secondhand goods where the owner did not recover the VAT paid upon purchase are not taxable upon sale.</p>  |

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| <b>Special indirect tax rules (continued)</b> | <p>Are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?</p>                                     | <p>Yes, the 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.</p> <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> <ul style="list-style-type: none"> <li>— discounts acceptable and normally used under ordinary trading practices if separately indicated in the purchase invoice</li> <li>— the value on 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</li> <li>— financial expenses invoiced and recorded separately in the accounting registers.</li> </ul> |
|   | <p>Does a reverse charge mechanism apply for goods or services?</p> <p>Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?</p> | <p>No.</p> <p>VAT legislation allows taxpayers under specific circumstances to request the authorized purchase system. Through this system, the VAT liability on importation may be avoided.</p> <p>The 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>  |
| <b>Rulings</b>                                | <p>Are rulings and decisions issued by the tax authorities publicly available?</p>   | <p>Yes, they can be accessed at <a href="http://www.pgr.go.cr/scij/">http://www.pgr.go.cr/scij/</a>.</p>   |



## Cuba

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| <b>General</b>              | Types of indirect taxes (VAT/GST and other indirect taxes).  | Cuba does not have a VAT system. A sales tax ( <i>impuesto sobre la venta</i> ) applies to goods destined for use and/or consumption. There is also an indirect tax that is levied on revenues ( <i>impuesto sobre los servicios</i> ) realized with rendering of services in Cuba. The rendering of services should be in Cuba to constitute a taxable event for this indirect tax. |
|                             | Are there other indirect taxes?  | Yes, excise duty ( <i>impuesto especial a productos y servicios</i> ) on certain goods such as alcohol, cigars, cigarettes, etc.   |
|                             | What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?   | A 2% tax is applied on wholesale sales; 10% tax on retail sales; and 10% rate on services. The tax rates for the excise duties are to be specified in the annual budget law. Information regarding the rates is not provided in the law or in its related regulations and is therefore not yet available.  |
|                             | Who is required to register for VAT/GST and other indirect taxes?  | The persons and entities that are subject to the concerning taxes.   |
| <b>VAT/GST registration</b> | Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)? | No regulations have been promulgated in this respect yet.  |
|                             | Does an overseas company need to appoint a fiscal representative?  | Yes, if it has a permanent establishment.  |
|                             | Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect tax registrations?   | No regulations have been promulgated in this respect yet.  |
|                             | Is grouping* for VAT/GST and other indirect taxes possible?  | No regulations have been promulgated in this respect yet.  |
| <b>VAT/GST compliance</b>   | How frequently are VAT/GST and other indirect taxes returns submitted?   | Taxpayers are required to submit monthly tax returns.  |
|                             | What are the exchange rate rules in your country?  | The tax return can be filed either in Cuban peso (CUP) or in Cuban convertible peso (CUC).   |

\*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).

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| <b>VAT/GST recovery</b>           | Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally? | No regulations have been promulgated in this respect yet.                    |
|                                   | Are there any exemptions with the right to recover or deduct input VAT?  | Not applicable since there is no VAT system in Cuba.                         |
|                                   | Are there any restrictions to the deduction of input VAT?  | Not applicable.  |
| <b>Invoices</b>                   | Is a business required to issue tax invoices?  | Not applicable.  |
|                                   | Is it possible/mandatory to issue invoices electronically?   | Not applicable.  |
|                                   | Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?  | Not applicable.  |
| <b>Audits</b>                     | Do tax audits take place on a regular basis?   | The statute of limitation for a tax audit is 5 years.                        |
|                                   | Are audits done electronically in your country (e-audit)? If so, what system is in use?  | Not applicable.  |
|                                   | What penalties can arise from non-compliance?  | Fixed amounts ranging from CUP350 to CUP10,000, or up to 30% of the tax due. |
| <b>Special indirect tax rules</b> | Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale?                     | There are no particular regulations.   |
|                                   | Are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?                        | Not applicable.  |
|                                   | Does a reverse charge mechanism apply for goods or services?   | Not applicable.  |
|                                   | Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?  | Yes, incentives for foreign investments.                                     |
| <b>Rulings</b>                    | Are rulings and decisions issued by the tax authorities publicly available?  | No.  |



# Curacao

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| <b>General</b>              | Types of indirect taxes (VAT/GST and other indirect taxes).   | Sales tax.  |
|                             | Are there other indirect taxes?   | <ul style="list-style-type: none"> <li>— Real estate transfer tax.</li> <li>— Real estate tax (land property tax, OZB or <i>onroerendezaakbelasting</i>).</li> <li>— Excise taxes.</li> <li>— Stamp duty and registration duty.</li> </ul>  |
|                             | What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?  | <p>Sales tax: 6%:</p> <ul style="list-style-type: none"> <li>— insurance and accommodation: 7%</li> <li>— certain goods and services: 9%.</li> </ul> <p>Real estate 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 Curacao.</p> <p>Upon request, entrepreneurs may be exempt from turnover tax provided that the turnover in the preceding year is less than 30,000 Netherlands Antillean guilders (ANG) (not applicable for certain real estate activities).</p> |
|                             | Who is required to register for transfer tax?   | <p>None of the parties. The amount of real estate transfer tax due is collected by the notary public, and paid by the notary public to the tax collector. The purchaser of the real estate carries the tax burden.</p>  |
| <b>VAT/GST registration</b> | 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)? | No, based on the applicable legislation, overseas companies may only register for sales tax purposes in cases that the company is subject to sales tax in Curacao.  |
|                             | 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?  | <p>A formal request. It is only required to include general information in the respective form:</p> <ul style="list-style-type: none"> <li>— incorporation documents of the legal entity</li> <li>— identification of directors and officers of the legal entity</li> <li>— information concerning the address of the entity within Curacao</li> <li>— business activity.</li> </ul>  |
|                             | Is grouping* for VAT/GST and other indirect taxes possible?   | No.   |
| <b>VAT/GST compliance</b>   | How frequently are VAT/GST and other indirect tax returns submitted?  | Monthly.  |

\* 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).

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| <b>VAT/GST compliance (continued)</b> | What are the exchange rate rules in your country?  | Each year, the tax authorities publish an overview of the average exchange rate of 1 year regarding several foreign currencies. However, the taxpayer is also allowed to use the exchange rate of the payment/receipt date. The ANG is linked to the US dollar (USD1=ANG1.78).   |
| <b>VAT/GST recovery</b>               | Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally? | No.  |
|                                       | Are there any exemptions with the right to recover or deduct input VAT?  | No.<br><br>In principle, there is no right to deduct sales tax. However, the current tax legislation provides two possibilities for reclaiming sales tax. <ul style="list-style-type: none"> <li>— Upon request, sales tax on the import of trade goods can be deducted provided that no exemption applies to the supply of these goods.</li> <li>— Upon request, sales tax on the import of goods used for packaging or manufacturing of exported goods can be deducted.</li> </ul>   |
|                                       | 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 the vendor to issue an invoice, i.e. is self-billing possible?  | No.  |
|                                       | Do tax audits take place on a regular basis?   | Yes, approximately every 5 years.  |
|                                       | Are audits done electronically in your country (e-audit)? If so, what system is in use?  | No.  |
|                                       | What penalties can arise from non-compliance?  | There are two different types of penalties. The first type is a default penalty and applies when: <ul style="list-style-type: none"> <li>— the tax return is not filed on time (maximum penalty of ANG2,500)</li> <li>— the tax due is (wholly or partially) not paid within the specified period (maximum penalty of ANG10,000).</li> </ul> The second type is an offense penalty and applies when tax is not (fully) paid in time due to deliberate intent or gross negligence of the taxpayer. The maximum penalty is then 100% of the tax due. |
| <b>Special indirect tax rules</b>     | Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale?                     | Yes, an exemption is applicable based on a general decree.   |
|                                       | Are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?                       | In general, there is no right to claim deduction of sales tax paid by entrepreneurs.   |
|                                       | Does a reverse charge mechanism apply for goods or services?   | Yes.   |
|                                       | Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?  | Yes, the law contains a number of exemptions.  |
| <b>Rulings</b>                        | Are rulings and decisions issued by the tax authorities publicly available?  | No.  |



## Dominican Republic

### General

Types of indirect taxes (VAT/GST and other indirect taxes).

### VAT

VAT in Dominican Republic is known as the tax on the transfer of industrialized goods and services (*impuesto sobre transferencia de bienes industrializados y servicios* or ITBIS). As its name suggests, this tax is applicable on the transfer of industrialized goods, whether domestic or imported, and the rendering or leasing of certain services received within the country.

Individuals and corporations engaging in any of the referred economic activities are deemed taxpayers under the scope of the ITBIS, unless expressly exempted. The aforementioned rule is to be applied regardless of the taxpayer being a local entity that is registered before the Dominican Republic Tax Authorities, or being a foreign entity engaged in business in the Dominican Republic that possesses a permanent establishment in the country.

The Dominican Tax Code establishes a detailed list of products (in the following categories) that are exempted from ITBIS: educational materials, medicines, health services, financial services, utilities, non-conventional or renewable energy equipment and supply, and inland transportation services of individuals and cargo, among others. On the other hand, education, culture, healthcare, electricity and financial services, among others, are also generally exempted from ITBIS. Additionally, exports of goods are subject to a 0% rate, while exported services that comply with certain conditions, are VAT exempt. This entitles exporters to input ITBIS deductions and reimbursements. Moreover, importers of raw materials, industrial machinery and capital goods, which are considered exempt by law, shall, as of 1 January 2017, advance 50% of the VAT that would normally apply under the ordinary regime when clearing customs. Such measure substantially modifies the previous scenario, in which VAT was levied with the first transfer of finalized products within the local market, and not through the production process. This change is significant as it partially eliminated the tax deferment that producers and manufacturers used to benefit from.

## General (continued)

The taxable base of ITBIS in the transfer of goods (whether at a price or freely disposed) shall be the net transfer or fiscal worth of the item plus costs of any supplemental services in connection thereto; in addition to any applicable excise taxes and offset by any offered non-financial discounts. In the case of imports, the taxable base shall be the cost, insurance and freight (CIF) value of the imported goods, plus customs duties and excise taxes, if applicable. Concerning the rendering of a service, the taxable base shall be equal to the price charged, whether paid as a lump sum or through installments, offset by any legal tip, if applicable. The Dominican Labor Code establishes a legal tip of 10% over the pre-tax amount of invoices for services rendered in hotels, restaurants, cafes, bars and, in general, all commercial establishments that sell foods and beverages for consumption within such establishments. Accordingly, the Dominican Tax Code provides that such legal tip shall be excluded from the VAT basis.

### Are there other indirect taxes?

### Excise taxes

Excise taxes are levied on the acquisition, consumption or import of certain goods and services, as listed in the Dominican Tax Code. Two main types of excise taxes exist in the Dominican Republic, namely: the selective consumption tax (*impuesto selectivo al consumo* or ISC) and the selective ad-valorem tax (*impuesto selectivo ad-valorem*).

In general, the referred taxes apply to tobacco products, such as cigarettes or cigars, gasoline, alcoholic beverages, telecommunication services, the use of checks, wire transfers, as well as the entering into insurance premiums. Except for telecommunication services, excise taxes shall be accounted toward determining the taxable base of the ITBIS.

- ISC: This tax creates a burden primarily for the transfer of certain domestic goods at the level of the manufacturer, the transfer or import of certain restricted goods and the rendering or leasing of a series of services described in the Dominican Tax Code.
- ad-valorem tax: Without prejudice of the ISC levying certain economic activities, the ad-valorem tax functions as a secondary excise tax burdening the consumption or import of certain goods, such as tobacco products, alcoholic beverages, oil products, hydrocarbons and certain others goods considered by law as luxury items.

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| <b>General<br/>(continued)</b> | <p><b>What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?</b></p> | <p><b>VAT</b></p> <p>The standard rate of ITBIS is 18%. However, there are certain goods that enjoy a reduced VAT rate of 16%, due to their high consumption, including certain dairy products, coffee, shortenings and oils, sugars and chocolates.</p> <p><b>Excise tax</b></p> <p>Excise tax is imposed on a series of products including 'luxury goods' as well as certain services. Each product is burdened with specific amounts and/or rates as determined by law. Such products may be listed as follows:</p> <ul style="list-style-type: none"> <li>— products derived from alcohol: specific amounts depending on the alcohol grade contained and a 10% ad-valorem tax</li> <li>— products derived from tobacco: specific amounts depending on the type of tobacco and the units within a pack of cigarettes and/or cigars, and a 20% ad-valorem tax. Tobacco for water pipes and other types of tobacco are taxed at a rate of 130%</li> <li>— other goods (perfumes, diamonds, bijouterie, air conditioners, electronics, motor vehicles, guns, etc.) between 10% and 78%</li> <li>— benefits from, and allocation of, communication services at a rate of 10%; long distance calls (national and international) at a rate of 10%</li> <li>— insurance policies at a rate of 16%</li> <li>— vehicles with special engines and golf carts, at a rate of 20%</li> <li>— fossil fuels at a rate of 16%.</li> </ul> <p><b>Ad-valorem</b></p> <p>As indicated in the previous section, the excise tax considers an additional tax imposed on products derived from alcohol, tobacco and fossil fuels. Such ad-valorem tax is levied at a rate of 20% on tobacco, 10% on alcohol products and 16% on fossil fuel and petroleum products.</p> |
|                                | <p><b>Who is required to register for VAT/GST and other indirect taxes?</b></p>                              | <p><b>VAT</b></p> <p>In general, individuals, corporations, look-through entities or economic units doing business in the Dominican Republic (whether domestic or foreign) regardless of legal capacity or place of domicile, are considered taxpayers subject to ITBIS to the extent they transfer industrialized goods, import goods, render taxable services or perform a commercial activity deemed taxable under the scope of the ITBIS regulation and general rulings.</p>  |

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| <b>General<br/>(continued)</b>  | <b>Who is required to register for VAT/GST and other indirect taxes?</b>  | <b>Excise taxes</b><br>As with ITBIS, individuals, corporations, look-through entities or economic units doing business in the Dominican Republic (whether domestic or foreign) shall register as Dominican taxpayers so long as the products or manufactured goods are burdened by this tax or they act as the last party in the chain of production where the good is either finished or acquires its individuality, as defined in the tax code. Furthermore, individuals, corporations, look-through entities or economic units (whether domestic or foreign) that import goods burdened either by the ISC or the ad-valorem tax or render services that are levied with the ISC or the ad-valorem tax shall register as Dominican taxpayers. Please be advised that most of the products and/or services that are subject to ISC and/or ad-valorem tax are strongly regulated in the Dominican Republic (e.g. alcohol manufacturing and insurance). |
| <b>VAT/GST<br/>registration</b> | <b>Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?</b> | The Dominican tax law does not provide for a special tax registration for ITBIS or other indirect taxes; which implies that an overseas company that wishes to comply with ITBIS and/or other indirect tax obligations shall register as a taxpayer for all taxes and purposes. Moreover, there is no taxable turnover or threshold in connection with the registration of a taxpayer for the purposes of fulfilling its ITBIS liabilities.   |
|                                 | <b>Does an overseas company need to appoint a fiscal representative?</b>  | Dominican tax law requires all companies and taxpayers, whether foreign or domestic, conducting operations in the Dominican Republic to appoint a legal representative or register a contact person before the tax authorities. Any liability or tax issue that arises may be effectively dealt with by means of such legal representative or agent, in their capacity as representative; therefore, please be advised that appointing a representative does not substitute the need to register as a taxpayer.   |
|                                 | <b>Is grouping* for VAT/GST and other indirect taxes possible?</b>  | Dominican tax law does not allow the filing of consolidated returns in regards to ITBIS. However, the tax authorities may either disregard or rule as an economic unit the presence of an individual or several legal entities on certain transactions when used to secure a tax advantage or as a spurious act.  |
| <b>VAT/GST<br/>compliance</b>   | <b>How frequently are VAT/GST and other indirect tax returns submitted?</b>   | <b>VAT</b><br>Each ITBIS return is to be submitted along with the payment on a monthly basis. The deadline is the 20th day of the month following the tax period contained in such. The filing of the ITBIS return is mandatory by law whether or not a liability is due by the taxpayer.   |

\* 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).

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| <b>VAT/GST compliance (continued)</b> | <p><b>Excise taxes</b></p> <p>Should ISC or ad-valorem tax arise from the transfer of a good or the rendering of a service, any tax returns, along with their corresponding payment, shall be submitted on a monthly basis. The deadline is the 20th day of the month following the tax period contained in such. In the case of imports, any ISC or ad-valorem tax obligation shall be paid jointly with the custom duties as set forth in the applicable regulations.</p>  |
|                                       | <p><b>What are the exchange rate rules in your country?</b></p> <p>The Dominican Republic has a free currency exchange market. A foreign company is not required to obtain government approval neither to invest nor to do business in the country. The Dominican Central Bank, upon requirement of a foreign company through a relatively simple administrative procedure, issues a Certificate of Foreign Investment Registration. The latter constitutes the sole requirement for a foreign individual or company to freely buy foreign currency in commercial banks for the purpose of repatriating dividends or profits earned locally.</p> |
| <b>VAT/GST recovery</b>               | <p><b>Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?</b></p> <p>Only locally registered taxpayers are allowed to recover ITBIS in the Dominican Republic. A recovery is not allowed in any form concerning a tax liability paid in connection with the ISC or the ad-valorem tax except for fossil fuels exemptions and particular exemptions given to the parties within a government contract.</p>   |
|                                       | <p><b>Are there any exemptions with the right to recover or deduct input VAT?</b></p> <p>Yes, ITBIS and excise taxes incurred by real estate developers, producers of exempted goods and services, registered exporters and for the purposes of renovating industrial machinery may be both offset and registered as costs of the referred business, carried forward or reimbursed, as applicable. The referred fiscal treatment is subject to the taxpayer complying with a set of special regulations in connection therewith.</p>   |
|                                       | <p><b>Are there any restrictions to the deduction of input VAT?</b></p> <p>Yes, input ITBIS may only be deducted against output ITBIS when the latter is related to the activity that generated the corresponding input ITBIS. Moreover, certain formalities have to be complied with in order for input ITBIS to be deducted by a taxpayer.</p>   |
| <b>Invoices</b>                       | <p><b>Is a business required to issue tax invoices?</b></p> <p>Yes, in the Dominican Republic all companies or business entities charging any sort of tax on its sales or services must issue tax invoices, which shall be reported on a monthly basis.</p> <p>Such invoices shall include:</p> <ul style="list-style-type: none"> <li>— the official and unique tax receipt number assigned by the tax authorities to every invoice (NCF)</li> <li>— the taxpayer's official identification number</li> <li>— the amount of ITBIS or other indirect tax paid.</li> </ul>  |

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| <b>Invoices<br/>(continued)</b>           | Is it possible/mandatory to issue invoices electronically?   | Yes, invoices may be issued electronically. Be advised that these will also be subject to the previously cited requirements.  |
|   | Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?                                  | No, self-billing is not permitted by the Dominican tax legislation; however, operations subject to VAT which may involve self-billing from an accounting perspective (e.g. personal consumption of inventory), shall be declared and liquidated in the Monthly VAT return (IT-1 Form).  |
| <b>Audits</b>                             | Do tax audits take place on a regular basis?   | Yes, in the case of large taxpayers, audits are performed generally about once a year or after a transaction deemed important for fiscal purposes by the Dominican Republic Tax Authorities. In other cases, the chances of being audited will normally depend on the amount of tax deficiencies found by the referred authorities.   |
|   | Are audits done electronically in your country (e-audit)? If so, what system is in use?                            | Yes, e-audits by far exceed physical tax audits. The Dominican Republic Tax Authorities have developed and use a special tax software, known as the Crossed Information System, among others.   |
|   | What penalties can arise from non-compliance?  | <p>If a taxpayer does not comply with tax obligations, pecuniary sanctions such as surcharges, legal interest and fines may be applied by the Dominican Republic Tax Authorities.</p> <p>Fines are usually imposed if a taxpayer uses, or attempts to use, deceptive means to avoid paying its tax obligations, in part or in full. Failure to pay the amount of tax due to the Dominican Republic Tax Authorities before an applicable deadline is subject to surcharges (late fees) at a rate of 10% on the first month after the applicable deadline, and at a rate of 4% on each subsequent month or fraction of a month. Jointly, 1.10% of the tax due shall be paid monthly by way of legal interest. These penalties are not deductible for income tax purposes.</p> |
| <b>Special<br/>indirect tax<br/>rules</b> | Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale? | Yes, special rules apply on sales made by one taxpayer to another who is exempted by law from paying ITBIS.   |
|   | Are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?   | No, there are not any particular rules.   |
|   | Does a reverse charge mechanism apply in your country for goods or services?                                       | No, such mechanism does not exist in the Dominican Republic.  |
|   | Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?                                    | Yes, several incentive laws have been enacted that grant total or partial tax exemptions on certain business activities (i.e. tourism, free trade zones, energy, etc.).   |
| <b>Rulings</b>                            | Are rulings and decisions issued by the tax authorities publicly available?  | No, generally, tax rulings are addressed to a particular taxpayer and, as such, they are protected under the secrecy provisions of the Dominican Tax Code. Nonetheless, the Dominican Republic Tax Authorities issue general rulings on specific tax matters, which are made publicly available and are subject to a public opinion phase prior to their enactment.   |



# Ecuador

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| <b>General</b> | <p>Types of indirect taxes (VAT/GST and other indirect taxes).</p>                                    | <p><b>VAT or <i>impuesto al valor agregado (IVA)</i></b><br/>IVA is applied to imports and transfers of goods and services.</p>  |
|                | <p>Are there other indirect taxes?</p>  | <p><b>Special consumption tax (ICE)</b><br/><i>Impuesto a los Consumos Especiales (ICE)</i> is applied to consumption of certain goods and services considered as sumptuous.</p> <p><b>Capital outflow tax or <i>Impuesto a la Salida de Divisas (ISD)</i></b><br/>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 and, in general, any other mechanism for extinguishing obligations when these operations are carried outwards.</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 14%. From 1 June 2017 the VAT rate will be 12%.</p> <p>Supplies of goods subject to 0%: all 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, among others.</p> <p>Supplies of services subject to 0%: national land transport, transport of crude oil and natural gas pipelines, healthcare-related services, financial and stock market-related services and exported services, among others.</p> <p>ICE: between 5% and 300% (article 82 <i>Ley de Régimen Tributario Interno (LRTI)</i>)</p> <p>ISD: 5%.</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 business activities in Ecuador to register at the Ecuadorian Internal Revenue Services (EIRS) and to obtain their taxpayer identification numbers (<i>Registro Único de Contribuyentes</i>) (RUC). The aforementioned registration involves VAT, income tax, special consumption tax, capital outflow tax and all taxes administered by the Ecuadorian Internal Revenue Services.</p>  |

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| <b>VAT/GST registration</b> | Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)? | No, 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.   |
|                             | Does an overseas company need to appoint a fiscal representative?  | 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.   |
|                             | 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?  | Not applicable.  |
| <b>VAT/GST compliance</b>   | How frequently are VAT/GST and other indirect tax returns submitted?   | VAT and ICE: monthly.<br>ISD: on each transfer or sending of money abroad and, in general, any other mechanism for extinguishing obligations when these operations are carried outwards.   |
|                             | What are the exchange rate rules in your country?  | If a business receives an invoice in foreign currency, the exchange rate to be used for VAT reporting purposes is the exchange rate in effect at the date of conversion.   |
| <b>VAT/GST recovery</b>     | Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?   | No.  |
|                             | 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 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.<br>Additionally, tax authorities refund only the retention of VAT that cannot be used as a 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).

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| <b>VAT/GST registration (continued)</b> | <p>Are there any exemptions with the right to recover or deduct input VAT? (continued)</p> | <p><b>Special cases of refund of VAT</b></p> <p>Exportation is taxed at 0% for VAT. Exporters paying VAT on local or imported purchases, such as raw materials, supplies, services and assets used for manufacturing and sales 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 such as goods, fixed assets, raw materials, supplies or services that integrate inbound tourism.</p> <p>If for any circumstance the resulting tax credit cannot 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> <p>Taxpayers using international freights for their business, and having paid VAT to acquire fuel, are entitled to a tax credit for said payment exclusively.</p> <p>Operators and administrators of Special Economic Development Zones, <i>Zona Especial de Desarrollo Económico</i> (ZEDE), have the right to a tax credit for VAT paid in purchases of raw materials, supplies and services from national territory to be incorporated in the production process of the ZEDE operators and administrators.</p> |
|   | <p>Are there any restrictions to the deduction of input VAT?</p>                           | <p>There are certain items that you cannot recover VAT on, such as:</p> <ul style="list-style-type: none"> <li>— when taxpayers additionally provide other services or sell goods that, in part, are taxed at a 12% rate and partly at a 0% rate. In this case, they should make use of the tax credit or the tax will be refunded by applying the proportionality factor. Also, for the import or local purchase of fixed assets for inbound tourism packages, it would be refunded by applying the proportionality factor</li> <li>— the VAT paid in acquisition of goods and services cannot be recovered when sales are taxed at a 0% rate with no right to recover.</li> </ul>  |
| <b>Invoices</b>                         | <p>Is a business required to issue tax invoices?</p>                                       | <p>Yes.</p>  |
|   | <p>Is it possible/mandatory to issue invoices electronically?</p>                          | <p>Yes.</p>  |
|   | <p>Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?</p>   | <p>Yes, it is possible, and at the moment it is required for companies that are appointed as special taxpayers.</p>  |

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| <b>Audits</b>                     | Do tax audits take place on a regular basis?   | No, however, the tax authority has a period of 3 years to audit taxpayers.<br>The Ecuadorian tax authority usually audits areas such as the amount of input VAT or the computation of taxable turnover.   |
|                                   | Are 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 can trigger penalties of an equivalent of 3% for each month or part of the month. This fine is calculated on the tax amount paid by the respective declaration.<br>When taxes have not been paid on time, interest can be levied and the applied interest rate corresponds to a rate published quarterly by the Internal Revenue Service ( <i>Servicio de Rentas Internas</i> ). This fine applies to any tax administrated by the Internal Revenue Service. |
| <b>Special indirect tax rules</b> | Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale? | 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 addition, the cession of shares, corporate participations and remaining securities, are not VAT taxed.   |
|                                   | 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?   | Not applicable.   |
|                                   | Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?                                    | ISD exemption on payments abroad for imports of goods and services related to the authorized activity for those operators and administrators of ZEDE.   |
| <b>Rulings</b>                    | Are rulings and decisions issued by the tax authorities publicly available?  | No, however, in the case of resolutions about taxes rates changes, they are publicly available.   |



## El Salvador

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| <b>General</b>              | Types of indirect taxes (VAT/GST and other indirect taxes).  | VAT.  |
|                             | Are there other indirect taxes?  | Not applicable.   |
|                             | 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 renders services, no matter if taxed or not, except for companies with turnover below USD5,714.28 and total assets below USD2,285.71 in the previous 12 months. This also applies to permanent establishments of overseas companies. |
| <b>VAT/GST registration</b> | Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)? | No, under Salvadorian VAT legislation, it is not possible for a non-resident entity to voluntarily register in El Salvador and act as an established entity.  |
|                             | Does an overseas company need to appoint a fiscal representative?  | Only in a few cases (i.e. international transport) in order to apply for a VAT refund.  |
|                             | 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.   |
| <b>VAT/GST compliance</b>   | How frequently are VAT/GST and other indirect tax returns submitted?   | Monthly.  |
|                             | What are the exchange rate rules in your country?  | No.   |
| <b>VAT/GST recovery</b>     | Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?   | It is not possible 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 restrictions to the deduction of input VAT?  | Yes, there are certain restrictions for VAT recovery, such as exempt supplies where VAT relates to both taxable and exempt supplies. In those cases, an apportionment (pro rata rule) needs to be made.   |

\* 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).

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| <b>Invoices</b>                   | 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 permission to issue electronic invoices.   |
|                                   | Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?                                  | Self-billing is only possible for the consumption of goods by the taxpayer, such as inventory shortages or destruction, promotions or gifts not included in the customer's bill.  |
| <b>Audits</b>                     | Do tax audits take place on a regular basis?   | The Ministry of Finance ( <i>Ministerio de Hacienda</i> ) is the authority that performs tax audits. However, every year the taxpayer with assets greater than USD1,142,857 and sales greater than USD571,428 will appoint an independent auditor to express an opinion related to the applicable provisions tax compliance and will file its report to the Ministry of Finance for each fiscal year.   |
|                                   | Are audits done electronically in your country (e-audit)? If so, what system is in use?                            | The tax office does not perform audits electronically except for the cross-checking of certain information regarding taxpayers involved in an operation, in order to match figures.   |
|                                   | What penalties can arise from non-compliance?  | <p>There are certain penalties for failing to fulfill formal obligations. The minimum fine or penalty is a minimum salary:</p> <ul style="list-style-type: none"> <li>— for underpayment of the VAT, the fine or penalty is 40% of the determined tax</li> <li>— for late filings of a VAT return and late payment of VAT, the fine or penalty is between 5% and 20% on the extemporal tax payment</li> <li>— for incorrect returns, there is a fine or penalty of 20% on the unpaid tax</li> <li>— for returns with arithmetic errors, there is a fine or penalty of 10% on the difference of the unpaid tax.</li> </ul> |
| <b>Special indirect tax rules</b> | Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale? | There is no transfer of a business as a going concern (TOGC) relief, but VAT is only due on the movable assets transferred.   |
|                                   | 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?   | 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 (e.g. reduced rates, tax holidays)?                                    | There is a Free Trade Zone Law and an International Services Law that excludes certain companies tax and their stakeholders of paying importation taxes and income tax.   |
| <b>Rulings</b>                    | Are rulings and decisions issued by the tax authorities publicly available?  | Some resolutions and information are available at <a href="http://www.mh.gob.sv">www.mh.gob.sv</a> .  |



## Guatemala

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| <b>General</b>              | Types of indirect taxes (VAT/GST and other indirect taxes).  | VAT.  |
|                             | Are there other indirect taxes?  | Not applicable.   |
|                             | What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?   | 12% is the standard rate. There are no reduced VAT rates.<br>Exports are VAT exempt with the right to recover input VAT. The 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 registered as a taxpayer.   |
| <b>VAT/GST registration</b> | Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)? | No, 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 tax registrations?   | 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 to register for VAT purposes.                          |
|                             | Is grouping* for VAT/GST and other indirect taxes possible?  | No.   |
| <b>VAT/GST compliance</b>   | How frequently are VAT/GST and other indirect tax 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.   |
| <b>VAT/GST recovery</b>     | Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?   | No.   |
|                             | 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 for goods and services received from its suppliers.  |

\* 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).

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| <b>VAT/GST recovery (continued)</b> | Are there any restrictions to the deduction of input VAT?  | No.  |
| <b>Invoices</b>                     | Is a business required to issue tax invoices?  | Yes.   |
|                                     | Is it possible/mandatory to issue invoices electronically?   | Yes, authorization is required from the tax authorities.   |
|                                     | Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?                                  | Yes, they are called special invoices.   |
| <b>Audits</b>                       | Do tax audits take place on a regular basis?   | Tax audits take place on a regular basis, but some taxpayers are required to file a detailed electronic list of the sales and purchases performed each semester, which is often reviewed and discrepancies are questioned.       |
|                                     | Are audits done electronically in your country (e-audit)? If so, what system is in use?                            | No, tax authorities perform their audits visiting the offices of the taxpayers.  |
|                                     | What penalties can arise from non-compliance?  | Non-compliance with the filing of the electronic list (called <i>asistelibros</i> ) could be subject to a formal penalty of 5,000 Guatemala quetzals (GTQ) (USD650) the first time. If it is repeated, the penalty is increased. |
| <b>Special indirect tax rules</b>   | Are there any special rules for the sale of a company by one 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 that can be VAT exempt. It also applies to company mergers provided certain conditions are met.                         |
|                                     | 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.<br>Services rendered by banks and financial institutions are VAT exempt.                            |
|                                     | Does a reverse charge mechanism apply for goods or services?   | Yes.   |
|                                     | Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?                                    | Free Trade Zones and Exporting and Maquila Promotion Law.  |
| <b>Rulings</b>                      | Are rulings and decisions issued by the tax authorities publicly available?  | Yes, they can be found at <a href="http://portal.sat.gob.gt/sitio/index.php/leyes/criterios-institucionales.html">http://portal.sat.gob.gt/sitio/index.php/leyes/criterios-institucionales.html</a> .                            |



# Honduras

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| <b>General</b> | <p>Types of indirect taxes (VAT/GST and other indirect taxes).</p>                                    | VAT, known as sales tax ( <i>impuesto sobre ventas</i> ).  |
|                | <p>Are there other indirect taxes?</p>  | <ul style="list-style-type: none"> <li>— Consumption tax.</li> <li>— Production tax.</li> <li>— Contribution to the preservation of road assets.</li> <li>— Tax on public roads services.</li> <li>— Tax on airport services.</li> <li>— Tax on tourist services.</li> </ul>   |
|                | <p>What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?</p> | <p><b>VAT</b></p> <ul style="list-style-type: none"> <li>— 15% (standard); 18% on sale of first class airline tickets; and 18% on import or sale of alcoholic beverages, carbonated water and tobacco products.</li> </ul> <p><b>Production and consumption tax</b></p> <ul style="list-style-type: none"> <li>— Cigarettes 350 Honduran lempira (HNL) per thousand (about USD17).</li> <li>— Alcoholic beverages and carbonated waters HNL0.6787 to HNL32.6725 per liter (about USD0.0295 to USD1.4205).</li> </ul> <p><b>Contribution for preservation of road assets</b></p> <ul style="list-style-type: none"> <li>— Production and import of fuels USD0.03 to USD1.4089.</li> </ul> <p><b>Taxes on specific services and activities</b></p> <ul style="list-style-type: none"> <li>— Tax on public roads service HNL200 to HNL2,200 (about USD8.70 to USD95.65).</li> <li>— Tax on airport services. National departures HNL48.47 (about USD2.11) and international departures USD46.20.</li> <li>— Tax on tourist services.</li> </ul> <p>Services provided by hotels, rental cars and travel agencies 4%.</p> |

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| <b>General<br/>(continued)</b> | <b>Who is required to register for VAT/GST and other indirect taxes?</b>  | <b>VAT</b> <ul style="list-style-type: none"> <li>— It is required for local individuals and legal entities, including exporters that sell goods and provide services.</li> <li>— Importers of goods.</li> </ul> <b>Production and consumption tax</b> <ul style="list-style-type: none"> <li>— Producers and importers of cigarettes and other tobacco products.</li> <li>— Producers and importers of alcoholic beverages and carbonated water.</li> </ul> <b>Contribution for preservation of road assets</b> <ul style="list-style-type: none"> <li>— Producers and importers of fuels.</li> </ul> <b>Tax on public road services</b> <ul style="list-style-type: none"> <li>— Individuals and legal entities that own vehicles.</li> </ul> <b>Tax on airport services</b> <ul style="list-style-type: none"> <li>— Legal entities that manage Honduran airports.</li> </ul> <b>Tax on tourist services</b> <ul style="list-style-type: none"> <li>— Legal entities established as hotels, car lessees and travel agencies.</li> </ul> |
| <b>VAT/GST registration</b>    | <b>Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?</b> | Voluntary registration is not possible for non-established businesses with activity in Honduras.   |
|                                | <b>Does an overseas company need to appoint a fiscal representative?</b>  | It is not mandatory or necessary to appoint a fiscal representative for an overseas company.   |
|                                | <b>Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect tax registrations?</b>   | Not applicable.  |
| <b>VAT/GST compliance</b>      | <b>Is grouping* for VAT/GST and other indirect tax possible?</b>  | No.  |
|                                | <b>How frequently are VAT/GST and other indirect tax returns submitted?</b>   | VAT returns are submitted monthly.   |
|                                | <b>What are the exchange rate rules in your country?</b>  | The exchange rates are fixed by the Central Bank of Honduras based on the references from the foreign exchange market.   |

\* 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).

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| <b>VAT/GST recovery</b>           | Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally? | No.  |
|                                   | Are there any exemptions with the right to recover or deduct input VAT?  | Invoices that support the input VAT must meet the requirements established in the invoicing regime.  |
|                                   | Are there any restrictions to the deduction of input VAT?  | As mentioned above, invoices that support VAT must meet with the requirements established in the invoicing regime.   |
| <b>Invoices</b>                   | 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 the vendor to issue an invoice, i.e. is self-billing possible?  | Yes, it is possible to issue self-invoices.  |
| <b>Audits</b>                     | Do tax audits take place on a regular basis?   | No, if the tax authorities detect an irregularity, an audit is performed within 5 years of the date of the irregularity.   |
|                                   | Are audits done electronically in your country (e-audit)? If so, what system is in use?  | No.  |
|                                   | What penalties can arise from non-compliance?  | <ul style="list-style-type: none"> <li>— The non-payment of collected taxes (VAT) or the partial payment thereof after the deadlines will force collectors to pay the treasury the sums due and a surcharge of 5% per month (or fraction of a month) up to a maximum of 60%.</li> <li>— The non-submission or submission outside of the time set for the VAT return submission will be fined with a penalty of 1% of the respective tax if the return is submitted within the 5 following days to the date of submission. After this period, the fine will be 2% per month (or fraction of month) up to a maximum of 24%.</li> </ul> |
| <b>Special indirect tax rules</b> | 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?   | This mechanism does not apply in Honduras.   |
|                                   | Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?  | Companies operating under special systems (free in zones) could get an exemption of the payment of import taxes, VAT and income taxes.   |
| <b>Rulings</b>                    | Are rulings and decisions issued by the tax authorities publicly available?  | Yes, they can be found at <a href="http://www.cpat.gob.hn">www.cpat.gob.hn</a> .   |



## Mexico

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| <b>General</b> | Types of indirect taxes (VAT/GST and other indirect taxes).                                    | VAT or <i>impuesto al valor agregado</i> (IVA).  |
|                | Are there other indirect taxes?  | Special excise tax on production and services ( <i>impuestos especial sobre producción y servicios</i> or IEPS).   |
|                | What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes? | <p><b>VAT</b></p> <ul style="list-style-type: none"> <li>— 16% general rate.</li> <li>— 0% applicable to exports of goods and services and other transactions, such as the sale of:           <ul style="list-style-type: none"> <li>— food and patent medicines</li> <li>— books, newspapers and magazines</li> <li>— products for the development of primary sector</li> <li>— gold with content of 80%.</li> </ul> </li> </ul> <p><b>IEPS</b></p> <ul style="list-style-type: none"> <li>— 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).</li> <li>— 30.4% and 160%: tobacco/cigarettes and related services tax (the rate depends on the tobacco product — 30.4% applies to handmade products only).</li> <li>— 6%, 7% and 9%: pesticides.</li> <li>— 8%: food with a caloric density of 275 kilocalories (Kcal) or more per 100 grams.</li> <li>— 30%: gambling and lotteries.</li> <li>— 3%: rendering of telecommunications services through public networks, except for public and rural telephony and connection services between public networks and the internet.</li> <li>— It is important to mention that there is another tax rate for fuel and diesel that is determined by Petróleos Mexicanos (PEMEX).</li> </ul> |
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| <b>General<br/>(continued)</b> | <b>Who is required to register for VAT/GST and other indirect taxes?</b>  | <b>VAT</b><br>Individuals and legal entities that engage in the following activities within Mexican territory: <ul style="list-style-type: none"> <li>— transfer of goods</li> <li>— rendering of independent services</li> <li>— temporary use or enjoyment of goods</li> <li>— importation of goods or services.</li> </ul> <b>IEPS</b><br>Individuals and legal entities if engaged in the following activities: <ul style="list-style-type: none"> <li>— disposal and permanent import of the above-mentioned goods in the Mexican territory</li> <li>— rendering of services related to the above-mentioned goods.</li> </ul> |
| <b>VAT/GST registration</b>    | <b>Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?</b> | No, in the past, it was possible to register for VAT purposes on a voluntary basis under a specific authorization granted by the Mexican tax authorities, but such authorities were reluctant to grant that authorization and, hence, the process was fairly complex. Foreign entities with permanent establishment in Mexico must register for purposes of all taxes, not only VAT, and must comply with the obligations of all taxes.  |
|                                | <b>Does an overseas company need to appoint a fiscal representative?</b>  | Not applicable.  |
|                                | <b>Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect tax registrations?</b>   | Not applicable.  |
|                                | <b>Is grouping* for VAT/GST and other indirect taxes possible?</b>  | No.  |
| <b>VAT/GST compliance</b>      | <b>How frequently are VAT/GST and other indirect tax returns submitted?</b>   | Monthly.   |
|                                | <b>What are the exchange rate rules in your country?</b>  | 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 foreign exchange rate is the Mexican Central Bank. The conversion tables are available on the Mexican tax authority's website: <a href="http://www.sat.gob.mx">www.sat.gob.mx</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).

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| <b>VAT/GST recovery</b> | Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally? | No.   |
|                         | Are there any exemptions with the right to recover or deduct input VAT?  | There is a zero-rate equal to this kind of exemption.   |
|                         | Are there any restrictions to the deduction of input VAT?  | Entities that exclusively perform exempt activities are not entitled to recover input VAT.<br><br>In addition, certain types of imports and certain types of supplies of goods and services listed in the VAT law do not entitle taxpayers to an input tax credit.  |
| <b>Invoices</b>         | Is a business required to issue tax invoices?  | Yes.  |
|                         | Is it possible/mandatory to issue invoices electronically?   | Yes, as of 1 January 2014, all taxpayers who use the digital tax invoice scheme, <i>Comprobante Fiscal Digital</i> (CFD), should use the internet digital tax invoice scheme (CFDI) to issue electronic invoices. From 2014, taxpayers earning more than 250,000 Mexican pesos (MXN) a year must use the CFDI scheme for issuing electronic invoices.<br><br>Electronic invoicing requires: <ul style="list-style-type: none"> <li>— the advanced electronic signature</li> <li>— processing a digital seal certificate</li> <li>— using the free service invoice offered by the Tax Administration Service or choosing from any of the 76 authorized certified providers found in the portal of the tax authority.</li> </ul> An authorized certified provider is one person who is authorized by the Tax Administration Service to validate the CFDIs generated by the taxpayers, assign the folio and incorporate a digital seal from the Tax Administration Service. They are also obligated to send a copy of the CFDI validation by their customers to the tax authority. |
|                         | Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?  | No, except in very specific transactions in which small farmers act as suppliers.   |
| <b>Audits</b>           | 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.  |

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| <b>Audits<br/>(continued)</b>             | <p>Are audits done electronically in your country (e-audit)? If so, what system is in use?</p>                            | <p>No.</p>   |
|   | <p>What penalties can arise from non-compliance?</p>  | <p>There are certain penalties for failing to fulfill formal obligations.</p> <p>The infringements for failure to register or late registration will lead to a penalty ranging between USD162 and USD490 (with an exchange rate of MXN15.00 per USD1).</p> <p>When the VAT payment is partially or completely omitted, the penalties applicable are as follows.</p> <ul style="list-style-type: none"> <li>— 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.</li> <li>— 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 an audit has begun.</li> <li>— 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.</li> <li>— 55% to 75% of the omitted tax amount in other cases.</li> </ul> <p>VAT taxpayers who fail to pay VAT due are obliged to pay accrued interest. 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 a VAT return.</p> <p>Fines range from USD182 to USD1,830 (considering an exchange rate of MXN15 per USD1).</p> |
| <b>Special<br/>indirect tax<br/>rules</b> | <p>Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale?</p> | <p>No.</p>   |
|   | <p>Are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?</p>   | <p>Yes, the tax point of the transactions for VAT purposes is based on 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).</p>   |
|   | <p>Does a reverse charge mechanism apply for goods or services?</p>   | <p>Yes, for importation of services (administrative, professional or any services rendered abroad) and intangible goods supplied by foreign residents.</p>   |
|   | <p>Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?</p>                                    | <p>No.</p>   |
| <b>Rulings</b>                            | <p>Are rulings and decisions issued by the tax authorities publicly available?</p>  | <p>No.</p>   |

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| <b>Principal changes in Tax Reform 2017</b> | <b>Changes in the VAT Tax Reform 2017.</b> | <p>The most important changes are:</p> <ul style="list-style-type: none"> <li>— <u>Outsourcing schemes</u> can credit the VAT paid but must comply with some requirements (i.e. taxpayer shall obtain a copy of the corresponding VAT return and payment receipt from the contractor, as well as the information filed to the tax authorities on the payment of such VAT).</li> <li>— <u>Pre-operating expenses</u>; taxpayers who want credit on VAT could do the following: <ul style="list-style-type: none"> <li>— complete the VAT credit in the first monthly tax return, in proportion to the value of the taxable activities, with respect to all the activities</li> <li>— request the favorable balance.</li> </ul> </li> <li>— <u>Export of information technology services</u> are being included as services subject to the 0% VAT rate under the exportation article of the VAT Law. These services include: development, integration and maintenance of computer applications or computer systems; processing; storage; information backups; the administration of databases; hosting computer applications; modernization and optimization of information security systems; and the continuity in the operation of the previous services.</li> </ul> |
|   | <b>IEPS rules</b>                          | <p>In addition to the above, it is important to mention that for IEPS purposes, the transfer of fuel and gasoline shall be added with the corresponding quota amounts. In the case of fossil fuels, the quota amount is as follows:</p> <ul style="list-style-type: none"> <li>— less than 92 octanes: 4.16MXN per liter</li> <li>— equal or higher than 92 octanes: 3.52MXN per liter</li> <li>— diesel: 4.58MXN per liter.</li> </ul> <p>In the case of other fuels, the quota amount shall be added with 3.52MXN per liter.</p> <p>The amounts are revised on a yearly basis.</p>   |



## Nicaragua

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| <b>General</b>              | Types of indirect taxes (VAT/GST and other indirect taxes).  | VAT.  |
|                             | Are there other indirect taxes?  | <ul style="list-style-type: none"> <li>— Selective consumption taxes (ISC).</li> <li>— Stamp taxes (ITF).</li> </ul>  |
|                             | What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?   | <ul style="list-style-type: none"> <li>— VAT: 15% standard rate; 0% on exports.</li> <li>— 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).</li> <li>— ITF: fixed rates and ad valorem rates.</li> </ul>   |
|                             | Who is required to register for VAT/GST and other indirect taxes?  | <ul style="list-style-type: none"> <li>— VAT: Individuals or entities that perform activities of sales of goods, rendering services and imports through a permanent establishment.</li> <li>— ISC: Individuals or entities that produce or introduce goods and/or merchandise to the country.</li> <li>— ITF: Whoever receives the good or right under the document taxed.</li> </ul> |
|                             | 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.   |
| <b>VAT/GST registration</b> | 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.   |
|                             | How frequently are VAT/GST and other indirect tax returns submitted?   | <ul style="list-style-type: none"> <li>— VAT/ISC: monthly.</li> <li>— ITF: at the moment of purchase of the stamps.</li> </ul>  |
| <b>VAT/GST compliance</b>   | 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).

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| <b>VAT/GST recovery</b> | Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally? | No.   |
|                         | 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).<br><br>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.   |
| <b>Invoices</b>         | 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).   |
| <b>Audits</b>           | 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.<br><br>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).<br><br>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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| <b>Special indirect tax rules</b> | 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> |
| <b>Rulings</b>                    | Are rulings and decisions issued by the tax authorities publicly available?  | Yes, they can be found at <a href="http://www.tta.gob.ni">www.tta.gob.ni</a> .   |



# Panama

## General

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| Types of indirect taxes (VAT/GST and other indirect taxes).                                    | VAT <i>impuesto a las transferencias de bienes corporales muebles y la prestacion de servicios</i> (ITBMS). This tax applies to imported goods, products sold or services rendered in Panama.   |
| Are there other indirect taxes?  | A stamp tax is levied on the issuance of certain documents.   |
|  | Selective consumption tax, <i>impuesto selectivo al consumo</i> (ISC) 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-rated 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.  |
|  | These include:  |
|  | — agricultural products in their natural condition (goods that are already altered by chemical processes or by any treatments not covered)  |
|  | — export and re-export of goods   |
|  | — supplies of 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 (e.g. books and general publications)   |
|  | — fuel and similar products — except oil and lubricants   |
|  | — cement, additives and sub-products used by the subcontractors in connection with the construction of the third set of locks for the Panama Canal expansion  |
|  | — medicines and pharmaceutical products.  |

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| <b>General<br/>(continued)</b> | <p><b>What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes (continued)?</b></p> | <ul style="list-style-type: none"> <li>— VAT paid in connection with both exempt supplies and supplies not subject to the tax cannot be recovered. In any event, transactions that cannot be deducted from input VAT may be entitled to be deducted from income tax.</li> <li>— Selective consumption tax: various tax rates.</li> <li>— Insurance tax: 5% of the premium.</li> <li>— Stamp tax: rate varies depending on the value and type of document.</li> </ul> |
|                                |  | <p><b>Who is required to register for VAT/GST and other indirect taxes?</b></p>  |

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| <b>VAT/GST registration</b> | <p>Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?</p> | <p>It would be possible for a foreign company to register with Panama's taxpayers registry. However, such a registration will only serve the purposes of allowing the foreign entity to file VAT returns before the tax administration. The company may then deduct any input VAT paid in the acquisition of goods and services required to provide taxable supplies within Panamanian territory. Domestic VAT law does not provide for the recovery of any excess input VAT in cash. These amounts could only be carried forward to the following tax periods.</p> |
|                             | <p>Does an overseas company need to appoint a fiscal representative?</p>  | <p>Under Panamanian VAT law, there are no provisions governing the appointment of a fiscal representative.</p>  |
|                             | <p>Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect tax registrations?</p>   | <p>Not applicable.</p>  |
|                             | <p>Is grouping* for VAT/GST and other indirect taxes possible?</p>  | <p>VAT grouping is not allowed except in the case of joint ventures that are an association of two or more individuals or companies engaged in a solitary business for profit — without actual partnership or incorporation — in order to share strengths, minimize risks and increase competitive advantages in the marketplace.</p>   |
| <b>VAT/GST compliance</b>   | <p>How frequently are VAT/GST and other indirect tax returns submitted?</p>   | <p>The VAT return must be submitted within 15 days after the month or quarter period.</p>   |
|                             |   | <p>Independent professionals are required to file on a quarterly basis.</p>   |
|                             | <p>What are the exchange rate rules in your country?</p>  | <p>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.</p>  |
|                             |   | <p>If a business receives a purchase invoice in foreign currency, it should use the exchange rate of the invoicing date. However, there is no obligation to use a central bank's exchange rate.</p>   |
| <b>VAT/GST recovery</b>     | <p>Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?</p>   | <p>No, individuals and legal entities registered as taxpayers (or taxable persons for VAT purposes) operating domestically within Panama are granted the right to carry forward the VAT.</p>  |
|                             | <p>Are there any exemptions with the right to recover or deduct input VAT?</p>  | <p>Yes, exclusively the exportation of goods and the importation and local supplies of food products and medical/pharmaceutical products.</p>   |
|                             | <p>Are there any restrictions to the deduction of input VAT?</p>  | <p>As a general rule, exemptions do not grant the right to recover VAT.</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).

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| <b>Invoices</b> | 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 the vendor to issue an invoice, i.e. is self-billing possible?       | No.  |
| <b>Audits</b>   | Do tax audits take place on a regular basis?  | No, audits are carried out on a discretionary basis by the tax authority.  |
|                 | Are audits done electronically in your country (e-audit)? If so, what system is in use? | No.  |
|                 | What penalties can arise from non-compliance?   | <p>Penalties, as well as interest, are assessed for late payments:</p> <ul style="list-style-type: none"> <li>— late filing: 10% of the VAT amount due</li> <li>— interest: 12% annual rate</li> <li>— USD500 charge for filing amendment return 3 months after the original form was filed</li> <li>— late return (over 60 days) with no liability: USD10 fine.</li> </ul> <p>If an entity fails to register as a taxpayer in front of the Directorate of General of Revenue (obtaining a Tax ID number), although using invoices as well as irregular documentation or non-fulfillment of formal obligations, are considered misdemeanors sanctioned with a fine between USD100 and USD500 for first offense and between USD500 to USD5,000 for more than one offense.</p> <p>In cases of fiscal fraud, imprisonment from 2 to 5 years or a fine from 5 to 10 times the amount applies. Such cases are selected for partial or total omission of tax payment, for not documenting either taxable transactions or deductions of the tax, for failure to register accounting operations or for not submitting the return or tax payment within 2 months of the date due.</p> |

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| <b>Special indirect tax rules</b> | <p>Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale?</p> <p>Are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?</p> | <p>No.</p> <ul style="list-style-type: none"> <li>— No refunds can be requested for ITBMS paid in excess.</li> <li>— No ITBMS can be charged on services provided to the Panamanian state.</li> <li>— There is a special ITBMS regime applicable to concessions granted by the government related to infrastructure projects. The concessionaire is also granted an exemption for VAT.</li> <li>— On a general basis, contracts entered into with the government will be subject to VAT. The government will withhold 50% of the VAT charged by the contractor upon payment. This regime may generate excess credit positions to contractors.</li> </ul> <p>Since 1 January 2016 there are new ITBMS procedures in relation to ITBMS with withholding agents duly designated by the Directorate General of Revenue (<i>Dirección General de Ingresos</i>).</p> <p>A brief summary of the new procedures is as follows:</p> <ul style="list-style-type: none"> <li>— The state and other entities of the government sector: withholding on the purchase of goods and services over 50% and 100% of total tax invoiced by the vendors or providers, respectively.</li> <li>— Services provided by parent companies abroad: withholding over the total amount of the tax determined on the services provided.</li> <li>— Joint ventures, consortiums, among other similar associations: withholding on the purchase of goods and services over 50% of the total tax invoiced by the vendors or providers.</li> <li>— Withholding agents duly designated by the authority (on an annual purchase threshold basis): withholding over 50% of the ITBMS.</li> <li>— Credit or debit card issuers or management entities: <ul style="list-style-type: none"> <li>— 2016: 2% over the total transaction amount and 1% only for pharmacies or supermarkets</li> <li>— starting from 2017: withholding over 50% of the ITBMS included in the invoices.</li> </ul> </li> </ul> |
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| <b>Special<br/>indirect tax<br/>rules<br/>(continued)</b> | Does a reverse charge mechanism apply for goods or services?                    | No.   |
|   | Are there indirect tax incentives available (e.g. reduced rates, tax holidays)? | Yes, there are special regimes that grant companies ITBMS exemptions.   |
| <b>Rulings</b>  | Are rulings and decisions issued by the tax authorities publicly available?     | No, rulings and decisions are not publicly available. Tax opinions issued by the <i>Dirección General de Ingresos</i> are available at <a href="http://www.dgi.mef.gob.pa">www.dgi.mef.gob.pa</a> . |



# Paraguay

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| <b>General</b> | Types of indirect taxes (VAT/GST and other indirect taxes).                                    | VAT.  |
|                | Are there other indirect taxes?  | Selective consumption tax (SCT).  |
|                | What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes? | <p>The standard rate of VAT is 10%.</p> <p>A differential (reduced) VAT rate of 5% applies to:</p> <ul style="list-style-type: none"> <li>— lease and transfer of properties</li> <li>— transfer of agricultural products, fruits,</li> <li>— horticultural products in their natural state and live animals; products obtained from hunting and fishing, live or not; vegetable oil, virgin or crude degummed; certain products from the 'family basket': rice, noodles, mate (yerba mate), edible oils, milk, eggs, raw meat, flour and iodized salt</li> <li>— transfer of pharmaceutical products.</li> </ul> <p>A few examples of other general consumption tax (GCT) rates include but are not limited to:</p> <ul style="list-style-type: none"> <li>— 50% petroleum fuels</li> <li>— 13% cigarettes, champagne and similar</li> <li>— 5 to 11% for brandy, gin, rum, cane and various other alcoholic beverages</li> <li>— 5% perfume, natural pearls, precious stones, precious metals, watches, bracelets, weapons, ammunition and accessories</li> <li>— 1% toys and accessories, machinery for air conditioning, laundry machines and similar, musical instruments and accessories.</li> </ul> <p>There is a long list of VAT exemptions that include but are not limited to the transfer of:</p> <ul style="list-style-type: none"> <li>— foreign currency, public and private security, including the transfer of shares or quotas of capital stock</li> <li>— books and newspapers, either printed or digital</li> <li>— educational, cultural or scientific magazines.</li> </ul> |
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| <b>General<br/>(continued)</b> | <b>What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes? (continued)</b> | <p>The following events are VAT exempt.</p> <p><b>Transfer of:</b></p> <ul style="list-style-type: none"> <li>— foreign currency, public and private security, including the transfer of shares or quotas of capital stock</li> <li>— inheritance to heritors, excluding the grantees</li> <li>— cession of credits</li> <li>— capital goods produced by domestic manufacturers applied to the industrial or agricultural/livestock industrial cycle under law 60/90 of investments</li> <li>— books and newspapers (printed or digital)</li> <li>— educational, cultural or scientific magazines</li> <li>— handcrafts made by crafters from the <i>Instituto Paraguayo de Artesanía</i> (IPA)</li> <li>— notebooks and supplies for educational programs for children and adolescents</li> <li>— goods donated to foundations, associations and other non-profit organizations dedicated to education (initial and preschool, primary, secondary, technical, and tertiary school as well as university) recognized by the Ministry of Education, and non-profit entities dedicated to sports activities</li> <li>— petroleum fuels, including biofuels</li> <li>— bills, tickets and other items related to gambling</li> </ul> <p><b>Services:</b></p> <ul style="list-style-type: none"> <li>— interest from private and public securities</li> <li>— deposits into banks and financial institutions governed by Law 861/96 as well as those in cooperatives, entities of the <i>Sistema de Ahorro y Préstamo para la Vivienda</i> (the public system of savings and loans for housing) and in public financial institutions</li> <li>— those performed by employees of embassies, consulates and international organizations</li> <li>— those services, gratuitous and onerous provided by unipersonal companies (sole proprietors or one-person entities)</li> </ul> |
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**General  
(continued)****What are the standard or other rates  
(i.e. reduced rate) for VAT/GST and other  
indirect taxes (continued)?**

- partnerships, non-profits and other entities of all natures, related to initial education and preschools, primary, secondary, technical, and tertiary schools as well as universities recognized by the Ministry of Education or by law. Extension or university practice services carried out with third parties are included in this exemption
- those services provided by sports and cultural organizations which are non-profit and do not distribute profits or surpluses directly or indirectly among its partners or members, including the collection of social contributions and income from the sale of tickets to cultural and sporting events organized exclusively by such entities within the terms and conditions established by the executive power.

**Imports of goods:**

- goods considered baggage according to the customs law
- goods introduced by diplomats, consular and international organizations
- capital goods produced by domestic manufacturers applied to the industrial or agricultural/livestock industrial cycle, under the Law 60/90 of investments
- goods exempted by the tax law
- the sale of goods and services provided by associations, federations, foundations, mutual funds and other entities with legal capacity to engage in healthcare, social, charity, literacy, art, unions, sports, science, religion, and education recognized by the Ministry of Education and Culture or by law and legally recognized political parties, provided that they are non-profit and the profits or surpluses are not distributed directly or indirectly between members — who should have as sole target the purposes for which they were created
- this exemption shall not apply in cases of sales of goods or provision of services related to the following economic activities: habitual sale and purchase of real estate, extractive, poultry, beekeeping, sericulture, swine and rabbit raising, floriculture, forestry, consignment of goods, transport, insurance, safety, parking, hotel, lease of properties, carpentry, financial intermediation, rental and exhibition of films, location of property and rights, clubs, transfer of use of intangible property, travel agencies, funeral and related activities, laundry, cleaning and dyeing of garments in general, advertising, construction, renovation and demolition

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| <b>General<br/>(continued)</b> | <ul style="list-style-type: none"> <li>— disposals and imports for educational institutions and initial teaching such as preschools, primary, secondary, technical, and tertiary schools as well as universities recognized by the Ministry of Education, namely:           <ul style="list-style-type: none"> <li>— equipment and supplies for laboratories</li> <li>— tools, furniture and equipment for auditoriums, libraries or classrooms</li> <li>— computers equipment, copiers and telecommunications</li> <li>— teaching service provided to these entities will be exempt from VAT.</li> </ul> </li> </ul>  |
|                                | <p><b>Who is required to register for VAT/GST and other indirect taxes?</b></p>  |
|                                | <p><b>VAT taxpayers:</b></p> <ul style="list-style-type: none"> <li>— individuals</li> <li>— cooperatives, recognized by the Law 438/94</li> <li>— unipersonal companies (sole partnership or one owner)</li> <li>— companies</li> <li>— importers</li> <li>— the entities of social assistance, charity, scientific, literary, artistic, professional, sports and physical education, as well as associations, mutual, federations, foundations, corporations and other entities, regarding the activities not exempt by VAT</li> <li>— autarchic entities, public companies, decentralized entities, and mixed economy companies that carry out commercial, industrial or service activities.</li> </ul> |
|                                | <p><b>SCT taxpayers:</b></p> <ul style="list-style-type: none"> <li>— manufacturers of taxable goods</li> <li>— importer of taxable goods.</li> </ul>  |
| <b>VAT/GST registration</b>    | <p>Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?</p>  |
|                                | <p>Does an overseas company need to appoint a fiscal representative?</p>   |
|                                | <p>Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect tax registrations?</p>  |
|                                | <p>Is grouping* for VAT/GST and other indirect taxes possible?</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).

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| <b>VAT/GST compliance</b> | <b>How frequently are VAT/GST and other indirect tax returns submitted?</b>   | VAT: monthly.<br>Selective consumption tax: monthly, except for fuels, which are declared weekly.  |
|                           | <b>What are the exchange rate rules in your country?</b>  | The tax rule on the exchange rate provides that the value of transactions in foreign currencies agreed between parties will 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 it was a sale or a purchase, respectively).<br>The import and export operations will apply the exchange rate of that seller's and buyer's market respectively. Foreign currency transactions should be converted into local currency based on the rate of the open market at the close of the day of the transaction. |
| <b>VAT/GST recovery</b>   | <b>Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?</b> | No.  |
|                           | <b>Are there any exemptions with the right to recover or deduct input VAT?</b>  | Exporters have the right to recover VAT incurred on local purchases needed for the manufacturing of goods exported overseas.   |
|                           | <b>Are there any restrictions to the deduction of input VAT?</b>  | Yes, there are restrictions to the deduction of input VAT for individuals. Individuals only can deduct the following items: <ul style="list-style-type: none"> <li>— health expenses</li> <li>— professional training</li> <li>— public services (electric power, etc.)</li> <li>— office lease, repair or improvement</li> <li>— furniture, professional equipment, tools, office supplies and professional representation expenses</li> <li>— clothing for the professional practice</li> <li>— cars.</li> </ul>   |
| <b>Invoices</b>           | <b>Is a business required to issue tax invoices?</b>  | Yes.   |
|                           | <b>Is it possible/mandatory to issue invoices electronically?</b>   | No.  |
|                           | <b>Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?</b>  | Self-invoices ( <i>autofactura</i> ) can be issued to support services rendered by providers (individuals) who are not obliged to register as taxpayers and when payments do not exceed the minimum monthly wage (approximately USD355 according to the May 2017 exchange rate).   |

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| <b>Audits</b>                     | <p><b>Do tax audits take place on a regular basis?</b></p>   | <p>No, not on a regular basis. Lately, there have been tax audits focused on exporter companies mainly to verify the validity of their VAT credit amounts, considering that exporters are the only ones allowed to recover VAT credits. The competent authority is the tax office (<i>Subsecretaría de Estado de Tributación</i>).</p> <p>Taxpayers with an annual turnover exceeding 6 billion Paraguayan guaraní (PYG), approximately USD1,043,488 (January 2017 exchange rate), are obliged to have an external tax audit performed by external auditors. The tax report issued by the external auditors is filed to the tax office by the taxpayer.</p> |
|                                   | <p><b>Are audits done electronically in your country (e-audit)? If so, what system is in use?</b></p>                            | <p>No.</p>  |
|                                   | <p><b>What penalties can arise from non-compliance?</b></p>  | <p>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 can also open an administrative legal process to investigate the compliance of the company's tax obligations. For all kinds of non-compliance (of formal and substantial obligations of all taxes, not only indirect ones), the tax authority is allowed to deny the authorization of printed invoices (<i>timbrado</i>), preventing the taxpayer from invoicing its operations.</p>  |
| <b>Special indirect tax rules</b> | <p><b>Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale?</b></p> | <p>When a company is transferred and the acquirer takes over the existing liability at the time of the transfer, the taxable base will be the sum of the agreed price, plus the existing liability, which will constitute the total tax price of the transaction. The assets that constitute the transferred asset must be apportioned between taxed and exempt. The contracts of transfer of companies must expressly establish the price and other conditions of the operation, stipulating that the price established therein must be added in a apportioned manner to the VAT.</p>  |

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| <b>Special indirect tax rules (continued)</b> | <p>Are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?</p> | <ul style="list-style-type: none"> <li>— Regime of tourism: a tax settlement regime that levies the import of goods sold in the country exclusively to non-domiciled individuals.</li> <li>— Maquila: a local company undertakes the production of goods and services by transforming, elaborating, repairing or assembling foreign raw material and inputs temporarily imported into Paraguay for exportation 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 and fees). Tax recovery of VAT under this regime is allowed.</li> <li>— Temporary admission (established by the 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.</li> <li>— 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 increases; 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.</li> <li>— 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, regional (departmental) or municipal tax, excluding service rates.</li> </ul> |
|   | <p>Does a reverse charge mechanism apply for goods or services?</p>   | No.   |
|   | <p>Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?</p>                                  | No.   |
| <b>Rulings</b>                                | <p>Are rulings and decisions issued by the tax authorities publicly available?</p>                                      | Yes, they can be found on the tax office website: <a href="http://www.set.gov.py">www.set.gov.py</a> .  |



## Puerto Rico

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| <b>General</b> | <p><b>Types of indirect taxes (VAT/GST and other indirect taxes).</b></p> <p><b>Are there other indirect taxes?</b></p> <p><b>What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?</b></p> <p><b>Who is required to register for VAT/GST and other indirect taxes?</b></p> | <p>Sales and use tax (SUT), or <i>Impuesto Sobre Ventas y Uso</i> (IVU).</p> <p>Excise Tax on manufacturing and imports of various goods (sugar, cement, vehicles, cigarettes, liquor and petroleum).</p> <p>Excise tax: depends on the category of goods.<br/>           Sales and use tax:           <ul style="list-style-type: none"> <li>— 11.5% — most goods and services</li> <li>— 10.5% — goods and services not subject to municipal SUT</li> <li>— 6% preexisting construction contracts</li> <li>— 4% designated professional services and services rendered to other merchants.</li> </ul> <br/>           Designated professional services:           <ul style="list-style-type: none"> <li>— agronomists</li> <li>— architects and landscape architects</li> <li>— certified public accountants</li> <li>— agents, vendors and real estate companies</li> <li>— professional draftsmen</li> <li>— professional appraisers of real estate</li> <li>— geologists</li> <li>— engineers and surveyors.</li> </ul> </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 in Puerto Rico, the following factors shall be considered:           <ul style="list-style-type: none"> <li>— if the merchant has establishments or offices in Puerto Rico</li> <li>— if the merchant has employees, agents or representatives in Puerto Rico who solicit business, carry out business or carry out transactions in the name of said retail seller</li> </ul> </p> |
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| <b>General<br/>(continued)</b>  | <b>Who is required to register for VAT/GST and other indirect taxes? (continued)</b>  | <ul style="list-style-type: none"> <li>— if the merchant owns tangible personal property or real property in Puerto Rico</li> <li>— if the merchant creates a nexus with Puerto Rico in any way, including, but not limited to the execution of purchase deeds in Puerto Rico; direct marketing; purchases by mail or radio; distribution of unsolicited catalogs; purchases online, via television or other electronic means, or advertisements in magazines or newspapers</li> <li>— if the merchant accepts, expressly or implicitly, the tax levied by subtitle BB of the code</li> <li>— if the merchant has sufficient connection, or a relationship, with Puerto Rico or its residents of some sort, other than those described in the above mentioned clauses, with the purposes or objective of creating a sufficient nexus with Puerto Rico to impose on the merchant the responsibility of collecting sales and use tax.</li> </ul> |
| <b>VAT/GST<br/>registration</b> | <b>Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?</b> | Yes, merchants who do not have a commercial establishment in Puerto Rico and for any reason have created a nexus with Puerto Rico due to (but not limited to) the following: <ul style="list-style-type: none"> <li>— the execution of direct marketing; purchases by mail or radio; distribution of unsolicited catalogs; purchases online, via television or other electronic means, or advertisements in magazines or newspapers, or any other means</li> <li>— the existence of an agreement or reciprocity or implicitly with their origin jurisdiction</li> <li>— the merchant's acceptance, expressly or implicitly, of the tax levied by the code</li> <li>— 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.</li> </ul>  |
|                                 | <b>Does an overseas company need to appoint a fiscal representative?</b>  | No.  |
|                                 | <b>Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect tax registrations?</b>   | Application for merchant's registration certificate and exemption certificate (form AS 2914.1).  |
|                                 | <b>Is grouping* for VAT/GST and other indirect taxes possible?</b>  | No.  |
| <b>VAT/GST<br/>compliance</b>   | <b>How frequently are VAT/GST and other indirect tax returns submitted?</b>   | Monthly.   |
|                                 | <b>What are the exchange rate rules in your country?</b>  | 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).

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| <b>VAT/GST recovery</b>           | Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally? | No.   |
|                                   | 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 will keep, and have available for the secretary, all of the documentation needed to verify the merchant's right to such credit.   |
|                                   | Are there any restrictions to the deduction of taxes paid?   | The secretary may reject a credit claimed in the monthly sales and use tax return insofar as it is not supported by the information required in which case the amount owed will be considered a deficiency.   |
| <b>Invoices</b>                   | Is a business required to issue tax invoices?  | No.   |
|                                   | 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.  |
| <b>Audits</b>                     | 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 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 may apply.  |
| <b>Special indirect tax rules</b> | Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale?                     | The sale of a company is not subject to SUT.  |
|                                   | 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.  |
|                                   | Does a reverse charge mechanism apply for goods or services?   | Yes, on services rendered by non-residents.   |
|                                   | Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?  | Yes, for back-to-school goods. On or before 1 June of each year, the Secretary of Treasury will issue a circular letter specifying a period of 3 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 2011, as amended (the Code) are exempt from the payment of sales tax. In those years for which no circular letter is issued, it shall be understood that the period begins at 12:01am on 15 July and ends at midnight on 17 July of each year. |
| <b>Rulings</b>                    | Are rulings and decisions issued by the tax authorities publicly available?  | No, most determinations are private.  |



## Saint Lucia

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| <b>General</b>              | Types of indirect taxes (VAT/GST and other indirect taxes).   | In 2012, VAT was introduced in Saint Lucia. The Commissioner of Inland Revenue, supported by the Inland Revenue Department, administers the tax. The Customs and Excise Department collects VAT payable on imports on behalf of the Commissioner. |
|                             | Are there other indirect taxes?   | All imports are subject to customs duties, and home-produced goods (mainly liquor, beer and cigarettes) and fuel imported by a wholesaler.  |
|                             | What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?  | 12.5% effective 1 February 2017; VAT (reduced 0%, and 10% for the hotel sector.   |
|                             | Who is required to register for VAT/GST?  | Registration is required where the registrant has annual sales turnover of XCD400,000. Voluntary registration is permissible.   |
| <b>VAT/GST registration</b> | 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)? | Yes through an agent.   |
|                             | Does an overseas company need to appoint a fiscal representative?   | Yes, depending on the supply where the company is regarded as a taxable person.   |
|                             | Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect tax registrations?  | The taxable activity period is a 12-month period. A period in the VAT Act represents 1 month. Taxable persons are required to complete a VAT Tax Remittance Form and Return.  |
|                             | Is grouping* for VAT/GST and other indirect taxes possible?   | No.   |
| <b>VAT/GST compliance</b>   | How frequently are VAT/GST and other indirect tax returns submitted?  | One return per month. The VAT return for each tax period should be filed by the 21st of the month following the end of the taxable period.  |
|                             | What are the exchange rate rules in your country?   | Fixed exchange rates (USD1=XCD2.6882).  |
| <b>VAT/GST recovery</b>     | Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?  | No; unless through an agent.  |
|                             | Are there any exemptions with the right to recover or deduct input VAT?   | Yes.  |
|                             | Are there any restrictions to the deduction of input VAT?   | 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).

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| <b>Invoices</b>                   | Is a business required to issue tax invoices?  | Yes.  |
|                                   | Is it possible/mandatory to issue invoices electronically?   | Yes, however, an audit may require the presentation of physical invoices to the authorities.  |
|                                   | Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?                                  | No.   |
| <b>Audits</b>                     | Do tax audits take place on a regular basis?   | Yes, audits are conducted; different selection criteria apply.  |
|                                   | Are audits done electronically in your country (e-audit)? If so, what system is in use?                            | No, physical audits are conducted with the use of electronic data.  |
|                                   | What penalties can arise from non-compliance?  | <ul style="list-style-type: none"> <li>— Late filing penalty of XCD250 for each month in which the return remains outstanding.</li> <li>— Late payment penalty of 10% of the tax due where the payment is not made by the due date.</li> <li>— Interest at the rate of 1.25% per month, or part thereof, for the period during which the payment remains unpaid.</li> <li>— Other penalties may apply.</li> </ul> |
| <b>Special indirect tax rules</b> | Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale? | Special provisions apply in respect of exempt supplies, governmental activities, public entertainment, etc.   |
|                                   | Are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?   | Various provisions apply.   |
|                                   | Does a reverse charge mechanism apply for goods or services?   | Yes.  |
|                                   | Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?                                    | Yes, reduced rate with respect to the provision of the hotel sector. Zero rated provisions also apply.  |
| <b>Rulings</b>                    | Are rulings and decisions issued by the tax authorities publicly available?  | Court rulings are public, but rulings issued in respect of individual requests are not usually made public. However, as a result of an issue the authorities may issue a policy note.   |



## Saint Vincent

|                             |   |  |
|-----------------------------|---|--|
| <b>General</b>              | Types of indirect taxes (VAT/GST and other indirect taxes).   | In 2007, VAT was introduced in Saint Vincent and the Grenadines. The Commissioner of Inland Revenue, supported by the Inland Revenue Department, administers the tax. The Customs and Excise Department collects VAT payable on imports on behalf of the Commissioner. |
|                             | Are there other indirect taxes?   | All imports are subject to customs duties, and home-produced goods (mainly liquor, beer and cigarettes) and fuel imported by a wholesaler.   |
|                             | What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?  | 16% effective 1 May 2017; VAT reduced 0%, and 11% for the hotel sector. Other rates may apply.   |
|                             | Who is required to register for VAT/GST?  | Registration is required where the registrant has annual sales turnover of XCD300,000 (effective 1 May 2017). Voluntary registration is permissible.   |
| <b>VAT/GST registration</b> | 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)? | Yes through an agent.  |
|                             | Does an overseas company need to appoint a fiscal representative?   | Yes, depending on the supply where the company is regarded as a taxable person.  |
|                             | Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect tax registrations?  | The taxable activity period is a 12-month period. A period in the VAT Act represents 1 month. Taxable persons are required to complete a VAT Tax Remittance Form and Return.   |
|                             | Is grouping* for VAT/GST and other indirect taxes possible?   | No.  |
| <b>VAT/GST compliance</b>   | How frequently are VAT/GST and other indirect tax returns submitted?  | One return per month. The VAT return for each tax period should be filed by the 15th of the month following the end of the taxable period.   |
|                             | What are the exchange rate rules in your country?   | Fixed exchange rates (USD1=XCD2.65).   |
| <b>VAT/GST recovery</b>     | Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?  | No; unless through an agent.   |
|                             | Are there any exemptions with the right to recover or deduct input VAT?   | Yes.   |
|                             | Are there any restrictions to the deduction of input VAT?   | 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).

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| <b>Invoices</b>                   | Is a business required to issue tax invoices?  | Yes.  |
|                                   | Is it possible/mandatory to issue invoices electronically?   | Yes, however, an audit may require the presentation of physical invoices to the authorities.  |
|                                   | Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?                                  | No.   |
| <b>Audits</b>                     | Do tax audits take place on a regular basis?   | Yes, audits are conducted; different selection criteria apply.  |
|                                   | Are audits done electronically in your country (e-audit)? If so, what system is in use?                            | No, physical audits are conducted with the use of electronic data.  |
|                                   | What penalties can arise from non-compliance?  | <ul style="list-style-type: none"> <li>— Late filing penalty of XCD250 for each month in which the return remains outstanding.</li> <li>— Late payment penalty of 10% of the tax due where the payment is not made by the due date.</li> <li>— Interest at the rate of 1.25% per month, or part thereof, for the period during which the payment remains unpaid.</li> <li>— Other penalties may apply.</li> </ul> |
| <b>Special indirect tax rules</b> | Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale? | Special provisions apply in respect of exempt supplies, governmental activities, public entertainment, etc.   |
|                                   | Are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?   | Various provisions apply.   |
|                                   | Does a reverse charge mechanism apply for goods or services?   | Yes.  |
|                                   | Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?                                    | Yes, reduced rate with respect to the provision of the hotel sector. Zero rated provisions also apply.  |
| <b>Rulings</b>                    | Are rulings and decisions issued by the tax authorities publicly available?  | Court rulings are public, but rulings issued in respect of individual requests are not usually made public. However, as a result of an issue the authorities may issue a policy note.   |



## Sint Maarten

|                             |   |   |
|-----------------------------|---|---|
| <b>General</b>              | Types of indirect taxes (VAT/GST and other indirect taxes).   | Turnover tax.   |
|                             | Are there other indirect taxes?   | <ul style="list-style-type: none"> <li>— Real estate transfer tax.</li> <li>— Excise taxes.</li> <li>— Stamp duty and registration duty.</li> <li>— Room tax.</li> </ul>  |
|                             | What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?  | Turnover tax: 5%.   |
|                             | Who is required to register for VAT/GST?  | Entrepreneurs carrying out a business, provided they are collecting revenues from the sale of goods or the rendering of services in Sint Maarten.   |
|                             | Who is required to register for real estate transfer tax?   | None of the parties. The amount of real estate transfer tax due is collected by the notary public and paid by the notary public to the tax collector. The purchaser of the real estate carries the tax burden.  |
| <b>VAT/GST registration</b> | 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)? | No, based on applicable legislation, overseas companies may only register for turnover tax purposes in cases that the company is subject to turnover tax in Sint Maarten.   |
|                             | 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?  | <p>A formal request. It is only required to include general information in the respective form:</p> <ul style="list-style-type: none"> <li>— incorporation documents of the legal entity</li> <li>— identification of directors and officers of the legal entity</li> <li>— information concerning the address of the entity within Sint Maarten</li> <li>— business activity.</li> </ul> |
|                             | 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).

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| <b>VAT/GST compliance</b>         | <p>How frequently are VAT/GST and other indirect tax returns submitted?</p>   | <p>Monthly. On request, natural persons who operate real estate are able to submit turnover tax returns on a yearly basis.</p>  |
|                                   | <p>What are the exchange rate rules in your country?</p>  | <p>Each year, the tax authorities publish an overview of the average exchange rate applicable for that particular year for several foreign currencies.</p>  |
|                                   |   | <p>However, the taxpayer is also allowed to use the exchange rate of the payment/receipt date. The Antillean guilder (ANG) is linked (pegged) to the US dollar (USD1=ANG1,78).</p>  |
| <b>VAT/GST recovery</b>           | <p>Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?</p> | <p>No.</p>  |
|                                   | <p>Are there any exemptions with the right to recover or deduct input VAT?</p>  | <p>No.</p>  |
|                                   | <p>Are there any restrictions to the deduction of input VAT?</p>  | <p>Not applicable. In principle, there is no right to deduct turnover tax.</p>  |
| <b>Invoices</b>                   | <p>Is a business required to issue tax invoices?</p>  | <p>Yes.</p>   |
|                                   | <p>Is it possible/mandatory to issue invoices electronically?</p>   | <p>It is possible, but not mandatory.</p>   |
|                                   | <p>Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?</p>  | <p>No.</p>  |
| <b>Audits</b>                     | <p>Do tax audits take place on a regular basis?</p>   | <p>Yes, approximately every 5 years.</p>  |
|                                   | <p>Are audits done electronically in your country (e-audit)? If so, what system is in use?</p>  | <p>No.</p>  |
|                                   | <p>What penalties can arise from non-compliance?</p>  | <p>There are two different types of penalties. The first type is a default penalty and applies when:</p> <ul style="list-style-type: none"> <li>— the tax return is not filed in time (maximum penalty of ANG2,500)</li> <li>— the tax due is (wholly or partly) not paid within the specified period (maximum penalty of ANG10,000).</li> </ul> <p>The second type is an offense penalty and applies when tax is not (fully) paid in time due to deliberate intent or gross negligence of the taxpayer. The maximum penalty is then 100% of the tax due.</p> |
| <b>Special indirect tax rules</b> | <p>Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale?</p>                     | <p>Yes, an exemption is applicable based on a general decree.</p>   |
|                                   | <p>Are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?</p>                       | <p>In general, no right to claim a deduction of the turnover tax paid by entrepreneurs.</p>   |
|                                   | <p>Does a reverse charge mechanism apply for goods or services?</p>   | <p>Yes.</p>   |
|                                   | <p>Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?</p>  | <p>The law contains a number of exemptions.</p>   |
| <b>Rulings</b>                    | <p>Are rulings and decisions issued by the tax authorities publicly available?</p>  | <p>No.</p>  |



## Suriname

|                             |   |  |
|-----------------------------|---|--|
| <b>General</b>              | Types of indirect taxes (VAT/GST and other indirect taxes).   | Turnover tax.  |
|                             | Are there other indirect taxes?   | <ul style="list-style-type: none"> <li>— Excise taxes.</li> <li>— Import taxes.</li> </ul>   |
|                             | What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?  | <ul style="list-style-type: none"> <li>— Supply and import of goods: 10%.</li> <li>— Supply of services: 8%.</li> <li>— Luxury goods: 25%.</li> <li>— Exempt goods: 0%.</li> </ul> |
|                             | Who is required to register for VAT/GST?  | This needs to be determined on a case-by-case basis.   |
|                             | Who is required to register for transfer tax?   | Not applicable.  |
| <b>VAT/GST registration</b> | 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)? | Yes.   |
|                             | Does an overseas company need to appoint a fiscal representative?   | In principle, no.  |
|                             | Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect tax registrations?  | This needs to be determined on a case-by-case basis.   |
|                             | Is grouping* for VAT/GST and other indirect taxes possible?   | No.  |
| <b>VAT/GST compliance</b>   | How frequently are VAT/GST and other indirect tax returns submitted?  | Monthly.   |
|                             | What are the exchange rate rules in your country?   | Every day, the Central Bank of Suriname publishes the official exchange rates on their website.  |
| <b>VAT/GST recovery</b>     | Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?  | No.  |
|                             | Are there any exemptions with the right to recover or deduct input VAT?   | This needs to be determined on a case-by-case basis.   |
|                             | Are there any restrictions to the deduction of input VAT?   | This needs to be determined on a case-by-case basis.   |

\* 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).

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| <b>Invoices</b>                   | 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 the vendor to issue an invoice, i.e. is self-billing possible?                                  | No.   |
| <b>Audits</b>                     | Do tax audits take place on a regular basis?   | Yes.  |
|                                   | Are audits done electronically in your country (e-audit)? If so, what system is in use?                            | No.   |
|                                   | What penalties can arise from non-compliance?  | <p>When no tax return is filed or the tax return has not been filed in a timely manner, the penalty varies between 10 and 1,000 Surinamese dollars (SRD).</p> <p>When turnover tax that is due has not been paid on time (wholly or partially), the penalty varies between SRD10 and SRD1,000, depending on the situation.</p> <p>An offense penalty can be imposed when no or insufficient turnover tax is paid due to deliberate intent or gross negligence of the taxpayer. The penalty varies between 5% to 100% of the tax due and per infringement, depending on the situation.</p> |
|                                   |  |   |
| <b>Special indirect tax rules</b> | Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale? | Not applicable.   |
|                                   | Are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?   | The taxable services are limited by law. Therefore, liability for turnover tax purposes needs to be determined on a case-by-case basis.   |
|                                   | Does a reverse charge mechanism apply for goods or services?   | Yes.  |
|                                   | Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?                                    | Yes, applicability needs to be determined on a case-by-case basis.  |
| <b>Rulings</b>                    | Are rulings and decisions issued by the tax authorities publicly available?  | <ul style="list-style-type: none"> <li>— Decisions by state level are not publically available.</li> <li>— Rulings are usually not publically available.</li> </ul>   |



## Trinidad and Tobago

|                             |   |   |
|-----------------------------|---|---|
| <b>General</b>              | Types of indirect taxes (VAT/GST and other indirect taxes).   | VAT.  |
|                             | Are there other indirect taxes?   | <ul style="list-style-type: none"> <li>— Financial services tax: 15%.</li> <li>— Insurance premium tax: 6%.</li> <li>— Hotel accommodation tax: 10%.</li> </ul>   |
|                             | What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?  | <ul style="list-style-type: none"> <li>— VAT standard rate: 12.5% (reduced from 15% effective 1 February 2016).</li> <li>— VAT (zero-rated).</li> </ul>   |
|                             | Who is required to register for VAT/GST?  | VAT registration is required when the value of the commercial supplies (within Trinidad and Tobago (T&T) of an entity during the period of 12 months or less (commencing with the month in which the supply is made) will be more than 500,000 Trinidad and Tobago dollars (TTD) (approximately USD75,000).       |
| <b>VAT/GST registration</b> | 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)? | Yes, once the registration threshold is reached.  |
|                             | Does an overseas company need to appoint a fiscal representative?   | Yes.  |
|                             | Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect tax registrations?  | <ul style="list-style-type: none"> <li>— Completion of the Board of Inland Revenue (BIR) registration form.</li> <li>— Evidence that supplies would exceed the registration threshold (e.g. contracts).</li> <li>— Originals and copies of incorporation documents.</li> </ul>                                    |
|                             | Is grouping* for VAT/GST and other indirect taxes possible?   | Yes.  |
| <b>VAT/GST compliance</b>   | How frequently are VAT/GST and other indirect tax returns submitted?  | Every 2 months, and in certain circumstances monthly, as determined by the BIR.   |
|                             | What are the exchange rate rules in your country?   | For the purposes of VAT, the amount of any consideration that is in a currency other than the currency of T&T shall be converted to the currency of T&T at the rate at which the Central Bank would, at the time of supply or importation, as the case may be, have purchased that currency in the form of notes. |

\* 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).

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| <b>VAT/GST recovery</b>           | Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally? | No.   |
|                                   | Are there any exemptions with the right to recover or deduct input VAT?  | Only that the transactions must be related to a commercial supply.  |
|                                   | Are there any restrictions to the deduction of input VAT?  | Cannot include input tax on supplies, or tax on the entry of entered goods where, or to the extent that, the goods or services supplied or entered are required — other than for the purposes of his carrying on a business — in T&T.                                 |
| <b>Invoices</b>                   | 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 the vendor to issue an invoice, i.e. is self-billing possible?  | Yes (e.g. where goods are appropriated for personal use).   |
| <b>Audits</b>                     | Do tax audits take place on a regular basis?   | Yes.  |
|                                   | Are audits done electronically in your country (e-audit)? If so, what system is in use?  | No.   |
|                                   | What penalties can arise from non-compliance?  | Penalty of 8% and interest of 2% per month on tax assessed for non-compliance.  |
| <b>Special indirect tax rules</b> | Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale?                     | Upon the sale, transfer or other disposition, whether for consideration or not, of a business as a going concern — only the sale of any stock in trade held for the purposes of the business shall be regarded as being a commercial supply on which VAT will be due. |
|                                   | 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.   |
| <b>Rulings</b>                    | Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?  | Some VAT reliefs are available to fishermen, diplomats, judges and charities.   |
|                                   | Are rulings and decisions issued by the tax authorities publicly available?  | No.   |



## United States

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| <b>General</b>              | <b>Types of indirect taxes (VAT/GST and other indirect taxes).</b>   | The United States (US) does not have a national sales tax system. Rather, indirect taxes are imposed on a subnational level. Each state has the authority to impose its own sales and use tax, subject to US constitutional restrictions. In many states, local jurisdictions (e.g. cities and counties) also impose sales and use taxes.  |
|                             | <b>Are there other indirect taxes?</b>   | Depending on the jurisdiction, taxpayers may be subject to property taxes, excise taxes, business license responsibilities and unclaimed property reporting requirements.  |
|                             | <b>What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?</b>  | There is no national sales tax in the US and therefore no standard rate. The sales or use tax rates vary by state, ranging from 2.9% to 7.5% at the state level. In addition to the state rate, local governments in 35 states impose an additional sales or use tax, ranging from 1% to 5%.   |
|                             | <b>Who is required to register for VAT/GST and other indirect taxes?</b>   | Typically, every person or entity that is engaged in the business of selling tangible personal property at retail or furnishing any taxable service must register with the state to obtain a sales tax license, permit or certificate before making sales or providing services.   |
| <b>VAT/GST registration</b> | <b>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)?</b> | Yes, an overseas or out-of-state company without substantial nexus in a state may voluntarily register for collection of sales or use tax. A taxpayer voluntarily registering for sales or use tax is subject to the same duties and obligations as a taxpayer who is required to register and will be required to file returns and comply with the laws of that state.                                      |
|                             | <b>Does an overseas company need to appoint a fiscal representative?</b>   | Some states may require an overseas or out-of-state registrant to have a registered agent in the state to receive official notices (such as service of process for legal action). The state may require a bond or deposit prior to issuing a sales tax permit to a foreign or out-of-state business.   |
|                             | <b>Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect tax registrations?</b>  | Sellers, vendors and retailers can register with the various states by using one of the following methods: registering with the state tax authority website or filing a form with the state's tax authority. Generally, each separate legal entity must register for its own sales tax permit, regardless of its tax classification. A separate application may also be required for each place of business. |

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| <b>VAT/GST registration (continued)</b> | Is grouping* for VAT/GST and other indirect taxes possible?  | A majority of the states require or permit the filing of a consolidated sales/use tax return when a single legal entity operates more than one location within the state. A few states require a minimum number of business locations before a consolidated return is allowed. Some states require prior approval to file on a consolidated basis.   |
| <b>VAT/GST compliance</b>               | How frequently are VAT/GST and other indirect tax returns submitted?   | Sales and use tax returns must be filed either annually, semi-annually, quarterly, monthly or semi-monthly, depending on state requirements. Filing frequency is commonly based on the taxpayer's sales volume and the amount of tax that the taxpayer collects during the period.   |
|   | What are the exchange rate rules in your country?  | Varies by jurisdiction.  |
| <b>VAT/GST recovery</b>                 | Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally? | Not applicable in the US.  |
|   | Are there any exemptions with the right to recover or deduct input VAT?  | Although there is no system to recover sales and use tax, states do provide various exemptions from tax based on particular activities of the buyer. States provide various exemptions from sales or use tax. Exemptions are specifically stated within a state's sales or use tax statute and the burden of proving an exemption is on the taxpayer. Various states also offer reduced or zero-rates on certain types of property, such as food for home consumption, residential utilities and manufacturing-related machinery.<br><br>Generally, exemptions are based on either the type of entity purchasing the property, the type of property being purchased, the intended use of the property or the type of transaction. Exemptions that apply at the state level generally also apply at the local level. Exemptions are generally applicable to both sales and use tax. |
|   | Are there any restrictions to the deduction of input VAT?  | Not applicable in the US.  |
| <b>Invoices</b>                         | Is a business required to issue tax invoices?  | In most states, invoices or receipts are required to be issued for each transaction. However, each state has its own requirements for how tax must be stated on the invoice.   |

\* 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).

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| <b>Invoices<br/>(continued)</b>           | Is it possible/mandatory to issue invoices electronically?   | Yes, the use of electronic data interchange (EDI), advanced digital signatures and other forms of electronic invoicing is permitted by most states. For a taxpayer that uses EDI processes and technology, the level of record detail, in combination with other records related to the transactions, must be equivalent to that of an acceptable paper record. The requirements for an EDI accounting system should be similar to that of a manual accounting system. |
|   | Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?                                  | Generally, no. Some states allow certain taxpayers to use a 'direct pay permit' to remit use tax to the state in lieu of paying their vendors sales tax on their purchases.  |
| <b>Audits</b>                             | Do tax audits take place on a regular basis?   | Yes, generally, taxpayers are on an audit cycle of 3 to 4 years based on the jurisdiction's statute of limitations.  |
|   | Are audits done electronically in your country (e-audit)? If so, what system is in use?                            | No.  |
|   | What penalties can arise from non-compliance?  | As a general rule, states impose penalties for the failure to timely file a return and pay taxes due. The maximum penalty imposed by most states, in cases other than fraud, is 25% of the amount of tax due. However, some states are much more aggressive, assessing and imposing maximum penalties in excess of 25%. Generally, a state's penalty for late payment of tax is imposed at the same rate as its penalty for late filing.                               |
| <b>Special<br/>indirect tax<br/>rules</b> | Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale? | Some states offer a type of exemption for occasional or bulk sales (sales outside of the seller's ordinary course of business and sales of entire lines of business). Specific application of rules and definitions varies by state.   |
|   | Are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?   | Because each state has authority to enact its own sales and use tax laws, there is no 'standard' in the US.  |
|   | Does a reverse charge mechanism apply for goods or services?   | Not applicable in the US.  |
|   | Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?                                    | Yes, sales and use tax incentives are often offered to encourage taxpayers to locate business in economically disadvantaged areas to reduce the company's impact on the environment or to achieve other economic or social ends. Such incentives vary by jurisdiction.   |
| <b>Rulings</b>                            | Are rulings and decisions issued by the tax authorities publicly available?  | Yes, the rules and applicability vary by jurisdiction and often may be found on the tax jurisdiction's website.  |



## Uruguay

|                             |  |   |
|-----------------------------|--|---|
| <b>General</b>              | Types of indirect taxes (VAT/GST and other indirect taxes).  | VAT.  |
|                             | Are there other indirect taxes?  | Excise tax, <i>Impuesto Específico Interno</i> (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?   | <ul style="list-style-type: none"> <li>— VAT standard rate is currently 22%.</li> <li>— A reduced rate of 10% applies to certain goods and services such as basic food items, medicines and services rendered by hotels.</li> <li>— 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%.</li> </ul> |
|                             | Who is required to register for VAT/GST and other indirect taxes?  | Those who engage in 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.  |
|                             | Is voluntary registration for VAT/GST and 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 Uruguayan VAT legislation, it is not possible for a non-resident entity to voluntarily register in Uruguay and act as an established entity.  |
| <b>VAT/GST registration</b> | Does an overseas company need to appoint a fiscal representative?  | Not applicable.   |
|                             | 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 tax 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).

|                           |  |   |
|---------------------------|--|---|
| <b>VAT/GST compliance</b> | How frequently are VAT/GST and other indirect tax 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, Banco Central del Uruguay (BCU), regulates and provides all exchange rates. The exchange rate of the day previous to the transaction applies.   |
| <b>VAT/GST recovery</b>   | Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally? | No.   |
|                           | 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 where the supplier is entitled to a VAT refund.   |
|                           | Are there any restrictions to the deduction of input VAT?  | Certain products are exempt from VAT, such as 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. Where VAT relates to both taxable and exempt supplies, it is needed to make an apportionment (pro rata rule). 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 (e.g. VAT on services rendered by bars, restaurants or hotels is not recoverable). |
| <b>Invoices</b>           | Is a business required to issue tax invoices?  | Taxpayers are required to document their operations related to taxable activities by means of invoices, sales slips, notes of credit, notes of debit or other similar commercial documents that must comply with certain formalities established by applicable regulations.   |
|                           | Is it possible/mandatory to issue invoices electronically?   | Law 18.600 and applicable regulations contemplate a progressive plan for the implementation of electronic invoice regime, <i>comprobante fiscal electrónico</i> (CFE). Based on their annual revenues, the plan contemplates different dates for the incorporation of taxpayers to this regime (which by December 2019 should cover most companies, except for small taxpayers).  |
|                           | Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?  | No.   |

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|-----------------------------------|---|--|
| <b>Audits</b>                     | <b>Do tax audits take place on a regular basis?</b>   | 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.   |
|                                   | <b>Are audits done electronically in your country (e-audit)? If so, what system is in use?</b>                            | No.  |
|                                   | <b>What penalties can arise from non-compliance?</b>  | There are certain penalties for failing to fulfill formal obligations. The penalty or fine for failing to pay VAT due varies between 5% and 20% of the unpaid VAT.<br><br>In the case of fraudulent practices, besides fines ranging from 1 to 15 times the unpaid taxes, imprisonment can be imposed in certain cases. Compensatory interest is applied (approximately 1% monthly), capitalized every 4 months. |
| <b>Special indirect tax rules</b> | <b>Are there any special rules for the sale of a company by one taxpayer to another where VAT is not due on the sale?</b> | Under Uruguayan law number 16906, a VAT exemption could be granted by the executive power to mergers and transactions related to business reorganizations. Such an exemption does not operate automatically. It must be requested by the company to the executive power who analyzes the requests on a case-by-case basis.   |
|                                   | <b>Are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?</b>    | An aspect to be considered is that not all the services provided from Uruguay to foreign entities are considered exports. In order for them to qualify as export services, they must be included in a list established by the executive power.   |
|                                   | <b>Does a reverse charge mechanism apply for goods or services?</b>   | Yes.   |
|                                   | <b>Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?</b>                                    | 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.<br><br>Services provided inside the free zones or port areas are considered exports, provided they are exclusively and necessarily developed in those areas.   |
| <b>Rulings</b>                    | <b>Are rulings and decisions issued by the tax authorities publicly available?</b>  | Yes, rulings are available on the tax office website: <a href="http://www.dgi.gub.uy">www.dgi.gub.uy</a> .   |



# Venezuela

## General

Types of indirect taxes (VAT/GST and other indirect taxes).

VAT.

Are there other indirect taxes?

- Municipal taxes.
- Anti-drug tax.
- Sport tax.
- Science and technology tax.
- Tax on large financial transactions.

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

### Standard rate

- VAT: 12%.
- Municipal taxes are paid based on gross income. For activities performed within a country, the rates depend on the country and the type of income of the entity.
- The anti-drug tax is paid annually based on operative accounting gain. The applicable rate is 1%.
- The sport tax is paid annually based on net accounting gain. The applicable rate is 1%.
- The science and technology tax is paid annually based on prior year gross income. The applicable rate is 0.5%.
- 0.75% of each banking operation conducted by taxpayers qualified by the SENIAT as 'special liable subjects' or taxpayers related to them.

### Zero-rate

- Export of goods and services.
- Sale of natural hydrocarbons performed by joint venture companies (*empresas mixtas*) to Petróleos de Venezuela S.A. or any of its subsidiaries.

### Reduced rate

- Certain goods and services (such as red meat, animal oil or domestic plane tickets) are temporarily 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.
- Sales of movable goods and rendering of services to individuals that are end or final consumers, up to the amount of 200,000 Venezuelan bolivar (VEF) would be levied with the general value added tax aliquot of 10%, provided that such sales or services rendering be paid through electronic means. It is applicable from 24 December 2016 for 90 continuous days.

|                                |   |  |
|--------------------------------|---|--|
| <b>General<br/>(continued)</b> | <p>Who is required to register for VAT/GST and other indirect taxes?</p>  | <p><b>Venezuelan entities</b></p> <ul style="list-style-type: none"> <li>Companies involved in sales of taxable services or goods in Venezuela are required to file VAT returns by using their fiscal registration number (RIF).</li> </ul> <p><b>Foreign entities</b></p> <ul style="list-style-type: none"> <li>Foreign entities are not required to charge VAT. In the cases of the 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.</li> </ul> |
| <b>VAT/GST registration</b>    | <p>Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?</p> | <p>Not applicable due to the fact that there is no specific registration for VAT purposes.</p>   |
|                                | <p>Does an overseas company need to appoint a fiscal representative?</p>  | <p>No, since the buyer is responsible for the payment of VAT due on the import of goods and services.</p>  |
|                                | <p>Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect tax registrations?</p>   | <p>Not applicable.</p>   |
|                                | <p>Is grouping* for VAT/GST and other indirect taxes possible?</p>  | <p>No.</p>   |
| <b>VAT/GST compliance</b>      | <p>How frequently are VAT/GST and other indirect taxes returns submitted?</p>   | <p>Monthly.</p>  |
|                                | <p>What are the exchange rate rules in your country?</p>  | <p>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 rates are DIPRO and DICOM, and are published daily by the Banco Central de Venezuela.</p>  |
| <b>VAT/GST recovery</b>        | <p>Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?</p>   | <p>No, only local taxpayers are allowed to recover VAT.</p>  |
|                                | <p>Are there any exemptions with the right to recover or deduct input VAT?</p>  | <p>On local sales not subject to VAT, the taxpayer is not allowed to recover or deduct the input VAT.</p>  |
|                                | <p>Are there any restrictions to the deduction of input VAT?</p>  | <p>VAT exemptions do not allow VAT recovery. The amount paid as VAT becomes part of expenses and cost.<br/>Non-VAT taxpayers are not able to recover VAT.</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).

|                                   |  |   |
|-----------------------------------|--|---|
| <b>Invoices</b>                   | Is a business required to issue tax invoices?  | Yes.  |
|                                   | Is it possible/mandatory to issue invoices electronically?   | Yes. Invoices and equivalent documents may be issued electronically in the following ways: <ul style="list-style-type: none"> <li>— printing forms acquired from an authorized printer, or by using a tax computer or by using a hardware that cannot be accessed by anyone but the tax authorities.</li> </ul> Businesses in telecommunications, travel agents, insurance, courier cargo and courier, subscription television, electricity, domestic gas and internet industry are authorized to send electronic invoices. |
|                                   | Is it possible for the vendor to issue an invoice, i.e. is self-billing possible?                                  | No.   |
| <b>Audits</b>                     | Do tax audits take place on a regular basis?   | VAT audits take place often, typically more than once a year.   |
|                                   | Are audits done electronically in your country (e-audit)? If so, what system is in use?                            | No.   |
|                                   | What penalties can arise from non-compliance?  | Those who, by either action or omission, cause 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 100% to 300% of the omitted tax.<br><br>Also, in cases of non-compliance with formal duties, the company could be closed for 10 business days.  |
| <b>Special indirect tax rules</b> | 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, even in cases of liquidation, VAT would be applied on the assets returned to shareholders. The only case not subject to VAT is the contribution of assets to a new entity that will carry on the same type of business.   |
|                                   | 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 specific rules other than specified above. Financial institutions (banks) charge VAT only on leasing operations (not very common in Venezuela). As a unique rule, special taxpayers are required to withhold 75% of the VAT invoiced to them.   |
|                                   | Does a reverse charge mechanism apply for goods or services?   | Yes.  |
| <b>Rulings</b>                    | Are there indirect tax incentives available (e.g. reduced rates, tax holidays)?                                    | Certain tax exemptions or relief apply according to the VAT law. Zero and reduced rates apply as explained above.   |
|                                   | Are rulings and decisions issued by the tax authorities publicly available?  | Yes, they can be found at <a href="http://www.seniat.gov.ve">www.seniat.gov.ve</a> .  |

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