



Tax Highlights

Latest Tax Updates in the
Region

May, 2026

KPMG Costa Rica





Tax

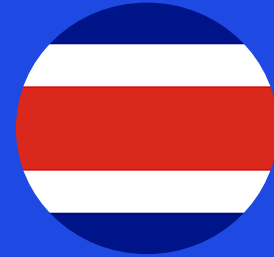
Key Updates

Scope

- 01** | **Costa Rica**
- 02** | **Panamá**
- 03** | **República Dominicana**
- 04** | **Honduras**



Costa Rica



Subjects

01

The Legislative Assembly approves, in second debate, a reform to Law N° 7786 to regulate and supervise Virtual Asset Service Providers

02

Case Law

01.

The Legislative Assembly approves, in second debate, a reform to Law N° 7786 to regulate and supervise Virtual Asset Service Providers

On May 25, 2026, the Legislative Assembly approved, in second debate, a reform to Law No. 7786, titled “Law on Narcotic Drugs, Psychotropic Substances, Unauthorized Drug Use, Related Activities, Money Laundering, and Financing of Terrorism.”

This reform arises from international requirements set by the Financial Action Task Force (FATF) regarding the proper regulation and supervision of Virtual Asset Service Providers, with the aim of mitigating and preventing money laundering and terrorist financing.

In this regard, the main changes introduced are outlined below:

- **Definition of Virtual Asset:** The bill defines a “Virtual Asset” as a “digital representation of value or funds that can be traded or transferred digitally and used for payments or investments, without implying its recognition as legal tender in Costa Rica or as foreign currency by the Central Bank.”
- **Registration of Virtual Asset Service Providers:** Among the most relevant aspects of the reform is the obligation for Virtual Asset service providers to register with the General Superintendency of Financial Entities (SUGEF), which will be responsible for supervising and maintaining a registry of such providers. Registration does not imply authorization of the provider’s operations.
- **Due Diligence Measures:** The reform establishes that Virtual Asset service providers must apply due diligence measures when transactions meet or exceed the threshold determined by the National Council for Supervision of the Financial System (CONASSIF), based on international standards.
- **Information Exchange:** The bill also authorizes financial supervisory authorities to request and exchange information with national or foreign supervisors and to enter into agreements or arrangements for coordination and information exchange for supervision purposes within or outside Costa Rica. Such information will be confidential.
- **Sanctions Regime:** The reform incorporates Virtual Asset service providers into the sanction’s regime. Article 81 (amended) may be applied, establishing fines ranging from 5% to 50% of the total transaction amount or between 2 and 100 base salaries (approximately from CRC ₡924,000 to CRC ₡46,220,000) for non-compliance with registration requirements, due diligence obligations, reporting duties, information delivery, or internal controls.

It would only remain pending ratification of this provision by the Executive Branch and its publication in the Official Gazette for it to definitively enter into force.

For more information:

[Reforma Ley 7786](#)





Case Law

01.

Private Letter Ruling MH-DGT-OF-0306-2026 – General Directorate of Taxation

Private Letter Ruling MH-DGT-OF-0306-2026 – General Directorate of Taxation

<p>Background</p>	<p>The General Directorate of Taxation issues a response to the inquiry submitted by the College of Private Accountants of Costa Rica, through which a formal opinion was requested on various situations related to the filing of the D-270 informative return (Monthly Summary Informative Return of Clients, Suppliers, and Specific Expenses not supported by an electronic invoice).</p> <p>In particular, the College inquired about the treatment of interest, commissions, payments of social security contributions and taxes, the inclusion of taxpayers under the agricultural regime, the obligation to file returns with no activity, as well as the handling of specific cases such as public utilities, policies integrated into credit operations, the purchase of vehicles from non-taxpayers, and the application of deadlines.</p>
<p>Arguments of the Parties</p>	<p>The Association of Public Accountants raised several practical questions regarding the scope of the obligation to report in form D-270, seeking to clarify which transactions should be included or excluded in the absence of electronic invoices, as well as the proper classification of different types of income and expenses.</p> <p>For its part, the Tax Administration maintained that the obligation to report depends on the nature of the income or expense rather than the instrument used. In that regard, it indicated that transactions without electronic invoices related to sales, purchases, and specific payments such as interest, commissions, rents, and professional services must be reported. Likewise, it clarified that payments of a tax or parafiscal nature, such as social security contributions, taxes, and municipal fees, should not be included. The Administration also established specific criteria for different cases, including the agricultural regime, the absence of an obligation to file zero returns, and the treatment of certain expenses without electronic invoices.</p>
<p>Final decision</p>	<p>The General Directorate of Taxation ruled that return D-270 must apply exclusively to transactions without electronic invoices related to sales, purchases, and specific payments, expressly providing that: (i) interest and commissions, whether received or paid, must be reported according to their nature; (ii) payments of a tax or parafiscal nature must not be included; (iii) taxpayers under the agricultural regime are required to file when applicable, except in cases of duly justified material impossibility; (iv) there is no obligation to file zero returns; and (v) certain expenses without electronic invoices must be reported, such as public services under contractual conditions, policies embedded in loans, and purchases from non-taxpayers.</p>

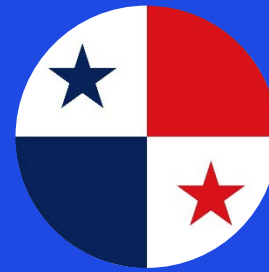
For more information:

[MH-DGT-OF-0306-2026](#)





Panamá



Subjects

01

Law No. 526 of 2026: Economic Substance Rules for Passive Income from Foreign Sources

02

Resolution No. 201-3068 of 2026: Selection of Large Taxpayers

03

Ruling on Nullity Due to Defective Notification and Violation of Due Process

01.

Law No. 526 of 2026: Economic Substance Rules for Passive Income from Foreign Sources

Approval and Main Provisions

The Panamanian tax environment is updated with the enactment of **Law No. 526 of May 28, 2026**, which introduces economic substance rules applicable to certain passive income from foreign sources, in line with international standards and the strengthening of the territoriality principle.

This regulation, derived from Bill No. 641, establishes specific requirements for such income to maintain a favorable tax treatment, as well as exceptions for strategic sectors such as maritime and financial industries.

Specific Aspects of the Law

➤ Economic Substance Rules

Entities belonging to multinational groups are required to demonstrate real economic activity in Panama through human resources, assets, operating expenses, and effective management within the country.

➤ Taxation of Passive Income

Entities that fail to meet these requirements will lose the benefit of territoriality and will be subject to a 15% tax on the net income derived from foreign passive income (including dividends, interest, royalties, capital gains, among others).

➤ Excluded Sectors

Certain activities within the maritime sector and entities in the regulated financial sector are excluded, with respect to income linked to their core business activities.

➤ Reporting Obligations

There is an obligation to report annually foreign-source passive income and to substantiate economic substance in the income tax return.

➤ Oversight and Compliance

The Ministry of Economy and Finance will be responsible for oversight. Non-compliance will result in classification as a non-qualified entity and the application of the corresponding tax.

The law will enter into force starting in fiscal year 2027, strengthening tax transparency and Panama's alignment with international standards.

For more information:

[Se promulga la Ley No. 526 de 2026 sobre Sustancia Económica para Rentas Pasivas de Fuente Extranjera](#)



02.

Resolution No. 201-3068 of 2026: Selection of Large Taxpayers

Criteria and Registry Update

As part of efforts to strengthen tax administration, the **General Directorate of Revenue (DGI)** issued **Resolution No. 201-3068 of April 10, 2026**, which establishes the selection criteria and updates the registry of Large Taxpayers for fiscal year 2026.

This resolution is framed within institutional efforts to improve efficiency in tax collection, auditing, and control of taxpayers with the greatest economic relevance in the country, as well as in the creation of the Large Taxpayers Department, responsible for managing this segment in a specialized manner.

Specific Aspects of the Resolution

➤ Selection Criteria

The DGI has determined that entities will be considered Large Taxpayers if they simultaneously meet the following criteria:

- Revenue equal to or greater than **B/. 20,000,000**
- Assets equal to or greater than **B/. 60,000,000**

These parameters will be evaluated based on information from the two previous fiscal periods, using data available in the e-Tax 2.0 system.

➤ Registry Update

As part of this resolution, the DGI:

- Publishes the updated list of Large Taxpayers (Annex I)
- Identifies taxpayers who are no longer part of the registry (Annex II)

Additionally, it is established that the criteria may be reviewed and adjusted periodically, according to tax control and audit needs.

➤ Oversight and Effectiveness

The resolution grants the DGI the authority to keep this registry updated and to timely communicate changes to taxpayers, thereby strengthening transparency and tax control.

It is also established that the regulation:

- Will enter into force upon its publication in the Official Gazette
- Is not subject to administrative appeal

The update of the Large Taxpayers registry is part of a broader tax segmentation strategy, enabling the administration to focus its efforts on taxpayers with the greatest revenue impact and to promote more efficient compliance with tax obligations in Panama.

For more information, the list is attached: [Listado de Grandes Contribuyentes Abril 2026.pdf](#)

For more information:

[Dirección General de Ingresos](#)





Case Law

01.

Ruling on Nullity Due to Defective Notification and Violation of Due Process

Tax Administrative Court (TAT) Ruling No. TAT-NUL-012 of May 19, 2026

Central Issue	The Tax Administrative Court analyzed whether the Tax Administration's decision to reject an appeal as time-barred was valid, when the tax authority itself had provided incorrect information regarding when the notification took effect and the calculation of the deadline to file the appeal.
Actions of the DGI and Background	The General Directorate of Revenue (DGI) initially denied the application of benefits under an international agreement. Subsequently, it notified the taxpayer electronically, stating that the notification would take effect five (5) days after the email was sent. Based on that indication, the taxpayer filed the appeal within the timeframe they understood to be applicable according to the communication received. However, the Tax Administration later rejected the appeal, arguing that it had been filed outside the statutory deadline, applying a different criterion from the one previously communicated.
Taxpayer's Arguments	The taxpayer argued that they acted in accordance with what was expressly indicated by the Tax Administration itself in the notification email, which established a different timeframe from the one the DGI later sought to apply. The taxpayer maintained that this situation created confusion and violated their right to defense, as the Administration could not mislead the taxpayer and then penalize them for following such guidance.
Analysis and Criteria of the TAT	The Court determined that the actions of the DGI constituted a violation of due process, as it failed to provide clarity or legal certainty in the notification, an essential element for the exercise of the right to defense. It noted that the Tax Administration was obligated to correctly indicate the applicable legal framework and the calculation of deadlines, especially considering that the Tax Procedure Code was already in force at the time of the notification. Likewise, the Court concluded that the taxpayer acted in accordance with the information provided by the tax authority itself, and therefore no negligence or error could be attributed to them. Consequently, the decision to declare the appeal time-barred was contrary to the law and to the principle of effective administrative protection.
Final Decision	The Court ruled as follows: <ul style="list-style-type: none"> To declare null and void Resolution No. 201-7507 of September 22, 2025. To order the General Directorate of Revenue (DGI) to take cognizance of the reconsideration appeal filed by the taxpayer. To mandate the continuation of the proceedings in compliance with due process guarantees.

For more information:

[Fallo TAT-NUL-012](#)





Dominican Republic



Subjects

01

The General Agency for Internal Taxes (DGII) announces the extension of the e-invoicing deadline for small, micro, and unclassified taxpayers

02

The General Agency for Internal Taxes (DGII) publishes updated list of licenses for manufacturers and importers of alcohol, alcoholic beverages, and tobacco

01.

The General Agency for Internal Taxes (DGII) announces the extension of the e-invoicing deadline for small, micro, and unclassified taxpayers

In light of the approaching deadline for the implementation of electronic invoicing (May 15, 2026) applicable to Small, Micro, and unclassified taxpayers, the General Agency for Internal Taxes (DGII) has issued a notice extending this deadline by an additional six (6) months, calculated from the originally established date.

This extension will apply automatically to all taxpayers classified as Small, Micro, and unclassified. Once the new deadline has expired, the penalties provided for under Law No. 32-23 may apply, including the inability to issue invoices with tax receipt numbers.

Finally, we reiterate our interest in working with taxpayers who wish to gain a more detailed understanding of the implications of this notice, as well as in providing support in assessing its impact.

For more information:

[Notice 06-2026](#)



02.

The General Agency for Internal Taxes (DGII) publishes updated list of licenses for manufacturers and importers of alcohol, alcoholic beverages, and tobacco

On May 20, 2026, the General Agency for Internal Taxes (DGII) published a notice containing the updated list of taxpayers holding official licenses for the production, manufacturing, and importation of alcohol, alcoholic beverages, and tobacco products, including the current status of each authorization.

The publication was issued pursuant to the Dominican Tax Code and Regulation No. 1-18 governing the application of the Selective Consumption Tax (ISC). It includes information on authorized manufacturers, producers, and importers, specifying whether the corresponding licenses are active, expired, suspended, or terminated.

For more information:

[Notice 07-2026](#)





Honduras



Subjects

01

Judgement of unconstitutionality of Decree 113-2011 and protection of tax credit

01.

Judgement of unconstitutionality of Decree 113-2011 and protection of tax credit

The Constitutional Chamber of the Supreme Court of Justice issued a judgement regarding Decree 113-2011, the "Law on Efficiency in Public Revenue and Expenditure," which has significant implications for taxpayers and the actions of the Tax Administration.

In summary, according to the strict content of the publication, the Court:

- **Stated as unconstitutional Article 5**, which sought to prevent the refund and offsetting of the sales tax credit upon the closure of business activities, thereby consolidating it in favor of the Treasury. The Court deemed it confiscatory and contrary to taxpayers' rights, thus reaffirming the right to a refund and/or offset of sales tax credits in accordance with the current legal framework.
- **Stated as unconstitutional Article 10**, which authorized the Ministry of Finance to automatically transfer unspent funds to social programs, for encroaching on the exclusive powers of the National Congress regarding budgetary matters and the allocation of public funds.
- **Stated as unconstitutional Article 20**, which expanded the sanctioning powers of the Tax Administration (DEI/SAR) to order closures, suspensions of activities, or exemptions, due to procedural flaws in failing to follow the constitutional procedure for amending codes. This limits the possibility of imposing such measures without due process and express legal support.
- **kept in force articles 6 and 13 of decree 113-2011**, considering them compatible with the Constitution: the first, regarding the publication of taxpayers in arrears, and the second, regarding the advance payment of income tax on imports as a prepayment mechanism and not as a penalty.
- **It did not rule on the merits of Article 9**, as it was a temporary provision that had already expired.

It is important to note that, even before this judgement, the Tax Code already contained clear provisions protecting taxpayers' tax credits, including the right to carry them over to subsequent periods, request a refund, and use them to offset other tax obligations. The ruling confirms that subsequent regulations that attempt to disregard these rights, such as the confiscation of sales tax credits upon the closure of business activities, are unconstitutional.



Contacts

Costa Rica

Cristina Sansonetti

Lead Partner

csansonetti@kpmg.com

Panamá

Jair Montúfar

Lead Partner

jmontufar@kpmg.com

Guatemala

Christian Aldana

Partner

christianaldana@kpmg.com

República Dominicana

Carlo Mercedes

Partner

cmercedes@kpmg.com

El Salvador

Flor Jaime

Directora

fjaime@kpmg.com

Honduras

Luis Zelaya

Director

lzelaya@kpmg.com

Nicaragua

Willhem Salgado

Director

wsalgado@kpmg.com



www.kpmg.com/cr

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.