

The background is a dark blue field with vibrant, glowing lines and characters in red, yellow, and white. The lines are blurred and create a sense of motion and digital connectivity. Large, stylized letters like 'V', 'R', 'A', 'R', 'H', 'C', 'H', 'O', 'O' are visible, suggesting a technical or data-driven environment.

TAX RELIEF *IN CENTRAL* AMERICA

| CENTRAL LAW

Your **International**
Central American Firm

TAX RELIEF IN CENTRAL AMERICA

*We share with you the measures adopted in each country until March 25/3/2020
-For further info contact us info@central-law.com*

TAX MEASURES ADOPTED IN GUATEMALA

The Superintendence of Tax Administration (Resolution Number SAT-DSI-280-2020), agreed to disable from March 24, 2020 to April 14, 2020, except that due to the effect of Covid-19 it is required to extend the measure, the dates for compliance with tax obligations. Therefore, with said disqualification, the SAT will not be able to carry out inspection and verification procedures, nor will it require the taxpayer to fulfill its obligations.

Contact: Verónica González

TAX MEASURES ADOPTED IN EL SALVADOR

Last Thursday, March 19th, 2020, the Presidency of the Republic of El Salvador, submitted for approval 7 projects, including some special and transitory decrees in tax matters, which are part of the “Response and Economic Relief Plan in the face of the Covid - 19 Emergency ”, we can highlight the project related to the suspension of payment of contributions and taxes for taxpayers affected by the Covid-19 emergency.

For its part, the Legislative Assembly, on Friday, March 20th, 2020, approved said project with minimal modifications to the proposal presented by the executive body, and called it “SPECIAL AND TRANSITORY LAW ON THE MODALITY OF PAYMENT OF THE INCOME TAX APPLICABLE TO SMALL TAXPAYERS, TOURISM, ELECTRIC ENERGY, TELEVISION SERVICES, INTERNET, TELEPHONY, AND ABOUT THE SPECIAL CONTRIBUTION FOR THE PROMOTION OF TOURISM ” and we consider it key that the benefited business sectors have certainty on the regulated aspects.

The mainly benefited economic sectors are: (1) Tourism; (2) Small taxpayers ; (3) Electric Power, including its four phases: generation, transmission, distribution, and commercialization; (4) Telecommunications, comprising passive subjects that are dedicated to providing jointly or at least two services, be these by subscription television, residential and commercial internet, as well as fixed telephony services and mobile telephony services .

In this order of ideas, as Central Law El Salvador, we summarize 12 key points to take into account:

Tourism Sector:

1. Payment of the special contribution for the promotion of tourism, regulated in Article 16 of the Tourism Law, is suspended for a period of three months.
2. An extension of the term to make the payment of income Tax corresponding to year 2019 has been established until May 31st, 2020, exempt from interest rates, surcharges and fines, for companies of the tourism sector, whose tax to pay is equal to or less than US\$25,000.
3. The aforementioned benefit will be applicable to those taxpayers who are not enjoying any total or partial tax incentive, conferred based on the Tourism Law, for which the Ministry of Tourism will issue the respective authorization.

Small Taxpayers:

5. An extension of the term to make the payment of income Tax corresponding to year 2019, exempt from interest rates, surcharges and fines, to all those taxpayers whose tax to pay is equal to or less than US\$10,000.
6. It is necessary to request an authorization of payment in installments before the General Directorate of Treasury, which will grant up to a maximum of eight monthly installments through the respective resolution, and the first installment of ten percent of the liquidated tax must be canceled in the month of May of two thousand and twenty.

Electric Power Sector:

7. An extension of the term to make the payment of income Tax corresponding to year 2019, exempt from interest rates, surcharges and fines, to all those taxpayers who are dedicated to the generation, transmission, distribution and marketing of electric power.
8. It is necessary to request an authorization of payment in installments before the General Directorate of Treasury, which will grant up to a maximum of eight monthly installments through the respective resolution, and the first installment of ten percent of the liquidated tax must be canceled in the month of May of two thousand and twenty.

Telecommunications Sector:

9. An extension of the term to make the payment of income Tax corresponding to year 2019, exempt from interest rates, surcharges and fines, to all those taxpayers who are dedicated to providing jointly or at least two services, be these TV subscriptions, residential and commercial internet, as well as landline and mobile phone services.
10. It is necessary to request an authorization of payment in installments before the General Directorate of Treasury, which will grant up to a maximum of eight monthly installments through the respective resolution, and the first installment of ten percent of the liquidated tax must be canceled in the month of May of two thousand and twenty.
11. The term to make the payment Advance on Account (“Anticipo a Cuenta”) of the Income Tax corresponding to the monthly periods of March, April and May of 2020 is extended, in this regard, authorization of payment in installments must be requested before the General Directorate of Treasury, which will grant by means of the respective resolution up to a maximum of six monthly and successive installments, the first installment of ten percent of the total payment amount of the

aforementioned periods must be paid in the month July of 2020, the payments of each of the installments granted will be exempt from the payment of interest rates, surcharges and fines.

12. Notwithstanding the extension of the term to make the payment of the advance, the formal obligation to submit the statement of payment on account (“Pago a Cuenta”) must be fulfilled within the legal term established in article 151, third paragraph of the Tax Code, that is, within the 10 business days following the end of the corresponding monthly period.

Generally applicable to all sectors:

13. Notwithstanding the payment extensions granted to the indicated sectors, the formal obligation to file the Annual Income Tax declaration must be fulfilled within the legal term established in article 48, first paragraph of the Income Tax Law, which expires on the thirtieth day of April in the year two thousand and twenty.

Contact: Pablo Rusconi

MEASURES ADOPTED IN HONDURAS

The only measures published by The Revenue Administration Service (SAR) are as follows: Those who use tax documents under the Printing House Printing Mode, with an expiration date between March 15 and 29, 2020, the issuance deadline is extended to Monday, 30 March.

Suspension of legal terms: The Revenue Administration Service (SAR) issued a statement informing the taxpayers, procedural representatives, legal representatives and the general public that for the purposes of the legal terms that have begun to take effect in the procedures initiated at the request of a party or ex officio in the SAR, the suspension of legal deadlines is extended until Monday, March 30, 2020.

Revenue Administration Service (SAR) communicates extension of deadlines for the presentation of certain declarations and the deadline for issuing tax documents.

Due to the National Emergency Alert and the mandatory measure to suspend work from March 16 to 20, 2020, the National Revenue Service (SAR) informed taxpayers that an extension is granted until March 23 for compliance with the following statements:

- Presentation of the Monthly Withholding Declaration Special Tax Pro-Population Security Financial Transactions (DMRCEFT).
- Presentation of the Monthly Statement of Credit Card Administrators (ATC).
Presentation and Payment of Special Contribution for Financial Pro-Population Security Transactions.
- Presentation of the Monthly Purchase Declaration (DMC).

Contact: Jesus Humberto Medina Alva

TAX MEASURES ADOPTED IN NICARAGUA

The government of Nicaragua has not adopted a tax relief package of any sort.

Contact: *Alvaro Molina.*

TAX MEASURES ADOPTED IN COSTA RICA

1. **Moratorium on the payment of VAT taxes for March, April and May that must be paid in April, May and June respectively; the taxes can be canceled in December 2020, without surcharges, penalties, or delays.**

Therefore, the declarations must present the emissions and acceptances corresponding to each month in the times established by the regulations, but their payment is not mandatory. However, related to cash flow, each taxpayer must consider the possibilities of recovery within their activity to generate sufficient income in a month in which bonuses, vacations, work ends, and partial payment of rent are paid. Another aspect to consider is that by December, the taxpayer must validate if the ATV platform is up-to-date and does not compute interest, default or penalties, and if otherwise go before the Tax Administration.

2. **Elimination of partial payments of the Income Tax, only for those taxpayers who's payment corresponds in April, May and June as long as they are not obliged to pay taxes registered in special periods.**

In accordance with Decree 41818, Transitory I, for all taxpayers who have had a fiscal period ending as of September 30, 2019, the new fiscal period for 2020 extends from October 01, 2019 to December 31, 2020. Therefore, taxpayers must proceed with partial payments in the months of March, June, September and December 2020. Some taxpayers do not have the partial payment debt corresponding to the month of March automated, but we urge all taxpayers to review it. If the payment is not made, it must be considered as part of the liabilities of the company.

3. **Moratorium on the payment of the March, April and May consumption tax that must be paid in April, May and June respectively; this tax can be paid in December 2020, without surcharges, penalties, or delays.** It applies the same as point 1 of this document.

4. **Moratorium on import tariffs for the months of April, May and June, which must be covered in the month of December 2020.**

The taxpayer must file their records as usual, the difference is that the taxes left to pay, however taxpayers must have a counterpart in the companies' liability accounts. To date there is no regulation to understand the procedure that the General Directorate of Customs will use to regulate this import tariffs.

5. **VAT exemption on commercial rentals, for services provided in April, May and June.**

Two perspectives must be kept in mind, the first is that the exemption is for services provided for commercial rental, therefore it does not apply to residential rentals that exceed the threshold. The

second aspect that needs to be taken in consideration is that it indicates the months, so it would not make sense in cases of payment arrangement with the tenants, not to bill in the indicated months (it is contrary to current regulations) doing this could lead to losing such exemption.

Any payment arrangement must be authorized before December 31 for this regulation to be applicable to it. The taxpayers must keep in mind that these measures do not generate any cash flow, since they are not part of new income, customer cancellations or previous settlements; rather, we are facing the generation of a non-extinguishable tax liability that must be canceled or renegotiated in December 2020 at the latest.

Contact: Tomás Quirós

TAX MEASURES ADOPTED IN PANAMA

1. Cabinet Resolution No. 11 of 13 March 2020, Decree States National Emergency.
2. Resolution No. 201-2222 setting out conditions for the filing of certain applications with the Directorate-General for Revenue (DGI) in relation to exemptions from property taxes and others.
3. Cabinet Decree No. 5 of 17 March 2020, adopts measures on the importation and quota of rice in shell.
4. Cabinet Decree No. 7 of 18 March 2020, amended tariffs, of the national import tariff related to medical supplies cleaning products and detergents.
5. Resolution No. 201-2270 of 16 March 2020, orders the suspension of terms in administrative remedies competence of the DGI from 16 March 2020 to 3 April 2020, a measure that can be extended as suggested by the health authorities.
6. Law No. 134 of March 17, 2020, Amending Law 99 of 2019, on General Tax Amnesty for the Payment of Taxes Administered by the DGI, Law 76 of 2019, Tax Procedure Code.
7. Executive Decree 251 of 24 March 2020, which adopts tax measures to alleviate the economic impact of the State of National Emergency.
 - a. *120-day deadline to file the payment of taxes that are the competence of the DGI.*
 - b. *Deadline for the submission of affidavits for the 2019 period of natural or legal persons until May 30, 2020.*
 - c. *Taxpayers will be able to determine by 2020 the estimated tax payable, an amount not less than 70% of the tax caused on their income returns in the period 2019.*
 - d. *The estimated tax must be paid in 2 terms during fiscal period 2020, the first one by 30 September and the second by 31 December 2020.*
 - e. *Provide agreements to ensure compliance with tax obligations, defer terms and payments after compliance with certain requirements and reasoned resolution, without resulting in fines or surcharges.*
 - f. *Extension of the Fiscal Benefits Term to up to 3 years.*
 - g. *Reinforcement of online services.*

Contact: Ana Cristina Arosemena Benedetti

These are the tax relief measures adopted until March 25 2020 by the Central American Governments. Those are measures that somehow or other relief the impact of the COVID 19 in the business in Central America. We will keep updating these news to keep you informed and to provide you with the best legal solutions.

Who we are | The firm

We are a full- service law firm born in 2003 which under the premise “Your international Central American firm” is focused in the future of Central America and Panama advising individuals and companies in the development of their business in the region.

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- *Labor and immigration*
- *Bids and Public contracts*
- *Litigation and Arbitration*
- *Intellectual Property, franchises and Health Records*
- *Tax*
- *Telecommunications*
- *Banking, Finance*
- *Environment, Energy, Natural Resources & Infrastructure*
- *Foreign investment and Free Trade Agreements*
- *Insurance and reinsurance*
- *Real Estate and Tourism*

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