KPMG

Taxation of international executives: Honduras



June 2026

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01

Overview and Introduction

1 Overview and Introduction

In Honduras, income tax is levied at the national level by the central government through the Tax Authority, the Servicio de Administración de Rentas ("SAR"). Individuals and legal entities are required to comply with tax obligations by filing returns directly with the Tax Authority. The Honduran tax system operates under a self-assessment regime, whereby taxpayers are responsible for determining, declaring, and paying their tax liabilities in accordance with applicable legislation.

Income derived by individuals, corporations, and other legal entities is subject to income tax. Partnerships and similar arrangements are generally not treated as separate taxable entities; therefore, income is typically attributed to the individual partners or members, who are taxed accordingly.

Individuals considered residents in Honduras are subject to income tax on their Honduran-source income. Unlike worldwide taxation systems, Honduras generally applies a territorial principle, whereby only income arising within the country or deemed to be generated from Honduran sources is subject to taxation.

Non-residents are subject to income tax on income derived from Honduran sources, including compensation for services rendered within the country, as well as other types of income such as dividends, interest, royalties, and rental income. Such income is typically subject to withholding tax, applied at source, in accordance with the rates established in the Income Tax Law.

The official currency of Honduras is the Honduran Lempira ("HNL").

For the purposes of this document, the "host country/jurisdiction" refers to the country or jurisdiction to which an employee is assigned, while the "home country/jurisdiction" refers to the country or jurisdiction where the individual ordinarily resides and is subject to income tax when not on assignment.

02

Income tax

2 Income Tax

2.1 Tax returns and compliance

When are tax returns due? That is, what is the tax return due date?

Tax returns are due on 30 April.

If the taxpayer operates under a special tax period (i.e., a fiscal year different from the calendar year), the tax return must be filed within three months following the end of such period, subject to prior authorization from the Tax Administration

Additionally, when the filing deadline falls on a non-business day (public holiday or weekend), the due date is automatically extended to the next business day.

What is the tax year-end?

31 December.

However, the tax year may differ from the calendar year when a taxpayer has a special fiscal period authorized by the Tax Administration. In such cases, the tax year-end corresponds to the closing date of the approved fiscal period, which is generally allowed when justified by the nature of the business or other circumstances beyond the taxpayer's control, and must be previously authorized by the Tax Administration.

What are the compliance requirements for tax returns in Honduras?

The Honduran tax system operates under a self-assessment regime. Taxpayers are responsible for determining, declaring, and paying their income tax liabilities in accordance with the Income Tax Law and its regulations. Individuals must file annual tax returns when they derive taxable income that is not subject to final withholding or when required by law.

Residents

Resident individuals are subject to income tax on their Honduran-source income. In practice, for employment income, employers are required to withhold income tax monthly under the Pay-As-You-Earn ("PAYE") system and remit such amounts to the Tax Administration. Where the employment income is fully subject to withholding, such amounts generally constitute the final income tax liability, and no annual tax return is required.

Individuals receiving income not fully subject to withholding (such as independent services or other taxable income) must file an annual income tax return to determine their final tax liability. The tax year for individuals corresponds to the calendar year.

From a migration perspective, Honduran tax residency is not automatically lost upon departure from the country. However, for foreigners holding residence or special stay permits, such status may be forfeited if they remain outside Honduras for more than twelve consecutive months without prior authorization from the Migration Authority

Non-residents

Non-resident individuals are subject to income tax on income derived from Honduran sources. Such income is generally taxed on a gross basis (i.e., without deductions) through withholding at source, which is typically considered a final tax.

Where payments to non-residents are made by a Honduran entity, the local payer is required to apply the corresponding withholding at the applicable rates upon each payment. If the income is Honduran source

but is paid by a non-resident entity, the recipient may be required to report and settle the corresponding tax directly with the tax authorities, in accordance with applicable regulations.

In practice, Honduras does not provide a mechanism for non-resident individuals to file income tax returns. For an individual to be able to file a tax return, it is necessary to register before the Tax Administration and obtain a Tax Identification Number ("RTN"), which would generally imply being treated as a resident for tax purposes.

From a practical standpoint, the only mechanism through which a non-resident individual may comply with tax obligations in Honduras is via withholding applied through payroll.

Late filing or non-compliance may result in penalties, surcharges, and interest as established under the Honduran tax legislation.

Non-resident individuals are generally subject to taxation through withholding at source on Honduran-source income, which is typically considered final. Accordingly, they are not required to file an annual income tax return, unless specific circumstances arise where income has not been subject to withholding or the Tax Administration requires the filing of a return.

2.2 Tax rates

What are the current income tax rates for residents and non-residents in Honduras?

Residents

In Honduras, income tax for individuals is calculated by applying a progressive tax rate schedule to taxable income. The applicable tax rates and income thresholds are established under the Income Tax Law and apply equally to resident individuals. Non-residents are generally subject to withholding tax on Honduran-source income, typically at flat rates, depending on the nature of the income.

The tax brackets are established in the local currency ("HNL") and are adjusted on an annual basis.

From	To	Tax rate
0.00	228,324.32	0%
228,324.33	348,154.10	15%
348,154.11	809,660.75	20%
809,660.75	Over	25%

Income tax is calculated progressively, meaning that each applicable rate is applied only to the portion of income falling within each bracket.

Non-resident individuals are generally subject to income tax through withholding at source, and such withholding is typically considered a final tax. The applicable withholding rates vary depending on the type of income (e.g., services, dividends, interest, royalties), as established by the Income Tax Law and related regulations.

Non-residents

Non-resident individuals are generally taxed through withholding at source on Honduran-source income, and such withholding is typically considered a final tax. Where payments are made by a Honduran entity, the payer is required to apply the corresponding withholding at the rates established under the Income Tax Law, as follows:

No.	Concept	Tax Rate
1	Lease of real property and movable goods, except those mentioned in numerals 5 and 7 of this article	25%
2	Royalties from mining and any other natural resources operations	25%
3	Wages, salaries, commissions or any other compensations for services supplied whether within the national territory or out of it, excluding remittances	25%
4	income or profit obtained by foreign entities through branches, subsidiaries, filial, agencies, legal representatives and any other that operates in the country/ jurisdiction	10%
5	Income, profit, dividends or any other form of participation on profits or reserves of individuals or legal entities	10%
6	Royalties and other amounts paid for using patents, design, procedures and secret formulas, trademarks and author rights except those indicated in numeral 12.	25%
7	Interest upon commercial operations, bonus, securities and any other kind of liabilities	10%
8	Income for the operation of aircrafts, ships, and ground vehicles.	10%
9	Operation incomes of communication entities, use of software, software solutions, telematics and other of the telecommunication area	10%
10	Insurance and bond premiums of any kind of contracted policy	10%
11	Income derived from public entertainment events	25%
12	Movies and videotapes for theaters T.V, video club, cable TV rights	25%
13	Any other income not mentioned above	10%

In cases where the non-resident derives Honduran-source income and no withholding has been applied; the individual may be required to report and pay the corresponding tax directly to the tax authorities in accordance with applicable regulations.

2.3 Residence rules

For the purposes of taxation, how is an individual defined as a resident of Honduras?

Under Honduran tax legislation, residency for tax purposes is primarily determined based on the individual's physical presence in the country. An individual is generally considered a tax resident of Honduras if they remain in the country/jurisdiction for a period exceeding 3 consecutive months (approximately 90 days) within a given tax year.

In practice, the determination of residency is based on the length of stay in the country rather than on broader personal or economic ties. Unlike other jurisdictions, Honduran tax rules do not rely extensively on a "center of vital interests" test. Instead, the physical presence criterion is the primary factor in determining residency status.

From a migration perspective, foreign individuals must obtain the appropriate immigration status (such as residence or a special stay permit) before engaging in remunerated activities in Honduras. In general, non-resident foreigners are not permitted to perform paid activities unless expressly authorized by the competent authority.

Individuals who meet the above threshold are treated as residents for tax purposes and are subject to Honduran income tax on their Honduran-source income in accordance with the territorial tax system.

Is there, a minimum number of days rule when it comes to residency start and end date? For example, a taxpayer can't come back to the host country/jurisdiction for more than 10 days after their assignment is over and they repatriate.

Honduran legislation does not establish a de minimis rule or specific day-count exceptions once the residency threshold has been met. The key factor remains the individual's physical presence in the country exceeding the 3-month period. Any additional presence in Honduras may be considered in assessing residency status for the relevant tax year.

What if the assignee enters the country/jurisdiction before their assignment begins?

An assignee who enters Honduras prior to the official start of an assignment may begin accumulating days of presence from the date of arrival. If the individual exceeds the 3-month threshold, they may be considered a tax resident from that point forward.

From a migration perspective, foreign individuals are required to obtain the appropriate immigration status (such as residence or a special stay permit) prior to engaging in any remunerated activities in Honduras. Entering the country before the formal start of the assignment does not, in itself, authorize the individual to perform paid services, and any work activity must be supported by the relevant permits and authorizations issued by the competent authorities.

From a practical perspective, it is important for individuals entering Honduras for work assignments to ensure compliance with immigration requirements, including obtaining the appropriate residence permits and work authorizations, particularly for long-term assignments. While immigration status does not by itself determine tax residency, it is closely related to the individual's lawful presence in the country.

2.4 Termination of residence

Are there any tax compliance requirements when leaving Honduras?

Honduran tax legislation does not establish specific exit procedures or formal tax clearance requirements solely as a result of leaving the country. However, individuals may be required to file an income tax return prior to departure where they have derived taxable income that is not subject to withholding at source by an employer or other payer in Honduras.

In practice, where employment income has been fully subject to withholding under the payroll system, no additional compliance obligations may arise upon departure, unless other sources of taxable income exist.

From a migration perspective, departure from Honduras is subject to compliance with general exit requirements, including the presentation of valid travel documents and, where applicable, evidence of lawful stay in the country. For foreign individuals, the termination or expiry of residence status or special stay permits should be considered, particularly where such status is linked to employment. While migration formalities do not trigger tax obligations per se, coordination between tax and immigration compliance is advisable to ensure an orderly departure and mitigate potential administrative or regulatory risks.

What if the assignee comes back for a trip after residency has terminated?

Honduran tax law does not provide specific rules addressing temporary returns following the termination of tax residency. In general terms, an individual's tax residency status will depend on their physical presence in the country.

If the individual re-enters Honduras and remains in the country for a period exceeding the residency threshold (i.e., more than 3 months), they may again be considered a tax resident for the relevant period. Short-term visits that do not exceed this threshold would generally not trigger tax residency; however, any Honduran-source income earned during such visits may still be subject to taxation.

From a migration perspective, individuals re-entering Honduras must comply with the applicable entry requirements, including holding valid travel documentation and, where required, the corresponding visa or entry authorization. For foreign nationals, short-term visits are generally permitted under non-resident categories, which typically do not allow engagement in remunerated activities. Any intention to perform paid services during such visits would require the appropriate immigration status or prior authorization from the competent authorities.

Accordingly, while short-term returns may not affect tax residency status, individuals should ensure that their immigration status is aligned with the nature of their activities in the country to avoid potential non-compliance risks.

Communication between immigration and taxation authorities

Do the immigration authorities in Honduras provide information to the local taxation authorities regarding when a person enters or leaves Honduras?

Immigration and tax authorities in Honduras operate independently. There is no formal or automatic mechanism of information exchange between these authorities specifically for tax compliance purposes. However, information may be shared in certain circumstances in accordance with applicable legal and administrative provisions.

Filing requirements

Will an assignee have a filing requirement in the host country/jurisdiction after they leave the country/jurisdiction and repatriate?

An assignee may still have income tax filing obligations in Honduras for the tax year in which they depart, depending on the nature and source of their income.

Where the individual earned income that was not fully subject to withholding tax in Honduras, an income tax return should be filed prior to departure or within the applicable filing deadline. For the period during which the individual was considered resident, Honduran-source income must be reported accordingly.

After leaving Honduras, the individual is generally treated as a non-resident and remains subject to tax only on Honduran-source income. In such cases, taxation is typically effected through withholding at source, which is generally considered a final tax. As a result, non-resident individuals are generally not required to file an income tax return, provided that their Honduran-source income has been fully subject to withholding.

However, a filing obligation may arise for non-residents in specific circumstances, including where income has not been subject to withholding or where a refund is sought due to excess withholding. In such cases, the individual may be required to file a tax return and settle the corresponding tax liability directly with the Tax Administration.

An individual may have a filing requirement after departure if:

- income tax is due on Honduran-source income not subject to withholding; or
- a refund is to be claimed due to excess withholding.

The general filing deadline for individual income tax returns is 30 April following the end of the tax year.

2.5 Economic employer approach

Do the taxation authorities in Honduras adopt the economic employer approach to interpreting Article 15 of the OECD treaty? If no, are the taxation authorities in Honduras considering the adoption of this interpretation of economic employer in the future?

Honduras does not formally apply the economic employer approach in the interpretation of Article 15 of the OECD Model Tax Convention. In practice, the Honduran tax system relies primarily on the legal employer and the source of the income to determine taxation rights, rather than on an analysis of which entity economically benefits from the employee's services.

Additionally, Honduras has a limited tax treaty network, and the application of OECD-based interpretations is not broadly developed in local tax practice. There is currently no indication that the Honduran tax authorities are considering the formal adoption of the economic employer approach.

2.6 Types of taxable compensation

What categories are subject to income tax in general situations?

Under the Honduran Income Tax Law, income is broadly defined to include any revenue, gain, profit, rent, interest, proceeds, participation, salary, wage, fee, or any other form of compensation, whether received in cash, in kind, or credit.

In general terms, taxable compensation derived from employment or services includes:

- Salaries, wages, and other remuneration for services rendered.
- Bonuses, commissions, and other variable compensation.
- Directors' fees and similar payments.
- Allowances and benefits in kind provided by the employer (e.g., housing, transportation, and other personal benefits), unless specifically exempt under the Income Tax Law.
- Payments for professional or independent services.
- Any other economic benefit, to the extent it is considered Honduran-source income under the Income Tax Law.

Employment and service income is generally taxable when it is received or available for disposal by the taxpayer.

Under the territorial tax system, income is subject to Honduran taxation to the extent that it is derived from Honduran sources. Resident individuals are taxed on Honduran-source income, while non-residents are taxed only on Honduran-source compensation, typically through withholding at source on a gross basis.

Intra-group statutory directors

Will a non-resident of Honduras who, as part of their employment within a group company, is also appointed as a statutory director (i.e., member of the Board of Directors in a group company situated in Honduras) trigger a personal tax liability in Honduras, even though no separate director's fee/remuneration is paid for their duties as a board member?

In principle, no Honduran tax liability arises where no compensation or economic benefit is received from Honduran sources in connection with the director's role.

However, the analysis depends on whether income can be regarded as Honduran-source or economically attributable to activities performed for, or benefiting, a Honduran entity.

a) Will the taxation be triggered irrespective of whether or not the board member is physically present at the board meetings in Honduras?

No. In general, tax liability would depend on whether the services give rise to Honduran-source income, including cases where the services are rendered in Honduras or economically benefit a Honduran entity. If no such conditions are met, no Honduran tax implications are expected.

b) Will the answer be different if the cost directly or indirectly is charged to/allocated to the company situated in Honduras (i.e., as a general management fee where the duties rendered as a board member is included)?

Yes. If the cost of the services is directly or indirectly charged to a Honduran entity, the tax authorities are likely to consider that Honduran-source income has been generated, triggering withholding tax obligations. In such cases, the corresponding withholding tax obligation would generally arise, in accordance with the applicable provisions of the Income Tax Law.

c) In the case that a tax liability is triggered, how will the taxable income be determined?

Where a tax liability arises, the taxable income would generally be determined based on the portion of the compensation or service fee that is attributable to the Honduran entity. In practice, this is generally determined based on the portion of the service fee attributable to the Honduran entity, typically using a reasonable allocation methodology supported by the underlying intercompany arrangements.

2.7 Tax-exempt income

Are there any areas of income that are exempt from taxation in Honduras? If so, please provide a general definition of these areas.

Non-taxable income for individuals:

Under the Honduran Income Tax Law, certain types of income received by individuals may be exempt from taxation, either fully or up to specific limits established by law. These exemptions generally apply to employment-related income and certain statutory benefits.

The most relevant exempt income categories include:

- **Thirteenth and Fourteenth salaries (statutory bonuses)**

  The additional salary payments mandated under the Honduran Labor Code, paid in June and December, are exempt from income tax up to an annual limit equivalent to ten minimum monthly wages. Based on the 2025 minimum wage of HNL 19,298.72, the exemption threshold amounts to HNL 192,987.20.

- **Vacation bonus**

  Payments received as vacation bonus are exempt from income tax up to an amount equivalent to 30 days of regular salary.

- **Certain employee benefits and statutory contributions**

  Mandatory contributions to social security systems, such as the Honduran Social Security Institute (“IHSS”) and the Régimen de Aportaciones Privadas (“RAP”), may be excluded from taxable income to the extent they are required by law and fall within the applicable limits.

- **Private pension contributions**

  Contributions to approved private pension funds may receive favorable tax treatment, subject to the conditions and limits established under Honduran tax regulations.

Deductible expenses for individuals:

In addition to exempt income, individuals may reduce their taxable base through the following deductions:

- **Medical and educational expenses**

A maximum deduction of HNL 40,000.00 is allowed annually.

- **Social security contributions (IHSS – IVM regime)**

  Contributions to the disability, old-age, and death regime (IVM) are deductible. The annual deductible amount is calculated as follows: (HNL 11,903.13 × 2.5%) × 12 = HNL 3,570.94

- **RAP contributions (Régimen de Aportaciones Privadas)**

  Contributions are calculated based on the employee's gross salary, less HNL 11,336.32, applying a rate of 1.5%, in accordance with applicable regulations.

- **Private pension contributions**

  The total contributions made to an approved private pension fund are deductible, subject to compliance with applicable legal provisions.

2.8 Expatriate concessions

Are there any concessions made for expatriates in Honduras?

There are no general concessions made for expatriates in Honduras.

Expatriates are subject to the same tax treatment as nationals, as Honduran tax legislation does not establish a specific preferential regime for foreign workers. Income obtained from sources within Honduras is taxable regardless of whether the individual is resident or non-resident.

Likewise, under migration law, foreigners enjoy the same rights and are subject to the same obligations as Honduran citizens, except in cases expressly established by law.

2.9 Salary earned from working abroad

Is salary earned from working abroad taxed in Honduras? If so, how?

As of 2017, Honduras applies a territorial taxation system; therefore, income earned abroad is generally not subject to taxation in Honduras.

Under Honduran Income Tax Law, taxation is primarily based on income derived from sources within Honduran territory, and only such income is subject to income tax for both residents and non-residents.

2.10 Taxation of investment income and capital gains

Are investment income and capital gains taxed in Honduras? If so, how?

Honduran investment income for both residents and non-residents is subject to Honduran income tax.

Capital gains are subject to a 10 percent tax.

Dividends, interest, and rental income

These incomes are taxable in Honduras, as they are considered income derived from capital or from Honduran sources.

Gains from stock option exercises

This income is taxable in Honduras where it constitutes income derived from employment or investment.

Foreign exchange gains and losses

Gains are taxable and losses may be deducted where they are related to the generation of taxable income.

Principal residence gains and losses

Gains are generally taxable as capital gains; losses may be treated in accordance with general rules applicable to deductible expenses, when applicable.

Capital losses

Capital losses may be deducted or recognized subject to the rules applicable to the determination of taxable income and capital gains.

Personal use items

Personal-use items are generally not subject to taxation unless their disposal generates taxable income under general provisions.

Gifts

Gifts are not expressly regulated as a separate tax in income tax legislation; however, particular cases should be evaluated to determine whether they constitute taxable income.

2.11 Additional capital gains tax (CGT) issues and exceptions

Are there additional capital gains tax (CGT) issues in Honduras? If so, please discuss?

No additional capital gains tax regimes or specific rules (such as separate CGT systems) are established under Honduran tax legislation. Capital gains are subject to a flat tax and are treated within the general income tax framework.

Are there capital gains tax exceptions in Honduras? If so, please discuss?

No general capital gains tax exemptions are provided under Honduran law, except for specific cases established by law or special regimes, which are limited in scope.

Pre-CGT assets

Honduran legislation does not distinguish between pre- and post-capital gains tax assets; all gains are taxed under the current applicable rules.

Deemed disposal and acquisition

There are no specific deemed disposal or reacquisition rules (such as those triggered by changes in tax residence) under Honduran tax legislation.

2.12 General deductions from income

What are the general deductions from income allowed in Honduras?

Deductible expenses for individuals

- Medical and Educative expenses HNL40,000.00.
- IVM IHSS: (11,903.13 x 2.5%) x 12 = HNL 3,570.94
- IVM RAP Gross salary of each employee less HNL (11,903.13 – gross income) X 1.5%.
- Total of the contributions to a Private Pension fund.
- Medical and Educative expenses HNL 80,000.00. This benefit applies for individuals over 65 years old.

Tax Benefits: Deductible Expenses for Elderly Individuals

- Medical and Educative expenses HNL 80,000.00. This benefit applies for individuals over 65 years old.

- Individuals aged 65 or older whose gross income does not exceed HNL 350,000.00 are exempt from paying income tax.
- Regardless of the income tax exemption threshold applicable to individuals, beneficiaries who are individuals aged 60 or older shall be entitled to an additional tax credit of HNL 30,000.00.

2.13 Tax reimbursement methods

What are the tax reimbursement methods generally used by employers in Honduras?

No specific tax reimbursement methods are defined in Honduran tax legislation.

In practice, any employer-provided tax reimbursements or similar benefits are generally treated as part of the employee's taxable income, as there are no specific provisions regulating tax equalization or gross-up mechanisms.

2.14 Calculation of estimates/prepayments/withholding

How are estimates/prepayments/withholding of tax handled in Honduras? For example, Pay- As-You-Earn (PAYE), Pay-As-You-Go (PAYG), and so on.

Income tax is calculated on an annual basis. However, withholding at source applies to certain types of income, particularly in payments to non-residents, where tax must be withheld at the time of each payment.

When are estimates/prepayments/withholding of tax due in Honduras? For example: monthly, annually, both, and so on.

Withholding obligations are generally applied on a monthly basis, depending on the nature of the payment or income earned.

2.15 Relief for foreign taxes

Is there any Relief for Foreign Taxes in Honduras? For example, a foreign tax credit (FTC) system, double taxation treaties, and so on?

No general foreign tax credit system is established under Honduran tax legislation.

Honduras does not broadly provide mechanisms for relief of double taxation, such as comprehensive foreign tax credits or an extensive double taxation treaty network.

2.16 General tax credits

What are the general tax credits that may be claimed in Honduras? Please list below.

What are the general tax credits that may be claimed in Honduras? Please list below.

There are no general tax credits available under Honduran income tax legislation; however, certain deductions and limited specific credits may apply in accordance with the law.

2.17 Sample tax calculation

This calculation assumes a married taxpayer resident in Honduras with two children whose 3-year assignment begins 1 January 2023 and ends 31 December 2025. The taxpayer's base salary is 100,000 US dollars (USD) and the calculation covers 3 years.

	2023	2024	2025
	USD	USD	USD
Salary	100,000	100,000	100,000
Bonus	20,000	20,000	20,000
Cost-of-living allowance	10,000	10,000	10,000
Housing allowance	12,000	12,000	12,000
Company car	6,000	6,000	6,000
Moving expense reimbursement	20,000	0	20,000
Home leave	0	5,000	0
Education allowance	3,000	3,000	3,000
Interest income from non-local sources	6,000	6,000	6,000

Exchange rate used for calculation: USD1.00 = HNL26.59

2.18 Other assumptions

- All earned income is attributable to local sources and therefore subject to Honduran income tax.
- Bonuses are paid at the end of each tax year and accrue evenly throughout the year.
- Interest income from non-local sources is not subject to taxation under the territorial tax regime, provided it is not considered Honduran-source income.
- The employee is deemed resident throughout the assignment.
- Tax treaties and totalization agreements are ignored for the purpose of this calculation.

Calculation of taxable income

Year ended	2023	2024	2025
Days in Honduras during year	**365**	**365**	**365**
Earned income subject to income tax			
Salary	100,000	100,000	100,000
Bonus	20,000	20,000	20,000
Cost-of-living allowance	10,000	10,000	10,000
Net housing allowance	12,000	12,000	12,000
Company car	6,000	6,000	6,000
Moving expense reimbursement	20,000	0	20,000
Home leave	0	5,000	0
Education allowance	3,000	3,000	3,000
Total earned income	171,000	156,000	171,00
Other income	0		

Year ended	2023	2024	2025
Total income	**171,000**	**156,000**	**171,000**
Deductions			
Medical expenses (HNL40,000)			
Total taxable income			

Calculation of tax liability

	2023	2024	2025
Taxable income as above	171,000.00	156,000.00	171,000.00
Estimated Honduran tax	40,209	39,935	40,000

Footnote

[1] Individuals which monthly salary is equal or less than L. 21,457.76 are not subject to income tax during 2025.

03

Special considerations for short term assignments

3 Special considerations for short-term assignments

For the purposes of this publication, a short-term assignment is defined as an assignment that lasts for less than 1 year.

3.1 Residency rules

Are there special residence considerations for short-term assignments?

An individual is considered a resident if they remain in Honduras for more than 3 months within a given year.

3.2 Payroll considerations

Are there special payroll considerations for short-term assignments?

There are no specific payroll rules applicable exclusively to short-term assignments under Honduran tax legislation.

General withholding obligations may still apply depending on the nature of the income and the employee's tax status.

3.3 Taxable income

What income will be taxed during short-term assignments?

All remuneration received in connection with services performed in Honduras is generally taxable, regardless of the duration of the assignment.

3.4 Additional considerations

Are there any additional considerations that should be considered before initiating a short- term assignment in Honduras?

No specific additional tax considerations are established under Honduran legislation; however, compliance with immigration and work permit requirements should be ensured prior to commencing activities in the country

04
Other taxes and levies

4 Other taxes and levies

4.1 Social security tax

Are there social security/social insurance taxes in Honduras? If so, what are the rates for employers and employees?

4.2 Liability for social security Employer

2023	
Type of Contribution	**Employer Rate**
Social Security	
Social Security IHSS (IVM)	3.5%
Health Care Insurance Regime (Régimen del Seguro de Atención a la Salud RSAS)	5%
IVM RAP	1.5%
Base for calculation of Social Security IHSS (IVM)	HNL 11,903.13
Base for calculation of Health Care Insurance Regime	HNL 11,903.13
IVM RAP Gross salary of each employee less HNL 11,336.32.	Excess of HNL 11,903.13

4.3 Liability for social security Employee

2023	
Type of Contribution	**Employer Rate**
Social Security	
Social Security IHSS (IVM)	2.5%
Health Care Insurance Regime (Régimen del Seguro de Atención a la Salud RSAS)	2.5%
IVM RAP	1.5%
Base for calculation of Social Security IHSS (IVM)	HNL 11,903.13
Base for calculation of Health Care Insurance Regime	HNL 11,903.13
IVM RAP Gross salary of each employee less HNL 11,336.32.	Excess of HNL 11,903.13

It is important to note that contributions to the Honduran Social Security Institute (“IHSS”) and the Retirement Fund for Public Employees (“RAP”) are applicable under the assumption that the individual is a registered resident included in the payroll of a Honduran entity.

There are no reciprocal agreements.

4.4 Sales/VAT tax

Are there sales and/or value-added taxes in Honduras?

Sales of goods and services are subject to Sales Tax at a general rate of 15 percent.

4.5 Other taxes

Are there additional taxes in Honduras that may be relevant to the general assignee? For example, customs tax, excise tax, stamp tax, and so on.

Other taxes may apply, such as customs duties, selective consumption taxes on certain goods (e.g., alcohol, tobacco, and fuel), and other indirect taxes depending on the nature of the transaction; however, these are not typically relevant for general assignees.

4.6 Foreign financial assets

Is there a requirement to declare/report offshore assets (e.g., foreign financial accounts, securities) to the country/jurisdiction's fiscal or banking authorities?

There is no general requirement under Honduran tax legislation for individuals to declare or report offshore financial assets.

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