KPMG

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Dominican Republic

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01 The General Agency for Internal Taxes issues General Rule excluding electronic issuers from certain VAT withholding obligations

On September 16, 2026, the DGII issued General Rule No. 02-2026, establishing that companies of any nature designated as VAT withholding agents pursuant to General Rule No. 02-05 and its amendments shall no longer be required to apply the withholdings set forth therein when making payments to another legal entity authorized by the DGII as an electronic issuer and the relevant transaction is supported by an Electronic Tax Receipt (e-CF). The issuance of this regulation follows the public consultation process conducted between June 18 and August 20, 2026, with the final version maintaining the same content as the draft that was released for public consultation.

The rule further clarifies that this exclusion applies solely to the VAT withholdings established under General Rule No. 02-05 and its amendments, which apply to certain professional services, such as engineering and architecture services, among others, as well as movable property rental services and certain commissions paid by airlines, hotels and insurance companies. This measure does not affect any other withholding or collection obligations provided for under the applicable tax legislation.

We remain available to assist you in analyzing this regulation and its potential implications for your operations.

For more information: General Rule No. 02-2026

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02 Resolution No. DDG- AR1-2026-00068 issued by the General Agency for Internal Taxes on the indexation of specific excise tax amounts for the October–December 2026 period

Through Resolution No. DDG- AR1-2026-00068, the General Agency for Internal Taxes (DGII) announced the indexation of specific amounts applicable to the Selective Consumption Tax (ISC) for the period covering October through December 2026.

The ISC applicable to cigarettes was established as follows:

- DOP 65.02 per pack of 20 cigarettes.
- DOP 32.51 per pack of 10 cigarettes.

The applicable ISC amount for alcoholic beverages was set at DOP 768.65.

For more information: Resolution No. DDG- AR1-2026-00068

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03 Case Law: The Superior Administrative Court requires the General Agency for Internal Taxes to justify the methodology used in ex officio tax assessments and to evaluate the effective tax rate by economic activity and fiscal year

Administrative Superior Court Judgment No. 0030-1642-2026-SSEN-00378	
Background	On September 1, 2026, the Fourth Chamber of the Superior Administrative Court ruled on a tax litigation appeal filed by JG Guerra Films Production, S.R.L. against the General Agency for Internal Taxes (DGII), in connection with a Reconsideration Resolution through which the DGII upheld an ex officio assessment of Corporate Income Tax (ISR) corresponding to fiscal years 2019 and 2020. The assessment originated from the failure to file ISR returns for those periods and was carried out based on information obtained from VAT (ITBIS) returns, tax information reporting forms, and third-party reports. The dispute primarily revolved around two issues: first, whether the DGII's authority to assess the tax liabilities corresponding to those fiscal years had become time-barred; and second, whether the DGII was required to apply the Effective Tax Rate (Tasa Efectiva de Tributación or "TET") established under General Rule No. 07-14 to quantify the tax liability determined ex officio.
Arguments	The appellant argued that the DGII's assessment powers with respect to fiscal years 2019 and 2020 were time-barred at the time the assessment resolution was issued. It further contended that the DGII had incorrectly calculated the limitation periods by taking into account suspensions associated with the state of emergency declared during the COVID-19 pandemic. The appellant also maintained that General Rule No. 07-14 expressly requires the application of the Effective Tax Rate whenever the DGII determines income using information obtained from the taxpayer or from third parties. Accordingly, it argued that the TET should have been applied rather than reconstructing taxable net income through the deduction of costs and expenses. For its part, the DGII argued that its assessment authority remained valid due to the suspensions arising from administrative verification procedures that had been duly notified to the taxpayer. The DGII further maintained that the assessment had been carried out in accordance with General Rule No. 07-14, using information obtained both from the taxpayer itself and from third parties, as well as expenses reported through Form 606 filings, and therefore the assessment was accurate and should be upheld.
Decision of the Administrative Superior Court	The Fourth Chamber rejected the request to declare the 2019 and 2020 fiscal years time-barred, concluding that the verification procedures notified by the DGII had validly suspended the running of the statute of limitations. Although it identified certain errors in the DGII's calculation regarding the effects of the COVID-19 state of emergency, it determined that those inaccuracies did not alter the fact that the DGII's assessment authority remained in force at the time the ex officio assessment was issued. With respect to the quantification of the Corporate Income Tax, the Court noted that the DGII had characterized the assessment as having been conducted on a certain basis in the assessment resolution and later as having been conducted on a mixed basis in the reconsideration resolution, without explaining the reasons for that change. The Court also found that the DGII had failed to provide sufficient justification for not applying the methodology set forth in Article 11 of General Rule No. 07-14, despite having relied on information obtained from both the taxpayer and third parties to determine income. Accordingly, the Superior Administrative Court partially upheld the appeal and annulled the challenged resolution solely with respect to the quantification of the Corporate Income Tax for fiscal years 2019 and 2020, ordering the DGII to reassess the applicability of the Effective Tax Rate (TET) based on the relevant economic activity and the income bracket corresponding to each fiscal year. However, the Court rejected the taxpayer's request for the direct application of the 3.50% TET.

For more information: Judgment No. 0030-1642-2026-SSEN-00378

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04 Case Law: The Superior Administrative Court rejects the duplication of overlapping suspension periods in the calculation of tax statutes of limitation

Administrative Superior Court Judgment No. 0030-02-2026-SSEN-00566	
Background	On September 3, 2026, the First Chamber of the Superior Administrative Court ruled on a tax litigation appeal filed by GY, S.R.L. against the General Agency for Internal Taxes (DGII), in connection with an ex officio assessment of Corporate Income Tax (ISR) corresponding to fiscal year 2016. The dispute returned to the Superior Administrative Court following a remand ordered by the Third Chamber of the Supreme Court of Justice through Judgment No. SCJ-TS-25-1494, which instructed the court to reassess the statute of limitations calculation by taking into account the 108-day suspension of administrative deadlines resulting from the COVID-19 state of emergency. The DGII had initiated a tax audit in August 2019 and subsequently issued a tax assessment based on allegedly undeclared income relating to fiscal year 2016. The taxpayer argued that, by the time the assessment was notified, the DGII's authority to assess and collect the tax liability had already become time-barred.
Arguments	The taxpayer argued that the Corporate Income Tax liability corresponding to fiscal year 2016 was already barred by the statute of limitations when the assessment was issued and notified. It maintained that, even after considering the 108-day suspension associated with the COVID-19 state of emergency, the limitation period had expired before the assessment was notified. For its part, the DGII argued that the limitation period should include the 108 days during which administrative deadlines were suspended as a result of the national state of emergency. According to the DGII, taking this period into account demonstrated that its assessment authority remained valid when the tax assessment was issued.
Decision of the Administrative Superior Court	The First Chamber held that the 108-day extraordinary suspension resulting from the COVID-19 state of emergency had to be considered in the statute of limitations analysis, in accordance with the legal criterion established by the Supreme Court of Justice. However, it clarified that those days could not automatically be added to a suspension period that was already running as a result of the tax audit when both periods overlapped. According to the Court, the same period of time cannot produce a double suspension effect nor indirectly extend the two-year maximum suspension established under Article 24 of the Tax Code for tax audits. The Court found that, when the COVID-19 suspension took effect, the statute of limitations had already been suspended due to the audit initiated by the DGII in August 2019. Consequently, it rejected the possibility of cumulating both suspension effects over the same period and concluded that the DGII's assessment authority had become time-barred before the assessment was notified. As a result, the Court upheld the appeal, revoked the reconsideration decision, and set aside the tax assessment relating to Corporate Income Tax for fiscal year 2016.

For more information: Judgment No. 0030-02-2026-SSEN-00566

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05 Case Law: The Superior Administrative Court allows the application of the solidary liability reform to ongoing proceedings and rejects the need for prior participation of shareholders in tax audits

Administrative Superior Court Judgment No. 0030-1642-2026-SSEN-00379	
Background	On September 1, 2026, the Fourth Chamber of the Superior Administrative Court ruled on a tax litigation appeal filed by Diesco Industries, Ltd. against the General Agency for Internal Taxes (DGII), in connection with a tax assessment issued as a result of an audit conducted on Polyplas Dominicana, S.A. concerning Corporate Income Tax for fiscal year 2020. In addition to the adjustments assessed against the principal taxpayer, the DGII declared Diesco Industries, Ltd. jointly and severally liable for the tax obligations determined through the audit. The dispute focused on the validity of the solidary liability declaration, particularly regarding the taxpayer's right of defense, the temporal application of the amendments introduced by Law No. 25-24 to Article 11 of the Tax Code, and the legal requirements for imposing solidary liability on a shareholder.
Arguments	The appellant argued that the challenged resolution violated its right of defense and due administrative process because it was declared jointly and severally liable without having participated in the tax audit conducted against Polyplas Dominicana, S.A. It further contended that the DGII applied Law No. 25-24 retroactively by relying on a provision enacted in 2024 to impose liability in respect of tax obligations arising from fiscal year 2020. The appellant also maintained that Article 11(k) of the Tax Code requires proof of negligence before a shareholder may be held jointly and severally liable, a condition that had not been demonstrated in this case. For its part, the DGII argued that the applicable legislation authorized the inclusion of jointly and severally liable parties within the assessment itself and that the law does not require such parties to participate in each stage of the audit conducted against the principal taxpayer. It further maintained that Law No. 25-24 was already in force when the assessment was issued and that the appellant's status as shareholder and beneficial owner justified the application of the solidary liability regime established under the Tax Code.
Decision of the Administrative Superior Court	The Fourth Chamber dismissed the appeal and upheld the DGII's position. The Court held that the applicable legal framework does not require jointly and severally liable parties to be individually summoned or involved in every stage of the tax audit conducted against the principal taxpayer, provided they subsequently have access to the legal remedies and defenses established under tax legislation. Accordingly, the Court found no violation of the appellant's right of defense. The Court also concluded that the application of Law No. 25-24 did not violate the principle of non-retroactivity because the assessment was issued while the amendment was already in force and the administrative proceeding was still ongoing. Finally, the Court held that the absence of proven negligence did not by itself preclude the imposition of solidary liability, finding that such liability may also be supported by a party's status as a shareholder, beneficial owner, or by the existence of economic and patrimonial links with the audited entity. Consequently, the appeal was dismissed, and the challenged declaration of solidary liability was upheld.

For more information: Judgment No. 0030-1642-2026-SSEN-00379

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KPMG Dominicana, S. A., Winston Churchill Avenue, Acrópolis Center, 23rd floor, suite 2300, Santo Domingo, Dominican Republic.

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