



Tax Highlights

Latest Tax Updates in the
Region

Agosto, 2026

KPMG Costa Rica





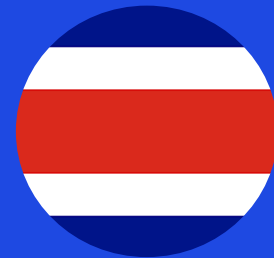
Tax

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Costa Rica



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01.

Draft Resolution on the Use of Corporate Income Tax Return Forms

On August 11, 2026, through the Official Gazette La Gaceta, the General Directorate of Taxation published a notice granting a 10-business-day period, counted from the date of publication, for interested individuals and the general public to submit comments regarding the proposed amendment to the annexes of Resolution No. MH-DGT-RES-0020-2025, entitled “Use of Corporate Income Tax Return Forms for Individuals, Legal Entities, and Public Entities.”

The main changes proposed in the draft resolution include:

- **Addition of a new section to income tax return forms:** A new section would be incorporated into Forms 101 (individuals), 102 (legal entities), and 103 (public entities) to identify the professional responsible for preparing the tax return. These forms must be filed through the TRIBU-CR platform.
- **Required professional information:** Taxpayers must report the professional’s identification type and number, full name, and professional license or membership number when the return has been prepared by a professional in accounting or economics.
- **Application regardless of the filer:** The obligation to provide this information will apply whether the return is filed directly by the taxpayer or by an authorized third party on the taxpayer’s behalf.

For income tax purposes, these provisions would become mandatory for Corporate Income Tax returns corresponding to fiscal year 2026. However, the requirement would not apply to amended returns related to periods prior to the resolution’s effective date.

For more information:



Adobe Acrobat
Document



02.

Draft Resolution on the Use of Value Added Tax (VAT) Return Forms

On August 11, 2026, through the Official Gazette La Gaceta, the General Directorate of Taxation published a notice granting a 10-business-day period, counted from the date of publication, for interested individuals and the general public to submit comments regarding the proposed amendment to the annexes of Resolution No. MH-DGT-RES-0033-2025, entitled "Forms and Means for Filing Value Added Tax Returns."

The proposed changes include the following:

- **Addition of a new section to VAT return forms:** A new section would be incorporated into Forms 150 (General Regime and Special Regime for Used Goods, modality a), 157 (Special Regime for Used Goods, modalities b and c), 151 (Quarterly Agricultural Special Regime), and 152 (Annual Agricultural Special Regime) to identify the professional responsible for preparing the tax return. These forms must be filed through the TRIBU-CR platform.
- **Required professional information:** When a return has been prepared by a professional in accounting or economics, taxpayers must report the professional's identification type and number, full name, and professional license or membership number.
- **Application regardless of the filer:** The obligation to provide this information will apply whether the return is filed directly by the taxpayer or by an authorized third party on the taxpayer's behalf.

The requirement would apply to self-assessed VAT returns filed after the resolution enters into force. However, it would not apply to amended returns related to prior tax periods. The resolution would become effective on the first calendar day of the third month following its publication.

For more information:



Adobe Acrobat
Document





Case Law

01.

N° de resolución

Oficio N° MH-DGT-DNTI-DCN-CONSDGT-00000006-2026

Background	A company engaged in providing short-term lodging services requested guidance regarding the tax treatment applicable to commissions paid to Booking.com B.V., a Netherlands-based entity that operates a digital platform for accommodation reservations. The taxpayer explained that it uses the platform to promote its establishment and manage reservations made by domestic and international customers. Once a reservation is confirmed, the company provides the lodging service, collects payment directly from the guest, and issues the corresponding electronic invoice. Subsequently, Booking.com B.V. invoices a commission equivalent to 18% of the value of reservations generated through the platform, which is paid via international bank transfer. The consultation focused on determining whether the Costa Rican company is required to economically bear the Withholding Tax on Remittances Abroad applicable to such commissions when contractual conditions prevent it from withholding the tax from the nonresident service provider.
Arguments of the parties	The taxpayer argued that commissions paid to Booking.com B.V. constitute income subject to the Withholding Tax on Remittances Abroad and that, pursuant to Article 59(i) of the Income Tax Law, a 15% tax rate should apply to the gross amount remitted. The taxpayer further contended that, due to the platform's contractual conditions requiring payment of the full commission amount without deductions or withholdings, the tax should be borne using the company's own funds.
Final decision	The Tax Administration concluded that the commissions paid to Booking.com B.V. for accommodation booking intermediation services constitute Costa Rican-source income and are therefore subject to the Withholding Tax on Remittances Abroad. Furthermore, the Tax Administration determined that these payments do not qualify as financial commissions under Article 59(i) of the Income Tax Law. Instead, they fall within the residual category established in Article 59(I), as they derive from electronic intermediation services directly linked to economic activities carried out in Costa Rica, subject to a 30% rate.
Our comments	This ruling addresses a case analyzing the treatment, for purposes of the Withholding Tax on Remittances Abroad, of payments for services rendered from abroad. The taxpayer argued that the payment constitutes a commission subject to the 15% rate, but the Tax Administration classified it as residual income, subject to a 30% withholding. In this regard, we note that the criterion issued does not analyze the nature of the service in an integral manner; rather, it starts from the assumption that this is income that cannot be classified under any of the other categories of Article 59. However, with respect to technology services, it is possible to reach a different conclusion when the conditions of the service rendered are carefully assessed. Another relevant aspect is that the activity is carried out outside Costa Rica, which should result in the income being treated as extraterritorial.

For more information:

**MH-DGT-DNTI-DCN-CONSDGT-
00000006-2026**



Guatemala



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Extension of the Deadline for Payment of the Motor Vehicle Circulation Tax

01.

Amendments to the Single Tax on Real Estate

Decree 18-2026 was recently enacted, introducing significant amendments to the Single Tax on Real Estate (IUSI). These changes may have important implications for real property owners, making it advisable to assess their impact based on each taxpayer's specific circumstances.

Among the key changes introduced by the new legislation are the following:

- Updates to the taxable value thresholds through modifications to the ranges used to determine the tax liability.
- Implementation of a 0% tax rate for properties used for housing, residential purposes, or mixed-use purposes, subject to the conditions established by law.
- Income Tax exemption on capital gains earned by individuals in certain transactions involving real estate.

These provisions represent significant changes to the tax treatment of real estate and may affect both taxpayers' overall tax burden and the planning of future real estate transactions.

For more information:

Edición Legal



02.

Extension of the Deadline for Payment of the Motor Vehicle Circulation Tax

Decree 19-2026, the Temporary Law to Extend the Deadline for Payment of the Motor Vehicle Circulation Tax, was recently enacted. Through this decree, the deadline for complying with the Motor Vehicle Circulation Tax (ISCV) has been extended until the last business day of December 2026.

Although the original deadline for payment of the tax expired on July 31, 2026, the approved extension provides taxpayers with an additional opportunity to regularize their tax compliance if they have not yet fulfilled this obligation.

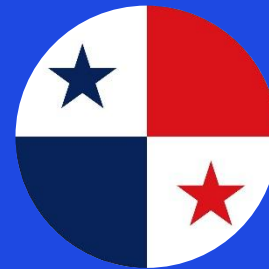
In addition to the extension, the law grants a waiver of penalties, late payment surcharges, and interest arising from overdue tax payments, subject to the conditions established therein. As a result, vehicle owners who pay the ISCV within the extended deadline may do so without incurring additional charges related to late payment, provided they comply with the requirements and conditions established by the applicable legislation.

For more information:

Impuesto de circulación 2026: Ejecutivo sanciona prórroga hasta diciembre y exonera multas e intereses



Panamá



Subjects

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01.

Publication of the Regulations Implementing the New Economic Substance Rules in Panama

The publication of Executive Decree No. 32 in Official Gazette No. 30603-B on September 2, 2026, introduced regulations implementing the provisions of Law 526 of 2026 concerning economic substance requirements applicable to certain categories of foreign-source passive income earned by entities that are members of multinational groups.

Among the most significant aspects, the regulations develop the criteria that must be considered when demonstrating the existence of economic substance in Panama, including the availability of adequate human resources, sufficient physical premises, the making of strategic decisions within the country, and the existence of operating costs and expenses proportionate to the activities carried out.

Furthermore, the regulations establish specific rules regarding the outsourcing of core activities, setting forth the conditions under which certain functions may be performed by local service providers without compromising compliance with the economic substance requirements. The regulations also detail the documentation and record-retention obligations that entities must maintain in support of potential tax audit procedures. In addition, they address the application of foreign tax credits and establish particular provisions for the treatment of income derived from intangible assets, including traceability and supporting documentation requirements.

The regulations are particularly relevant for multinational groups with holding, intra-group financing, and international investment structures, as they provide greater clarity regarding how entities must demonstrate compliance with economic substance requirements. In particular, they clarify the criteria for evaluating the adequacy of human resources, facilities used in Panama, the level of expenses incurred locally, and the effective exercise of management and control functions.

The regulations also provide greater clarity regarding the parameters that may be reviewed by the Tax Authority during audit procedures. This underscores the importance of assessing not only the formal existence of corporate structures in Panama, but also the ability to demonstrate, through adequate evidence, that income-generating activities and strategic decision-making are genuinely carried out within the country. In this regard, the regulations reinforce the need to maintain updated information and sufficient documentation to support compliance with economic substance requirements on an ongoing basis.

The publication of these regulations represents an important step in the practical implementation of the new regime and may require various companies to review their operating models, corporate governance structures, and internal documentation procedures. Considering the entry into force of these provisions, multinational groups may wish to timely assess their current structures and procedures in order to identify potential compliance gaps and adopt any necessary measures to mitigate tax risks in connection with future reviews by the Tax Authority.

For more information: [**Gaceta Oficial N° 30603B**](#)



02.

Law No. 546 of 2026: Amendments to the Real Property Transfer Tax (ITBI) for New Residential Properties

Approval and Key Provisions

The Real Property Transfer Tax (ITBI) regime was amended through Law No. 546 of 2026, which reinstates a tax benefit for the first sale of new residential properties. The purpose of the reform is to facilitate access to homeownership while maintaining incentives for the real estate and construction sectors. The law amends Article 4 of Law 106 of 1974 and introduces a partial exemption applicable to the taxable base of certain transfers of new residential properties, replacing the previous framework that ceased to apply following the repeal of that provision.

Specific Features of the Law

➤ Exemption for the First Sale of New Residential Properties

An exemption equivalent to the first B/.120,000 of the taxable base is granted on the first sale of new residential properties, provided that the sale is formalized within the statutory period calculated from the issuance of the corresponding occupancy permit.

➤ Preferential Scale for Homes Valued up to B/.200,000

Where the taxable base exceeds B/.120,000 but does not exceed B/.200,000, the tax will be calculated only on the amount exceeding B/.120,000, applying a preferential scale with rates ranging from 0.50% to 1.80%, depending on the transfer value.

➤ Preservation of the Exemption for Higher-Value Homes

For residential properties with a taxable base exceeding B/.200,000, the exemption on the first B/.120,000 remains available. The excess amount will be subject to the general ITBI regime in force. In these cases, the preferential scale does not apply.

➤ Elimination of the "Tax Cliff" Effect

The law provides that moving from one bracket to another within the preferential scale does not result in the loss of the exemption on the first B/.120,000 of the taxable base. Accordingly, the tax applies only to the corresponding excess amount.

➤ Requirements to Apply the Benefit

The seller must declare, under oath in the public deed, that:

- The property constitutes a new residential property.
- The transaction represents the first sale of the property.
- The sale is formalized within the applicable statutory period.

In addition, the details of the occupancy permit must be included in the public deed.

➤ Administrative Simplification

The application of the exemption will not require obtaining an exclusion certificate issued by the Directorate General of Revenue (DGI). However, the benefit must be reported to the DGI through the mechanisms established for monitoring and audit purposes.

➤ Audits and Penalties

Improper use of the exemption or the submission of false information will result in the payment of the omitted tax, together with the corresponding surcharges and interest, without prejudice to any administrative, tax, civil, or criminal penalties that may apply.

➤ Transitional Provision

First sales of new residential properties carried out after the law enters into force may qualify for the benefit even if the occupancy permit was issued prior to the effective date of the law, provided that all statutory requirements and deadlines are satisfied.

Law No. 546 of 2026 seeks to preserve preferential tax treatment for the acquisition of new residential properties by concentrating the tax benefit on the first B/.120,000 of the taxable base and establishing a progressive framework for higher-value properties.

For more information:

Asamblea Nacional



03.

Panama Extends the Deadline for Filing the Transfer Pricing Report in 2026

The Directorate General of Revenue (DGI) issued Resolution No. 201-6989 of September 2, 2026, extending the deadline for filing Form 930 (Transfer Pricing Report) corresponding to fiscal year 2026 for taxpayers that maintain a special fiscal period.

The extension moves the filing deadline to September 30, 2026.

The measure was adopted in response to technical issues identified in the e-Tax 2.0 system, which have affected the upload of attachments and supporting documentation required for the submission of the report. According to the DGI, the extension aims to ensure that taxpayers can properly comply with this formal obligation while the necessary technical solutions are implemented.

Implications for Taxpayers

While the extension provides additional time for filing the report, it also offers taxpayers an opportunity to review the consistency of the information being reported and the documentation supporting transactions carried out with related parties.

The measure highlights the continued relevance of transfer pricing obligations within the Tax Administration's audit processes. In Panama, taxpayers engaged in transactions with related parties subject to the transfer pricing regime are not only required to file Form 930, but must also be able to demonstrate that such transactions were agreed upon in accordance with the arm's length principle.

In this context, companies subject to these requirements should take advantage of the additional time to confirm that their transfer pricing policies, functional analyses, and supporting documentation accurately reflect the economic reality of their operations. Likewise, it is advisable to verify that all reportable transactions have been properly identified and classified, particularly those involving intra-group services, financing transactions, licensing of intangible assets, or the purchase and sale of goods with related entities.

The extension granted by the DGI also underscores the importance of maintaining updated supporting documentation that substantiates the tax positions adopted by taxpayers. Proper preparation may facilitate responses to information requests from the tax authority and help mitigate risks associated with tax adjustments, penalties, or disputes involving related-party transactions.

For multinational groups with operations in Panama, a timely review of these obligations is particularly important in light of the increasing exchange of information among tax administrations and the continued scrutiny of cross-border transactions in international tax audit processes.

For more information:

[Gaceta Oficial N° 30607](#)





Case Law

04

Decision on the Statute of Limitations for Tax Collection Due to Delay in Resolving an Administrative Appeal

Tax Administrative Court (TAT) Decision No. TAT-RF-020 of July 3, 2026

Key Issue	The Tax Administrative Court examined whether the Tax Administration's authority to collect income tax assessed under the Alternative Calculation of Income Tax (CAIR) for tax year 2014 had become time-barred, considering the time elapsed between the issuance of the original resolution and the decision on the motion for reconsideration.
Actions Taken by the DGI and Background	The taxpayer filed a request for the non-application of the CAIR for tax year 2014 and the following three tax periods. The General Revenue Directorate (DGI) denied that request through Resolution No. 201-0971 of January 19, 2015, indicating that the income tax corresponding to tax year 2014 was required to be paid under the CAIR method. The taxpayer subsequently filed a motion for reconsideration against that decision. The DGI resolved the motion for reconsideration through Resolution No. 201-5423 of August 12, 2024, upholding its original decision to deny the request for the non-application of the CAIR.
Taxpayer's Arguments	The taxpayer argued that the Tax Administration's right to collect the income tax corresponding to tax year 2014 had become time-barred. According to the taxpayer, the original resolution, which was notified in February 2015, constituted the last written action aimed at collecting the tax, and from that point onward the statutory limitation period established under the tax legislation elapsed without any valid action interrupting that period. The taxpayer further argued that the lengthy delay by the Tax Administration in resolving the motion for reconsideration could not prevent the statute of limitations from taking effect.
TAT Analysis and Findings	The Court noted that the original resolution denying the request for the non-application of the CAIR was served on the taxpayer on February 25, 2015, and that the confirming resolution was served on August 29, 2024, meaning that more than nine years had elapsed between both actions. In reviewing the applicable provisions, the TAT stated that the Tax Code establishes a seven-year limitation period for the Treasury's right to collect income tax and expressly regulates the circumstances that interrupt that limitation period. The Court held that the filing of a motion for reconsideration does not suspend the running of the limitation period because the Tax Code does not provide for such an effect. The TAT also emphasized that allowing an indefinite suspension while the Administration resolves an appeal would be inconsistent with the principles of due process, legal certainty, and effective administrative protection. Additionally, the Court referred to precedents issued by the Supreme Court regarding statutes of limitations and the requirement that administrative appeals be resolved within a reasonable time.
Final Decision	The Court resolved to: • Declare proven the statute of limitations defense raised by the taxpayer with respect to the collection of income tax assessed under the CAIR method for tax year 2014. • Determine that the limitation period established under Article 737 of the Tax Code had elapsed. • Conclude the proceeding without addressing the substantive merits of the request for the non-application of the CAIR, finding that the statute of limitations definitively resolved the controversy. • Reiterate the importance of resolving administrative proceedings within a reasonable time and in accordance with due process guarantees.

For more information:

[EXP-101-2024.pdf](#)



Dominican Republic



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01.

The General Agency for Internal Taxes announces the extension of the temporary relief for missing U.S. TINs provided by the IRS

Through Notice No. 13-26, the General Agency for Internal Taxes (DGII) announced that, pursuant to IRS Notice 2024-78, the temporary relief applicable to financial institutions subject to FATCA that have not obtained a United States Taxpayer Identification Number (U.S. TIN) for reportable U.S. accounts has been extended for the 2025, 2026, and 2027 reporting periods.

The DGII indicates that, for each reportable account for which the required U.S. TIN is unavailable, financial institutions must obtain and report the account holder's date of birth, or, where applicable, the date of birth of the controlling person if such person is an individual. In addition, financial institutions may use the explanation codes issued by the IRS to identify the circumstances that justify the absence of the U.S. TIN in FATCA filings.

The notice outlines the different codes that may be used depending on the type of account and the circumstances of the account holder. These include preexisting and new accounts with U.S. indicia, entity accounts for which self-certifications have not been obtained, and dormant accounts. The notice also provides for a residual code to be used in cases where a U.S. TIN cannot be obtained and none of the other IRS-defined categories apply.

For FATCA reports corresponding to calendar years 2025, 2026, and 2027, financial institutions must annually request the missing U.S. TIN from account holders, conduct internal searches of their records for such information, and report the appropriate explanation code for each account for which a U.S. TIN is not available.

For more information:

[Notice No. 13-26](#)



02.

The General Agency for Internal Taxes reiterates mandatory electronic invoicing for large local and medium-sized taxpayers

On August 26, 2026, the DGII issued a notice informing that taxpayers classified as Large Local and Medium-Sized Taxpayers must issue invoices exclusively through Electronic Tax Receipts (“e-CFs”, for its acronym in Spanish) using type “E” sequences as of November 1, 2026. The DGII further indicated that type “B” non-electronic tax receipt sequences assigned to such taxpayers will remain valid only until October 31, 2026. Failure to comply with this requirement will be subject to the penalties established under Law No. 32-23, on Electronic Invoicing.

We reaffirm our commitment to supporting taxpayers in assessing the implications of this requirement and implementing the necessary measures to ensure timely compliance.

For more information :

[Notice No. 14-26](#)





Case Law

03.

The Administrative Superior Court requires Dominican Customs Authority to justify, declaration by declaration, the sequential rejection of customs valuation methods

Administrative Superior Court Judgment No. 0030-04-2026-SS-00464

Background

On August 6, 2026, the Third Chamber of the Superior Administrative Court rendered a decision in a tax litigation appeal filed by JR Seafood, S.R.L. against the Dominican Customs Authority (DGA), concerning Resolution No. GF/DO-0155, through which the Customs Administration carried out a tax reassessment and imposed various penalties resulting from a post-clearance audit of import transactions conducted between October 2020 and August 2021.

The case reached the Superior Administrative Court following a remand ordered by the Third Chamber of the Supreme Court of Justice through Judgment No. SCJ-TS-25-3653.

The dispute primarily concerned the application of the reasonable doubt procedure, the rejection of the transaction value method, and the use of successive customs valuation methods to determine alleged tax differences arising from import operations.

Arguments

The appellant company argued that the DGA violated administrative due process and the rules established under the WTO Customs Valuation Agreement and Decree No. 36-11 by failing to adequately justify the successive rejection of customs valuation methods and by failing to explain, on an individualized basis, the reasons for applying particular valuation methods to each reassessed declaration.

The company further alleged that the penalties imposed lacked a sufficient legal basis and requested the annulment of the resolution, as well as compensation for damages.

For its part, the DGA argued that the audit and reasonable doubt procedures had been conducted in accordance with the applicable legal framework, that the taxpayer had been afforded the opportunity to exercise its right of defense, and that the challenged resolution was properly reasoned and justified. Accordingly, it requested that the appeal be dismissed.

Decision of the Administrative Superior Court

The Third Chamber concluded that the DGA had formally complied with the reasonable doubt procedure and had afforded the taxpayer the opportunity to exercise its right of defense during the audit process. However, it determined that Resolution No. GF/DO-0155 failed to satisfy the duty to provide adequate reasoning required by the Constitution, Law No. 107-13, and the customs valuation rules.

The Court observed that the Administration identified the valuation methods used but did not explain on an individualized basis why each preceding valuation method was discarded before applying the next one, particularly in the case of declarations adjusted using Method VI, or the Fallback Method. According to the Court, merely listing the valuation methods applied does not permit verification that the sequential order required by the 1994 GATT Customs Valuation Agreement and Decree No. 36-11 was properly observed.

The Court further held that this deficiency also affected the penalties imposed, since those penalties were based on a customs determination that was itself insufficiently reasoned. Consequently, it declared the complete nullity of the challenged resolution.

Additionally, the Court rejected the claim for damages and the request for compensatory interest, as the claimant failed to demonstrate the existence of a specific, actual, and individualized harm directly resulting from the administrative action.

In summary, the Superior Administrative Court held that the DGA does not fulfill its duty to provide adequate reasoning merely by identifying the valuation method applied. Rather, it must provide a concrete and verifiable justification for the successive rejection of preceding valuation methods and for the reasons supporting each reassessment and penalty.

For more information :

[Judgment No. 0030-04-2026-SS-00464](#)



04.

The Superior Administrative Court Requires Proof of Effective Receipt of Virtual Office Notifications and Clarifies that Late Tax Filings Do Not Automatically Suspend the Statute of Limitations

Administrative Superior Court Judgment No. 0030-02-2026-SSEN-00497

Background

On August 6, 2026, the First Chamber of the Superior Administrative Court heard a tax litigation appeal filed by a corporate taxpayer against Administrative Order No. CP-A2026-00333, issued by the General Agency for Internal Taxes (DGII), through which conservatory measures and garnishments were ordered to secure the collection of liabilities related to Corporate Income Tax (IR-2), Value Added Tax (ITBIS), and tax penalties.

The taxpayer argued that the liabilities included in the administrative order were either time-barred or had already been the subject of prior judicial decisions with res judicata effect. Accordingly, it requested the lifting of the conservatory measures and the annulment of the administrative action.

Arguments

The appellant contended that the tax periods claimed by the DGII had already been addressed in previous judicial decisions that declared various tax liabilities time-barred. Consequently, it argued that the principle of res judicata should apply and that the garnishments imposed by the tax authority should be lifted. The taxpayer also claimed that the IR-2, ITBIS, and penalty assessments included in the challenged administrative order were barred by the statute of limitations.

For its part, the DGII argued that the judgments relied upon by the taxpayer concerned different tax periods, covering fiscal years between 2003 and 2019, whereas the liabilities at issue related to tax periods from 2020, 2021, and 2022. The DGII further maintained that the limitation period had been suspended by audit communications issued through the Tax Authority's Virtual Office platform and by the late filing of certain tax returns.

Decision of the Administrative Superior Court

The First Chamber rejected the res judicata argument, finding that the judgments invoked by the taxpayer concerned tax periods different from those at issue in the challenged administrative order. Therefore, their effects could not extend to the tax liabilities corresponding to fiscal years 2020, 2021, and 2022.

The Court further held that the mere evidence of transmission of a communication through the Virtual Office, or a technological certification issued by the DGII, is insufficient by itself to prove a taxpayer's actual receipt of an audit notification. In the absence of proof of effective receipt, such communications cannot suspend the statute of limitations.

The Chamber also clarified that a tax return filed after the statutory deadline constitutes an acknowledgment of the tax liability and therefore interrupts the limitation period. However, it does not amount to a failure to file that would trigger the additional two-year suspension period provided for under Article 24 of the Tax Code.

Applying these principles, the Court ruled that the ITBIS liabilities corresponding to February and March 2021 were time-barred because the DGII failed to demonstrate a valid audit notification capable of suspending the limitation period. However, it rejected the prescription defense regarding the IR-2 liabilities for fiscal years 2020 and 2021, as well as the tax penalty corresponding to period 2022-06. As a result, the Superior Administrative Court partially upheld the appeal, declaring only the February and March 2021 ITBIS liabilities prescribed, while maintaining the validity of the remaining portions of the challenged administrative order.

For more information:

[Judgment No. 0030-02-2026-SSEN-00497](#)



05.

The Superior Administrative Court requires the General Agency for Internal Taxes to prove each stage of the administrative penalty procedure in order to sustain a tax penalty

Administrative Superior Court Judgment No. 0030-04-2026-SS-00482

Background

On August 6, 2026, the Third Chamber of the Superior Administrative Court heard a tax litigation appeal filed by Inversiones Carcava, S.R.L. against a reconsideration decision issued by the General Agency for Internal Taxes (DGII). The dispute arose from an Assets Tax assessment corresponding to fiscal years 2016, 2017, and 2018, through which the Administration required the payment of taxes, surcharges, interest, and a penalty for failure to comply with formal obligations.

The taxpayer argued that the properties subject to the assessment formed part of the "Costa del Sol II" tourism project, which benefited from tax incentives granted by CONFOTUR, and therefore considered itself exempt from such tax.

Arguments

The appellant argued that the DGII disregarded the tax exemptions granted pursuant to CONFOTUR Resolution No. 10/2008 and that, for that reason, the adjustments made to the Assets Tax were improper. It also challenged the penalty imposed for failure to comply with formal obligations.

For its part, the DGII argued that the taxpayer failed to provide sufficient evidence to demonstrate that the assessed assets were covered by the claimed exemption and maintained that the tax assessment had been carried out in accordance with the law.

Decision of the Administrative Superior Court

The Third Chamber concluded that the taxpayer failed to provide sufficient evidence to demonstrate that the properties included in the assessment actually belonged to the tourism project benefiting from the CONFOTUR exemptions or that such exemptions were applicable to the audited periods. Consequently, it upheld the adjustments made by the DGII with respect to the Assets Tax for fiscal years 2016, 2017, and 2018.

However, the Court adopted a different approach regarding the penalty for failure to comply with formal obligations. Although the DGII submitted the communication through which it had summoned the taxpayer to appear before the Tax Administration, it failed to provide the infringement report, proof of its notification, or the other documents necessary to demonstrate full compliance with the administrative sanctioning procedure.

The Court recalled that tax penalties must be imposed in compliance with due administrative process guarantees and that it is not sufficient to prove the existence of a summons or that the amount of the penalty falls within the limits established by Article 257 of the Tax Code. The Administration must prove each of the actions that form part of the sanctioning procedure.

For this reason, the Court partially upheld the appeal, confirmed the principal tax assessment, but revoked the penalty of RD\$56,738.00 for failure to comply with formal obligations, since the procedure followed for its imposition had not been adequately proven.

For more information:

[Judgment No. 0030-04-2026-SS-00482](#)



06.

The Superior Administrative Court holds that the General Agency for Internal Taxes may not assess or collect a tax period arising from amended returns if that period was not included in the notified tax audit

Administrative Superior Court Judgment No. 0030-02-2026-SEN-00500

Background

On August 6, 2026, the First Chamber of the Superior Administrative Court ruled on a tax litigation appeal filed by Grupo FOM, S.R.L. against a reconsideration decision issued by the General Agency for Internal Taxes (DGII) in connection with an ITBIS audit covering the tax periods of December 2020 and April 2021. The case reached the Court as a result of a remand ordered by the Third Chamber of the Supreme Court of Justice following a cassation decision.

The dispute centered on the validity of the tax assessment procedure, the alleged violation of due process rights, and the inclusion of ITBIS adjustments relating to periods which, according to the taxpayer, had never been included in the audit.

Arguments

The appellant argued that the DGII violated its right of defense by failing to properly assess the documentation submitted during the administrative proceedings and by taxing transactions that should not have been subject to ITBIS. The taxpayer also contended that the Administration failed to properly consider the evidence submitted in support of its defense.

For its part, the DGII maintained that the taxpayer had been duly notified, received the detailed notice of audit findings, submitted its written response, and was given a full opportunity to exercise its defense rights. The DGII further argued that the inconsistencies identified resulted from differences between the taxpayer's reported transactions and information reported by third parties through the tax information reporting system.

Decision of the Administrative Superior Court

The First Chamber dismissed the inadmissibility objection raised by the DGII, holding that the appeal contained sufficient arguments and requests to satisfy the requirements set forth in Article 158 of the Dominican Tax Code.

On the merits, the Court concluded that the DGII complied with due process throughout the audit procedure by notifying the taxpayer of the commencement of the audit, delivering the detailed notice of findings, granting the taxpayer the opportunity to submit its defenses, and reviewing the documentation provided. The Court also found that the challenged decision contained adequate reasoning regarding both the evidence that had been rejected and the tax adjustments that had been assessed.

However, the Court noted that the audit formally notified to the taxpayer was limited to the ITBIS periods corresponding to December 2020 and April 2021. Despite this, the reconsideration decision subsequently included adjustments relating to October 2021, resulting from administrative amendments made during the review process. The Court held that it was improper for the tax authority to assess and collect liabilities relating to a tax period that had never formed part of the audited periods and had not been included in the communications and procedural acts that initiated the audit. For that reason, it ordered the exclusion of the adjustments corresponding to October 2021 from the amount claimed by the Administration.

Accordingly, the First Chamber partially upheld the appeal, revoked the reconsideration decision solely with respect to the ITBIS adjustments for October 2021, and ordered that such amount be deducted from the total assessed by the DGII, while confirming all other aspects of the administrative decision.

For more information:

[Judgment No. 0030-02-2026-SEN-00500](#)





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