2016 Americas indirect tax country guide

Global Indirect Tax Services

KPMG International

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Given the huge volumes of value-added tax/general sales tax (VAT/GST) transactions that must be handled at any one time, finance and tax directors in the Americas region should make sure their organization's people, systems and processes are able to predict and respond to the VAT/GST changes that will impact their operations and internal systems as a result of changes in law, policy and practice.

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Introduction

Welcome to the 2016 Americas indirect tax country guide by KPMG's Global Indirect Tax Services.

This edition of the guide includes 29 jurisdictions throughout the Americas, including the Bahamas which introduced a value added tax (VAT) on 1 January 2015.

For the purpose of this guide, indirect taxes are defined as transactional taxes including VAT/GST, consumption taxes and other subnational taxes (e.g. Brazilian ICMS, Canadian provincial sales tax, US sales tax and other similar tax regimes which are levied on a state, provincial or local basis).

The wide array of indirect taxes in the Americas results in a disparate approach to managing indirect tax. Global Heads of Indirect Tax may or may not have responsibility for the many different regimes spread across the region and companies take different approaches, reflecting past practice (e.g., local country management). The increased focus on indirect tax globally is, however, turning the spotlight on this region and companies are beginning to consider alternative strategies. For example, Global and Regional Heads of Indirect Tax are now gaining greater coverage of Latin America to meet the growing need for visibility and oversight in this complex and diverse area.

Key indirect tax highlights from the Americas region include:

— Argentina — an increased focus by tax authorities on the use of technology in managing indirect tax (e.g., electronic invoices, electronic audits, etc.)

— Bahamas — the introduction of VAT on 1 January 2015

— Brazil — on interstate business-to-consumer transactions a new method to charge ICMS (state sales tax) among origination and destination states, as well as ongoing discussions to merge PIS (employees' profit participation program) and COFINS (social contribution for social security financing) taxes into a single tax

— Canada — an increased focus by tax authorities on auditing — including risk-based approaches and the use of technology — and promoting overall compliance

— Puerto Rico — an increase in the sales and use tax (IVU) rate effective 1 July 2015 from 7 percent to 11.5 percent by way of a 4.5 percent surcharge; and an increase in the scope of taxable services effective 1 October 2015 to include business-to-business services and designated professional services that will be taxable at a special 4 percent Commonwealth IVU rate.

The challenges of evolving US indirect tax

The US continues to live up to its reputation as a complex jurisdiction to deal with indirect taxes. The US Congress remained stymied in 2015 in dealing with several bills affecting state indirect taxes, including a trio of bills that would give states the ability to impose collection requirements on remote sellers. In response to continued Congressional inaction, seven state click-through nexus laws became effective in 2015 — Illinois, Michigan, Nevada, Ohio, Tennessee, Vermont, and Washington — bringing to 19 the number of states that now have click-through provisions. Under these laws, states presume that an out-of-state, web-based seller has nexus in the state if it pays in-state entities a commission for sales made to customers that are referred to the web-based seller through a link on the in-state entity's web site or otherwise. Additionally, several other states, including Michigan, Nevada and Ohio adopted other nexus expanding provisions. Proposals in several states, including California, Connecticut, Maine, Ohio, and Pennsylvania, to extend the sales tax base to a wide range of service transactions failed in 2015, largely as a result of the inclusion of business-to-business services. Further, there was some movement by states and local jurisdictions in 2015 to extend tax to technology-related services, such as certain cloud services, information services and digital goods.

Probably the biggest development is the indirect tax reform enacted in Puerto Rico as part of its comprehensive tax overhaul. Effective 1 October 2015, the retail sales tax was increased to 11.5 percent and extended to certain professional services at a 4.0 percent rate. More dramatically, Puerto Rico adopted legislation that will adopt a broad-based VAT with an effective rate of 10.5 percent (made up of a 6 percent VAT rate and 4.5 percent VAT surcharge). The 1 percent Municipal IVU will continue to apply in addition to the 10.5 percent VAT for certain goods and services effective 1 April 2016. It remains to be seen whether the adoption of VAT in Puerto Rico is an early sign of the United States moving to a national VAT.

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For the Americas region the oversight of indirect tax practices and processes is a major challenge. With a lack of harmonization of tax laws, different countries introducing indirect tax at different times, and constant changes to rates, companies need to gain visibility over practices across their worldwide operations, and establish a consistent approach to compliance. Technology is another key factor in automating processes and eliminating errors. Once they have gained mastery over these 'basics,' indirect tax heads can start to look at ways to add value to the business.

Americas indirect tax overview

	Types of indirect taxes (VAT/ GST/other indirect taxes excluding custom duties)	Standard VAT/GST rate	Voluntary VAT/ GST registration possible for an overseas company?	Does an overseas company need to appoint a fiscal representative?	VAT/GST grouping possible?
Argentina	VAT	21%	No	No	No
	Turnover tax	3% average rate			
	Tax on bank accounts	0.6% on every credit and debit in bank accounts			
	Municipal taxes	0%–3% based on sales attributable to the municipality			
	Stamp tax	1% of the total value of the contract or instrument			
Aruba	Turnover tax and health levy	1.5% turnover tax and 2% health levy	No	N/A	Yes
Bolivia	VAT	13%	No	N/A	No
	Excise tax (Impuesto al Consumo Especifico, ICE)	Ad valorem ranging from 10% to 50%			
Bahamas	VAT, stamp duty, real property tax, business licence fees	7.50%	Yes	No	Yes
Brazil	ICMS (state sales tax)	17% standard rate 18% in Sao Paulo, Minas Gerais and Parana 19% in Rio de Janeiro	No	Yes	No
	IPI (federal excise tax)	Ranges from 0% to a maximum of 330% and average about 10%			
	ISS (municipal services tax)	Ranges from 2% to 5%			
	COFINS (social contribution for social security financing)	Standard rate is 7.6% and reduced rate is 3% (importation of certain products)			
	PIS (employees' profit participation program)	Standard rate is 1.65% and reduced rate is 0.65%			
Canada	GST, HST, QST, PST	5% GST, 13% to 15% HST, 5% to 8% PST, and 9.975% QST	Yes, if company meets certain conditions	No	No
Caribbean Netherlands	General consumption tax (abbreviation in Dutch: ABB)	The rate is 8% in Bonaire and 6% in Saba and St. Eustatius	No	No	No
Chile	VAT	19%	No	Yes	No
	Additional tax on sumptuary products	Ranges from 15% to 50%			
	Additional tax on alcoholic beverages	Ranges from 20.5% to 31.5%			
	Additional tax on non-alcoholic beverages	Ranges from 10% to 18%			
	Additional tax on tobacco products	Ranges from 52.6% to 59.7%			
	Additional tax on emissions	Tax rate under a fixed formula			
Colombia	VAT	16%	No	No	No
	National excise tax	4%, 8% or 16%			
	Regional excise duties	On liquors in COP — on cigarettes 55% — on beers 48% on beer mixtures 20%			
	Financial tax	0.4%			

How frequently are VAT/GST returns submitted?	Can an overseas company recover VAT/GST it if is not registered for VAT/GST locally?	Are there any exemptions with the right to recover or deduct input VAT?	Are there any restrictions to the deduction of input VAT?	Is a business required to issue tax invoices (or other special invoices) for indirect tax purposes?	Is it possible to issue invoices electronically?	Is it possible for recipient to issue tax invoices/self-invoices (self-invoicing)?	Do tax audits take place on a regular basis?	Are there audits done electronically in your country (e-audit)?	Does a reverse charge mechanism apply for goods or services	Are rulings and decisions issued by the tax authorities publicly available in your country?
Monthly	No	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes
Monthly	No	N/A	N/A	Turnover tax: no; health levy: yes	Yes	No	No	No	No	No
Monthly	No	Yes	Yes	Yes	Yes	No	Yes	No	No	Yes
Quarterly/ monthly or semi-annually based on turnover	No	No	Yes	Yes	Yes	No	Yes	No	Yes	No
Monthly	No	N/A	Yes	Yes	Yes	No	Yes	Yes	No	Yes
Monthly, quarterly or annually (based on revenues)	No	No	Yes	Yes	Yes	No	No	Yes	Yes	No
Every 3 months	No	No	Yes	No	Yes	No	Yes	No	Yes	No
Monthly	No	Yes	Yes	Yes	Yes	No	No	No	Yes	Yes
Bimonthly, quarterly or annually	No	Yes	Yes	Yes	Yes	No	No	No as a general rule; certain exceptions are applicable	Yes	Yes

Americas indirect tax overview

	Types of indirect taxes (VAT/ GST/other indirect taxes excluding custom duties)	Standard VAT/GST rate	Voluntary VAT/ GST registration possible for an overseas company?	Does an overseas company need to appoint a fiscal representative?	VAT/GST grouping possible?
Costa Rica	VAT	13% standard rate	No	No	No
	Excise tax	Ranges from 10% to 50%			
Cuba	Sales tax on goods (impuesto sobre la venta)	2% tax rate on wholesale sales and 10% tax on retail sales	Yes	Yes	N/A
	Sales tax on services (impuesto sobre los servicios)	10% tax rate on services			
	Excise duty on alcohol, cigars, etc. (impuesto especial a productos y servicios)	Rates are not published yet			
Curaçao	Sales tax	6%	No	No	No
	Real estate transfer tax	4%			
Dominican Republic	VAT or Impuestos a la Transferencia de Bienes Industrializados y Servicios (ITBIS)	18% (please note there is a reduced rate of 13% on selected goods. In 2016, this rate will increase up to 16%; in the case of imports, selected raw materials will be taxed at reduced rate of 1%)	No	Yes	No
	Selective consumption tax	Ranges from 10% to 130%			
	Ad-valorem taxes	Ranges from 10% to 20%			
Ecuador	VAT	12% standard rate	No	N/A	No
	Special consumption tax (ICE)	Ranges from 5% to 75%			
	Capital outflow tax (ISD)	5%			
El Salvador	VAT	13%	No	Yes	No
Guatemala	VAT	12%	No	No	No
Honduras	Sales tax	15% and 18%	No	No	No
	Production Tax	Cigarettes 350 Honduras lempira (HNL) per thousand			
		Alcoholic and carbonated beverages HNL0.58 — HNL27.92 per liter			
	Contribution for preservation of roads assets	USD0.03–1.4089			
	Tax on public roads services	HNL200–2,200			
	Tax on airport services	National departures HNL47.45			
		International departures USD39.37			
	Tax on tourist services	4%			
	Tax on casinos, betting and gambling	HNL300,000 — HNL700,000 or 20% on gross incomes			
	Tax on assets' revaluation	6%			
Mexico	VAT	16% general rate	No	No	No
	Special excise tax (IEPS)	Rate depends on service or item; from 3% to 160%			
Nicaragua	VAT	15%	No	No	No
	Selective consumption taxes (ISC)	Ranges from 9% to 30% (a few exemptions exceed 30%)			
	Stamp taxes-ITF (tax imposed on certain legal documents which have effect in the country)	Fixed rates and ad valorem rates			
Panama	ITBMS (VAT)	7%	Yes	No	No
	Stamp tax	Various rates			
	Selective consumption tax	Various rates			
	Insurance tax	5% of the premium			

	How frequently are VAT/GST returns submitted?	Can an overseas company recover VAT/GST it if is not registered for VAT/GST locally?	Are there any exemptions with the right to recover or deduct input VAT?	Are there any restrictions to the deduction of input VAT?	Is a business required to issue tax invoices (or other special invoices) for indirect tax purposes?	Is it possible to issue invoices electronically?	Is it possible for recipient to issue tax invoices/self-invoices (self-invoicing)?	Do tax audits take place on a regular basis?	Are there audits done electronically in your country (e-audit)?	Does a reverse charge mechanism apply for goods or services	Are rulings and decisions issued by the tax authorities publicly available in your country?
	Monthly	No	Yes	Yes	Yes	Yes	No	No	No	No	Yes
	Monthly	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	N/A	No
	Monthly	No	No	N/A	Yes	Yes	No	Yes	No	Yes	No
	Monthly	No	Yes	No	Yes	Yes	No	Yes	Yes	No	Yes
	Monthly	No	Yes	Yes	Yes	Yes	Yes	No	No	N/A	No
	Monthly	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
	Monthly	No	Yes	No	Yes	Yes	Yes	No	Yes	Yes	Yes
	Monthly	No	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes
	Monthly	No	Yes	Yes	Yes	Yes	No	Yes	No	Yes	No
	Monthly	No	Yes	Yes	Yes	Yes	Yes (self consumption)	Yes	No	No	Yes
	Monthly	No	Yes	Yes	Yes	Yes	No	No	No	No	No

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	Types of indirect taxes (VAT/GST/other indirect taxes excluding custom duties)	Standard VAT/GST rate	Voluntary VAT/ GST registration possible for an overseas company?	Does an overseas company need to appoint a fiscal representative?	VAT/GST grouping possible?
Paraguay	VAT	10%	No	Yes	No
	Selective consumption tax	Ranges from 1% to 50%			
Peru	Impuesto General a las Ventas (VAT) and municipal promotion tax	18%	No	No	No
	Selective consumption tax	Various rates			
Puerto Rico	Sales and use tax	11.5% (4% in previously exempt services and designated professional services, effective 1 October 2015)	Yes	No	No
	Excise tax	Various rates			
	Value added tax (effective 1 April 2016 — to replace sales and use tax)	11.50%			
Sint Maarten	Turnover tax	5%	No	No	No
Suriname	Turnover tax	Ranges from 0% to 25%	Yes	No	No
Trinidad and Tobago (T&T)	VAT	VAT standard rate — 12.5% (reduced from 15% effective 1 February 2016) VAT zero-rated	Yes	Yes	Yes
	Financial services tax	15%			
	Insurance premium tax	6%			
	Hotel accommodation tax	10%			
United States	Sales or use taxes are imposed by the local jurisdictions	Ranges from 2.9% to 7.5% at state level and additional tax ranging from 1% to 5% at municipality level	Yes	No	Yes
Uruguay	VAT	22%	No	N/A	No
	Excise tax	Rates depends on goods; ranges from 10% to 133%			
Venezuela	VAT	12%	N/A	N/A	No
	Municipal taxes	Depends on the country and the type of income of the entity			
	Anti-drug tax	1%			
	Sport tax	1%			
	Science and technology tax	0.5%			

How frequently are VAT/GST returns submitted?	Can an overseas company recover VAT/GST it if is not registered for VAT/GST locally?	Are there any exemptions with the right to recover or deduct input VAT?	Are there any restrictions to the deduction of input VAT?	Is a business required to issue tax invoices (or other special invoices) for indirect tax purposes?	Is it possible to issue invoices electronically?	Is it possible for recipient to issue tax invoices/self-invoices (self-invoicing)?	Do tax audits take place on a regular basis?	Are there audits done electronically in your country (e-audit)?	Does a reverse charge mechanism apply for goods or services	Are rulings and decisions issued by the tax authorities publicly available in your country?
VAT is monthly; GST can have different periods	No	Yes	No	Yes	No	Yes	No	No	No	Yes
Monthly	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
Monthly	No	Yes	Yes	No (will apply for VAT change)	Yes (will not apply for VAT change)	Yes (will not apply for VAT change)	Yes	Planned	No (will apply for VAT change)	No
Monthly	No	No	N/A	Yes	Yes	No	Yes	No	Yes	No
Monthly	No	Determined on a case-by-case basis	Determined on a case-by-case basis	Yes	Yes	No	Yes	No	Yes	No
Every 2 months and in certain circumstances monthly	No	N/A	Yes	Yes	Yes	Yes	Yes	No	No	No
Semi-monthly, monthly, quarterly semi-annually or annually (based on revenues)	N/A	Yes	N/A	Yes	Yes	No	Yes	No	N/A	Yes
Monthly	No	Yes	Yes	Yes	Yes (for certain taxpayers in the conditions established for that purpose by applicable regulations)	No	Yes	No	Yes	Yes
Monthly	No	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes

Argentina

General	Types of indirect taxes (VAT/GST and other indirect taxes)	VAT.
	Are there other indirect taxes?	— Turnover tax. — Excise taxes. — Tax on bank accounts. — Municipal taxes. — Stamp tax.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	— VAT: 21% (standard rate) also 10.5% (among others, capital goods, meat and grains), 27% (public services such gas and electricity), 2.5% and 5% (newspapers and magazines). Exports are zero-rated. — The exempt items include books, planes and services such education, religion, and medical assistance). — Turnover tax: 0% to 5% with a 3% average rate. — Tax on bank accounts: 0.6% on every credit and debit in bank accounts. — Municipal taxes: 0% to 3%. This tax is based on sales which are attributable to the jurisdiction and/or municipality. It applies to any activity as long as there is an establishment in the jurisdiction or municipality. — Stamp tax: 1% of the total value of the contract or instrument.
	Who is required to register for VAT/GST and other indirect taxes?	Private individuals, legal entities and/or permanent establishments performing taxable activities in Argentina.

VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	No. VAT registration is not possible without a permanent establishment in Argentina. If the company (permanent establishment) performs activities in the country, VAT registration is mandatory.
	Does an overseas company need to appoint a fiscal representative?	Only in a few cases, such as international transport, in order to apply for VAT refund.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Not applicable.
	Is grouping* for VAT/GST and other indirect taxes possible?	No.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	— VAT returns: monthly. — Turnover tax returns: monthly. — Excise taxes: monthly. — Tax on bank accounts: no return needs to be submitted. Withholding tax is applied by the bank. — Municipal taxes: monthly.
	What are the exchange rate rules in your country?	If a business receives a purchase invoice in a foreign currency, it should use the latest closing day exchange rate published by the national bank. A business can issue VAT invoices denominated in a foreign currency. In this case, the exchange rate must be stated in the invoice.
VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	— VAT: no, with some exceptions (i.e. international transport). — Turnover tax: no. — Excise taxes: no. — Tax on bank accounts: no. — Municipal taxes: no.
	Are there any exemptions with the right to recover or deduct input VAT?	Yes, export of goods or services.
	Are there any restrictions to the deduction of input VAT?	Yes, there are certain items without the right to recover VAT. Input VAT related to acquisition of certain services, such as hotels, restaurants and similar expenses, is not deductible. Amounts paid on the purchase, import or rent (including leasing contracts) of automobiles can be claimed as a tax credit only if the cost of acquisition, import or market price is equal or less than 20,000 Argentina pesos (ARS) (VAT net). VAT on services rendered by bars, restaurants, hotels, garages and clothes (except uniforms) are also not recoverable.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

Invoices	Is a business required to issue tax invoices?	Yes.
	Is it possible/mandatory to issue invoices electronically?	Yes. It is mandatory for VAT registered taxpayers, with some exceptions.
	Is it possible for recipient to issue tax invoices/ self-invoices (self-invoicing)?	No, it is not possible.
Audits	Do tax audits take place on a regular basis?	No, audits take place on a random basis or when a VAT recovery request is filed.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	Yes. The Argentinean tax authorities can conduct an e-audit or a physical audit. The e-audit is done online through the website of the tax authorities where the taxpayer has to answer questions and attach the supporting documentation.
	What penalties can arise from non-compliance?	There are certain penalties for failing to fulfill formal obligations. The penalty for failing to pay VAT varies between 50% and 100% of the unpaid VAT. In cases of fraudulent practices, there are fines ranging from two to 10 times the unpaid taxes and, in some cases, imprisonment. Compensatory interest is presently at a rate of 3%.
Special indirect tax rules	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	Under local law, transfer on going concern (TOGC) is not subject to VAT if it is done within the framework of a tax-free reorganization as provided by Article 77 of the Income Tax Law (i.e. if a transfer takes place within the same economic group). In this respect, an economic group is considered to exist if at least 80% of the capital of the transferred company belongs to the owner, partner or shareholders of the transferor company.
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	Sales of goods from the mainland to the special customs area are considered an export. Hence, refunds are possible. Any activity carried out in the former Territorio Nacional de Tierra del Fuego is exempt from national taxes.
	Does a reverse charge mechanism apply in your country for goods or services?	Yes, on imports of services.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Exemption for certain localizations (VAT and municipal tax).
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes.

Aruba

General	Types of indirect taxes (VAT/GST and other indirect taxes)	— Turnover tax. — Health levy.
	Are there other indirect taxes?	Additionally, there are minor, case-specific indirect taxes, such as an excise tax, stamp duty, registration duty, transfer tax, land tax for real estate and room tax.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	— 1.5% turnover tax. — 2% health levy.
	Who is required to register for VAT/GST and other indirect taxes?	Entrepreneurs and enterprises carrying out a business, provided they are collecting revenues from the sale of goods and/or the rendering of services in Aruba.
VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	In terms of the turnover tax and health levy, the answer is no. Based on the applicable legislation, overseas companies could only register for turnover tax or health levy purposes in case the company is subject to those taxes in Aruba, meaning they are registered taxpayers. In specific cases, an overseas company might be subject to turnover tax or health levy in Aruba for services rendered or goods delivered without a presence of a permanent establishment in Aruba.
	Does an overseas company need to appoint a fiscal representative?	Not applicable.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Not applicable.
	Is grouping* for VAT/GST and other indirect taxes possible?	Yes.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Monthly.
	What are the exchange rate rules in your country?	Not applicable.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No. Aruba has a cascade tax system.
	Are there any exemptions with the right to recover or deduct input VAT?	Not applicable.
	Are there any restrictions to the deduction of input VAT?	Not applicable.
Invoices	Is a business required to issue tax invoices?	For the turnover tax, no. For the health levy, yes.
	Is it possible/mandatory to issue invoices electronically?	Electronic invoicing is possible, but not mandatory.
	Is it possible for recipient to issue tax invoices/ self-invoices (self-invoicing)?	No.
Audits	Do tax audits take place on a regular basis?	Only incidentally (i.e. based on filing of documents).
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	No.
	What penalties can arise from non-compliance?	The following administrative fines can arise: — in case the tax is not fully paid in time, a maximum of 10,000 Aruban guilders (AWG) — in case the tax is not fully paid in time on purpose or due to gross negligence, 100% of the additional tax amount that had to be paid on time. The Aruban tax authorities are not able to impose an administrative fine in case a criminal charge has started regarding the same fact.
Special indirect tax rules	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	No, except for goodwill under certain conditions based on policy.
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	The import of goods is not a taxable event for the turnover tax or for the health levy. No right to claim deduction of the turnover tax and/or health levy paid by entrepreneurs.
	Does a reverse charge mechanism apply in your country for goods or services?	No.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	If certain conditions are met, an exemption to the turnover tax and health levy may be granted to companies incorporated and established in the Free Zone of Aruba and exclusively operating in the international warehousing, distribution and production of goods and/or the delivery of non-financial international services.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	No.

Bahamas

General	Types of indirect taxes (VAT/GST and other indirect taxes)	VAT.
	Are there other indirect taxes?	— Stamp duty (stamp tax). — Business licence tax. — Real property tax.

	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	— VAT — 0% (zero-rated) and 7.5% (standard rate).
		— Stamp duty — 1% to 6% of the value of the instrument or transaction. Certain other transactions have a fixed amount such as USD0.40 per cheque or bank withdrawal.
		— Business licence — ranges from flat fee of USD100 to 3% depending on industry and total revenues.
		— Real property tax — rate varies according to market value of property and whether it is residential or commercial property. Broad exemptions also exist depending on the location, ownership and whether the property is developed or undeveloped.
		  — Residential: flat fee of USD300 up to 0.625% of market value.
		  — Commercial: 0.75% to 2.0% of market value.

	Who is required to register for VAT/GST and other indirect taxes?	— Private individuals/legal entities/permanent establishments carrying on taxable activities from within the Bahamas with annual turnover in excess of USD100,000. — Persons providing telecommunications services or electronic commerce for the use, enjoyment, benefit or advantage of persons within the Bahamas.
VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	No, VAT registration is not possible without a fixed place of abode in the Bahamas. If the company (branch) carries on taxable activities in the country in excess of the turnover threshold (USD100,000), VAT registration is mandatory. An exception to the fixed place requirement is made for non-resident persons providing telecommunications services or electronic commerce. Such persons must register if selling USD100,000 annually into the Bahamas.
	Does an overseas company need to appoint a fiscal representative?	No, but the VAT comptroller has the power to declare a representative for purposes of administration or enforcement of the act.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	VAT registrants must first obtain a Taxpayer Identification Number (TIN) prior to applying for VAT registration.

VAT/GST registration (contd.)	Is grouping* for VAT/GST and other indirect taxes possible?	Yes, for VAT. But grouping is not allowed between a resident and non-resident entity or with an entity that holds a Grand Bahama Port Authority licence.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	VAT: — monthly — annual turnover > USD5 million — quarterly — annual turnover < USD5 million — semi-annual — annual turnover < USD400,000 (optional — must apply). Stamp duty — per transaction/instrument. Business licence — annually. Real property — annually.
	What are the exchange rate rules in your country?	Not applicable.
VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No.
	Are there any exemptions with the right to recover or deduct input VAT?	Yes: — Grand Bahama Port Authority licencees — diplomatic mission or international organization, eligible staff members for certain qualifying goods or services — approved charitable organizations for certain qualifying goods or services.
	Are there any restrictions to the deduction of input VAT?	Yes, VAT on expenses or purchases related to VAT exempt income may not be recovered. Personal use items such as meals and entertainment, memberships in recreational clubs, cell phones and motor vehicles.
Invoices	Is a business required to issue tax invoices?	Yes.
	Is it possible/mandatory to issue invoices electronically?	Yes.
	Is it possible for recipient to issue tax invoices/self invoices (self-invoicing)?	No.
Audits	Do tax audits take place on a regular basis?	Yes, at the discretion of the VAT comptroller.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	No.
	What penalties can arise from non-compliance?	Penalties are classified as: — minor — serious — very serious. Any non-compliance can be subject to penalties of up to USD150,000 and/or imprisonment.
Special indirect tax rules	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	Yes. In general, the sale of shares or capital and any other company re-organization is not subject to VAT. Where a company sells its assets and liabilities (without involving a transfer of shares or capital) the sale may qualify for zero-rated status.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

Special indirect tax rules (contd.)	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	Retail businesses must display prices VAT-inclusive but show the VAT separately on their VAT sales receipts or VAT invoices. Businesses with turnover < USD1 million may use a cash method of accounting when reporting their VAT without applying for approval from the VAT comptroller. All other businesses must follow the accrual method. Businesses must self-report VAT on taxable supplies made free of charge or for less than fair value such as complementary meals or hotel rooms. Startup businesses may apply to register for VAT and file VAT returns for inputs relating to construction and start-up costs. However, the VAT refunds are not paid until such time the business commences making taxable supplies.
	Does a reverse charge mechanism apply in your country for goods or services?	Yes, on all imported services.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	A VAT deferral mechanism is available under the *Hotel Encouragement Act*. This deferral allows an approved start-up business to avoid paying VAT on imports by self-declaring the import VAT on their VAT returns and claiming input VAT at the same time.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes, VAT rules issued by the VAT comptroller have the force of law under the VAT act.

Bolivia

General	Types of indirect taxes (VAT/GST and other indirect taxes)	VAT.
	Are there other indirect taxes?	— An excise tax, impuesto al consumo especifico (ICE). — A direct tax on hydrocarbons, impuesto directo a los hidrocarburos (IDH).
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	**VAT** Standard rate: 13%*. Exemptions: 0% on exports. VAT paid in export-related purchases or expenses may be recovered through tax refund requests. For VAT-excluded or exempt transactions, VAT on expenses or purchases related to VAT-exempt income may not be computed or recovered in these instances: — financing transactions generating interest income — purchase and sales of shares, debentures, securities and credit title transactions — sales or transfers resulting from reorganizations — capital contributions — imports made by country accredited diplomats — others based on specific laws. **ICE** Cigarettes and tobacco, motor and high capacity vehicles are taxed at the ad valorem rates ranging from 10% to 55%. Alcoholic beverages are subject to a lump sum tax per liter. An additional 5% to 10% tax on the sale price of some types of beverages is levied. Not subject to ICE: — imports made by country accredited diplomats — goods taxed destined for export.
	Who is required to register for VAT/GST and other indirect taxes?	VAT: those persons, organizations and corporations that regularly sell goods, render services or undergo definitive imports and rentals. ICE: individuals, organizations and corporations that produce or import drinks, alcoholic beverages, cigarettes and vehicles. It applies to products sold by their producers (e.g. the first sale) and to importers of such goods.

* The VAT (IVA) is an integral part of the good or service price; the actual computable rate net of VAT is 14.94%. Invoices do not show VAT separately. To compute the good or service total price, the 14.94% VAT should be included in the price.

VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	Registered companies must be domiciled in Bolivia. A foreign company cannot voluntarily register for VAT if it does not have a permanent establishment in Bolivia.
	Does an overseas company need to appoint a fiscal representative?	Not applicable.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Not applicable.
	Is grouping** for VAT/GST and other indirect taxes possible?	No.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	— VAT: monthly. — ICE: monthly. — IDH: monthly.
	What are the exchange rate rules in your country?	There is a floating exchange rate. The Central Bank of Bolivia regulates and provides the exchange rates.
VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No.
	Are there any exemptions with the right to recover or deduct input VAT?	VAT paid on exports-related purchases or expenses may be recovered through a tax refund request.
	Are there any restrictions to the deduction of input VAT?	VAT on expenses or purchases related to VAT exempt income may not be recovered.
Invoices	Is a business required to issue tax invoices?	Yes.
	Is it possible/mandatory to issue invoices electronically?	Yes.
	Is it possible for recipient to issue tax invoices/self-invoices (self-invoicing)?	No.
Audits	Do tax audits take place on a regular basis?	Yes, at the discretion of the tax authority.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	Yes, in the (Sistema Integrado de Administración Tributaria (SIRAT) system, (Integrated Tax Administration System).
	What penalties can arise from non-compliance?	Tax evasion is a penal offense. There are also penalties, interest charges and exchange rate adjustments.
Special indirect tax rules	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	Yes. In general, the sale of shares or capital and any other company reorganization is not subject to VAT. In case a company sells its assets and liabilities (without involving a transfer of shares or capital), assets and liabilities might be subject to VAT.
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	Yes. In Bolivia VAT, is included in the price and not shown separately.
	Does a reverse charge mechanism apply in your country for goods or services?	No.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Goods exports and international road transport have a 0% tax rate with right of recovery.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes. They can be found at www.ait.gob.bo/busquedaresoluciones.aspx.

** By 'grouping', we mean either: a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

Brazil

General	Types of indirect taxes (VAT/GST and other indirect taxes)	There are two types of VAT in Brazil: — ICMS, imposto sobre operações relativas à circulação de mercadorias e serviços de transporte interestadual de intermunicipal e de comunicações (tax on the circulation of goods and transportation and communication services), a state sales tax — IPI, imposto sobre produtos industrializados (tax on industrialized goods), a federal excise tax.
	Are there other indirect taxes?	There are other taxes on supplies of goods or services: — ISS, imposto sobre serviços (municipal services tax) — COFINS, contribuição para o financiamento da seguridade social (social contribution for social security financing) — PIS, programa de integração social (employees' profit participation program).
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	— The ICMS standard rate is 17%. — The ICMS rate of 18% in São Paulo, Minas Gerais and Paraná states. — The ICMS rate of 19% in Rio de Janeiro. — The rate applied on interstate movements of goods may vary based on the state of destination. — The IPI is normally charged at an ad valorem rate according to the classification of the goods based on the international harmonized commodity description and coding systems. Rates range from 0% to a maximum of 330% and average at about 10%. — The ISS standard rate ranges from 2% to 5%. — The PIS and COFINS standard rates under the so-called non-cumulative regime are 1.65% and 7.6%, respectively. Please note that the importation of goods and services have different rates as well as some specific listed products.
	Who is required to register for VAT/GST and other indirect taxes?	If a business supplies goods and/or services that are subject to IPI, ICMS, ISS, PIS or COFINS in Brazil, registration is compulsory. There is no threshold below which a business is not required to account for these taxes. Businesses are required to separately register for ICMS in each state and ISS in each city where it has any kind of establishment.

VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	No. Foreign businesses are able to register for IPI, ICMS, ISS, PIS and COFINS only if they have a permanent establishment in Brazil and they perform taxable transactions in the country. This will most likely give rise to corporate income and other local tax liabilities in Brazil.
	Does an overseas company need to appoint a fiscal representative?	Only when the company has a permanent establishment.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Not applicable.
	Is grouping* for VAT/GST and other indirect taxes possible?	VAT grouping is possible for the purposes of calculating and withholding contributions for PIS and/or COFINS. Some states may offer some tax grouping (e.g. headquarter branches located within the state's territory).
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Monthly.
	What are the exchange rate rules in your country?	If a business receives a purchase invoice in foreign currency, the value of the goods needs to be converted into Brazilian currency using the exchange rate published by the Brazilian Central Bank. Businesses cannot issue VAT invoices in a foreign currency. The invoices must be issued in the local currency.
VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No.
	Are there any exemptions with the right to recover or deduct input VAT?	Not applicable.
	Are there any restrictions to the deduction of input VAT?	In general, goods, services or products do not generate a right to a credit if the final product was tax exempt. However, the legislation establishes some exceptions as far as ICMS, IPI, PIS and COFINS are concerned.
Invoices	Is a business required to issue tax invoices?	Yes.
	Is it possible/mandatory to issue invoices electronically?	Yes, in Brazil most of the companies are required by law to issue invoices electronically.
	Is it possible for recipient to issue tax invoices/ self-invoices (self-invoicing)?	As a rule, self-invoicing is not allowed except in specific situations established in the legislation.

* By 'grouping', we mean either: a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

Audits	Do tax audits take place on a regular basis?	Yes. Some taxpayers are audited monthly. However, this applies to large taxpayers. Regular taxpayers are audited, on average, once every 5 years.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	Yes. The Brazilian legislation requires that the taxpayers provide all information electronically.
	What penalties can arise from non-compliance?	The penalties range from 1% up to 150%. The regular penalty is 75% of tax due.
Special indirect tax rules	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	If a company sells its business while it is in operation, then tax cannot be levied. However, it is a requirement for this benefit that the company is sold with all its assets and inventory, without any moving of such assets. Otherwise, taxes shall be levied.
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	Yes, the indirect tax rules in Brazil are very specific. As examples, we can mention: — on sales, even if the supplier does not receive the payment from the customer, all indirect tax should be collected and paid to the tax authorities — for the supply of several goods, the ICMS tax payment is attributed to the importer or manufacturer as responsible for the tax due on operations that will occur subsequently. This transfer of responsibility for the tax payment is known as the taxpayer substitution regime — the taxation in Brazil is based on physical movement of products, not only on sales. For example, if one company has two different establishments and transfers goods between them, tax is collected by the sender and is offset as a credit by the recipient — there are some special regimes applied per sector or activity for ICMS, PIS and COFINS purposes (e.g. ICMS ST and PIS-COFINS single phase).
	Does a reverse charge mechanism apply in your country for goods or services?	No.

Special indirect tax rules (continued)	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Yes. In Brazil, there are several tax incentives. Certain supplies are exempt from ICMS, such as supplies of books, newspapers and the paper consumed in the printing of such goods, sale of fixed assets, fruits, vegetables, farm and garden produce and preservatives. The reduced IPI rate of 0% applies to, for example, live animals and animal products, plant products, chemical products, textile products and shoes. Certain supplies are exempt from IPI, such as supplies of vessels (except sporting or pleasure boats), exports, books, newspapers, periodicals and paper consumed in the printing of such products, electric energy, petroleum products, fuel and minerals belonging to the country. There are reduced rates of ISS that vary from one municipality to another. Certain supplies are exempt from ISS, such as exports of services, amounts intermediated in the bonds and securities market, the amount of bank deposits, the capital, interests and default interests regarding credit operations performed by financial institutions. Certain supplies are exempt from PIS and COFINS, such as the exportation of goods, the exportation of services with payment in convertible currency, sales of products to a commercial export company for export purpose specifically and sales of fixed assets. Finally, some Brazilian states grant ICMS benefits (reductions and exemptions) for new business.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes.

Canada

General	Types of indirect taxes (VAT/GST and other indirect taxes)	Generally, the federal Goods and Services Tax (GST) applies to taxable goods and services supplied in Canada. The Harmonized Sales Tax (HST) is a blended federal/provincial sales tax that includes a 5% federal component and a provincial component that varies from 8% to 10%. An HST applies in the provinces of Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador. The province of Québec applies its own value-added tax, the Québec Sales Tax (QST). The provinces of British Columbia, Saskatchewan and Manitoba levy provincial sales taxes, also known as retail sales taxes, in their respective jurisdictions.
	Are there other indirect taxes?	Yes. Various other indirect taxes apply in Canada, including fuel taxes, tobacco taxes, alcohol taxes and environmental levies.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	GST: 5% (0% reduced rate). HST: 13% to 15% (0% reduced rate). QST: 9.975% (0% reduced rate). PST: 5% to 8% (up to 10% on certain goods).
	Who is required to register for VAT/GST and other indirect taxes?	Generally, a person or entity is required to register and collect GST/HST if the person or entity makes taxable supplies in Canada and the value of its taxable supplies made inside or outside Canada, including taxable supplies of any associated entities, exceeds 30,000 Canadian dollars (CAD) in the last 4 calendar quarters or in a single calendar quarter. If the value of those supplies is below this registration threshold, the person or entity can choose to register voluntarily for GST/HST purposes. Once registered, the person or entity must collect GST/HST on all its taxable sales. Other special GST/HST rules apply to, among other entities, charities, taxi businesses, non-resident book and magazine publishers and a person who enters Canada and charges admission to an event (e.g. a show, concert or seminar). Similar rules apply for QST purposes. Various other rules apply for PST purposes.

VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	Yes. A non-resident company that is not required to register under the general GST/HST registration rules may voluntarily register if the company, in the ordinary course of carrying on business outside Canada:
		— regularly solicits orders for the supply by the company of goods for export to, or delivery in Canada
		— has entered into an agreement for the supply by the company:
		  — of services to be performed in Canada
		  — of intangible personal property to be used in Canada or that relates to real property situated in Canada, to goods ordinarily situated in Canada or to services to be performed in Canada.
		Similar rules apply for QST purposes.
		Other rules apply for PST purposes.

	Does an overseas company need to appoint a fiscal representative?	No.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	To register for GST/HST, a non-resident company generally must submit: — GST/HST application form (GST Form RC1 or GST Form RC1A depending on the circumstances) — documents of incorporation. A non-resident company may also be required to fill out a GST/HST questionnaire for non-residents and may want to file a request to keep books and records outside of Canada. Generally, a non-resident company that does not have a permanent establishment in Canada and that is required, or that applies voluntarily, to be registered must provide and maintain security with the Canada Revenue Agency. The required amount of security is generally between CAD5,000 and CAD1 million. Different rules apply for QST and PST registration.
	Is grouping* for VAT/GST and other indirect taxes possible?	No. GST/HST grouping for registration purposes is generally not permitted. However, special rules may apply for certain qualifying investment plans.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

<table>
<tr><td rowspan="2">VAT/GST compliance</td><td>How frequently are VAT/GST and other indirect taxes returns submitted?</td><td>Generally, for GST/HST and QST purposes, the reporting periods vary according to the total annual revenues from taxable supplies made in Canada by the particular business and any associates:
<table><tr><th>Reporting period</th><th>Total annual revenues</th></tr><tr><td>Annually</td><td>Up to CAD1.5 million</td></tr><tr><td>Quarterly</td><td>CAD1.5 million to CAD6 million</td></tr><tr><td>Monthly</td><td>Over CAD6 million</td></tr></table>
Different rules apply for PST purposes and vary by province.</td></tr>
<tr><td>What are the exchange rate rules in your country?</td><td>Generally, for GST/HST purposes, prices (i.e. consideration) expressed in a foreign currency must be converted into Canadian currency using either the exchange rate on the day tax is payable or on such other day that is acceptable to the tax authorities.</td></tr>
<tr><td rowspan="3">VAT/GST recovery</td><td>Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?</td><td>No. However, in some specific cases, the GST/HST system provides for a flow through for import GST paid by an unregistered non-resident company to certain GST/HST registered purchasers for recovery purposes. As various conditions apply, an unregistered non-resident company may wish to carefully review the rules before proceeding with this mechanism.
Also, an unregistered non-resident company may be eligible for a rebate equal to the tax paid for qualifying goods exported outside of Canada. These rebates are subject to certain conditions.</td></tr>
<tr><td>Are there any exemptions with the right to recover or deduct input VAT?</td><td>No. However, Canada provides a zero-rate of GST/HST to many qualifying goods and services which give rise to a right for the supplier to recover or deduct input tax. Common examples are qualifying exported goods and services, basic groceries and prescription medicine.</td></tr>
<tr><td>Are there any restrictions to the deduction of input VAT?</td><td>Yes. Businesses are subject to a number of GST/HST restrictions that limit their recovery of the GST/HST paid on inputs.</td></tr>
<tr><td rowspan="3">Invoices</td><td>Is a business required to issue tax invoices?</td><td>Yes. Businesses must comply with a number of tax disclosure requirements.</td></tr>
<tr><td>Is it possible/mandatory to issue invoices electronically?</td><td>Yes, it is possible to issue invoices electronically. However, the invoice must, either alone or in combination with another eligible document or documents, contain the information required for the recipient to be able to claim the input tax credit. Businesses are required to follow specific requirements for electronic records.</td></tr>
<tr><td>Is it possible for recipient to issue tax invoices/self-invoices (self-invoicing)?</td><td>Canada does not have a formal self-billing program.</td></tr>
</table>

Audits	Do tax audits take place on a regular basis?	There are no specific guidelines as to how often the tax authorities do tax audits.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	The tax authorities may request data in electronic format during an audit.
	What penalties can arise from non-compliance?	Various penalties can arise from non-compliance under the GST/HST, QST and PST systems. For example, different GST/HST related penalties may apply where the person has failed to file a return by the due date, has made a false statement or omissions attributable to gross negligence or has failed to recapture input tax credits as required. Also, interest is generally assessed on outstanding tax amounts.
Special indirect tax rules	In your country, are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	Yes. Subject to a number of conditions, a person may be able to sell certain assets of a business or part of a business without charging or collecting GST/HST where the appropriate election is filed. However, businesses must also consider various other taxes, including QST and PST, which may apply.
	In your country, are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	Yes, the GST/HST and QST include various rules such as partial rebates for certain entities, self-assessment rules for various imported supplies and specific rules for certain financial institutions and pension plans.
	Does a reverse charge mechanism apply in your country for goods or services?	Yes. Some businesses are required to self-assess GST, HST or PST on certain goods and services imported in Canada or brought into certain provinces.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Yes. Under the GST/HST and QST systems, certain supplies qualify as zero-rated supplies and are taxed at a 0% tax rate, such as basic groceries. The PST purposes, certain exemptions may apply.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Some severed interpretation letters issued by the tax authorities are available through publishers.

Caribbean Netherlands

Bonaire, Sint Eustatius, Saba (BES-islands)

General	Types of indirect taxes (VAT/GST and other indirect taxes)	General consumption tax (abbreviation in Dutch: ABB)
	Are there other indirect taxes?	— Excise taxes.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	— *Bonaire:* — standard rate for supply/import of goods: 8% — standard rate for services: 6% — insurances: 7% — export: 0%. — *Sint Eustatius and Saba:* — standard rate for supply/import of goods: 6% — standard rate for services: 4% — insurances: 5% — export: 0%. Special rates apply with regard to passenger cars.
	Who is required to register for VAT/GST?	For general consumption tax purposes: — producers who supply their produced goods in the Caribbean Netherlands for the purpose of their business against payment of compensation. In principle, producers are entrepreneurs in the Caribbean Netherlands who produce goods using raw materials or semi-finished products — entrepreneurs who render services in the Caribbean Netherlands for the purpose of their business against payment of compensation — anyone who imports goods. An entrepreneur is anyone who independently runs a business or practices a profession in the Caribbean Netherlands as well as any person who exploits an asset for the purposes of obtaining income therefrom on a continuing basis. Some entrepreneurs who have an annual turnover of USD20,000 or less may receive an exemption for the payment of general consumption tax.
	Who is required to register for Transfer tax?	The receiving party has to pay the transfer tax. The amount of transfer tax due should be added to the receiving party's tax return.
VAT/GST registration	Is voluntary registration for VAT/GST possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	No.

VAT/GST registration (contd.)	Does an overseas company need to appoint a fiscal representative?	No.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST registration?	At least the form 'starting entrepreneur' along with required attachments.
	Is grouping* for VAT/GST and other indirect taxes possible?	No.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Every 3 months.
	What are the exchange rate rules in your country?	The US dollar is the official currency of the Caribbean Netherlands.
VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No.
	Are there any exemptions with the right to recover or deduct input VAT?	No.
	Are there any restrictions to the deduction of input VAT?	Yes, in general deduction of input ABB is only possible for producers with respect to imported or purchased locally produced goods.
Invoices	Is a business required to issue tax invoices?	No, Except for the producers, there is no mandatory requirement to issue an invoice for ABB.
	Is it possible/mandatory to issue invoices electronically?	Yes possible, not mandatory.
	Is it possible for recipient to issue tax invoices/ self invoices (self-invoicing)?	No.
Audits	Do tax audits take place on a regular basis?	Yes, approximately every 5 years.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	No.
	What penalties can arise from non-compliance?	There are two different types of penalties: The first type is a default penalty and applies when: 1) the tax return is not filed in time (max. penalty of USD1,400); or 2) the tax due is (wholly or partly) not paid within the specified period (max. penalty of USD5,600). The second type is an offense penalty and applies when tax is not (fully) paid in time due to deliberate intent or gross negligence of the taxpayer. The maximum penalty is then 100% of the tax due. Furthermore, in specific cases criminal penalties or imprisonment could be the consequence of non-compliance.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

Special indirect tax rules	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	Yes, this situation is exempt from ABB.
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	In principle, the ABB is levied based on a cumulative cascade system. There are special rules with regard to the construction of immovable property.
	Does a reverse charge mechanism apply in your country for goods or services?	Yes.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Bonded warehouse for goods and services, with extraordinary possibilities.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	No.

Chile

General	Types of and other indirect taxes (VAT/GST and other indirect taxes)	VAT.
	Are there other indirect taxes?	— Additional tax on luxury goods. — Additional tax on alcoholic beverages. — Additional tax on non-alcoholic beverages with and without high sugar levels. — Specific tax on gas and diesel supplies. — Tobacco tax. — Additional tax on emissions.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	— VAT: single rate of 19%. — Additional tax on luxury products: VAT plus 15% (in some cases 50%). — Additional tax on non-alcoholic beverages: VAT plus 10% or 18% (for beverage with high sugar levels). — Additional tax on alcoholic beverages: VAT plus a tax rate of 20.5% and in some cases, 31.5%. — Specific tax on gas and diesel supplies: gas 6 UTM/m3 (USD400 approximately), diesel 1.5 UTM/m3 (USD100 approximately), plus VAT. — Tobacco tax: VAT plus tax rate ranging between 52.6%, 59.7% and a fixed amount of USD0.069 plus 30% of the value, per cigarette. — Additional tax on emissions: new, lightweight and medium, motorized vehicles pay a specific onetime tax, under a fixed formula. There are no reduced rates. It is possible to distinguish four types of operations: out of the scope, exempt without right to recover input VAT, exempt with the right to recover input VAT and exempt operations where VAT recovery is not relevant. **Operations out of scope:** These operations are not subject to VAT and taxpayers performing them cannot deduct input VAT (e.g. sale of some immovable properties, but only until 1 January 2016; services rendered and used abroad). **Exempt operations where VAT recovery is not relevant:** These operations are VAT exempt, however since they are performed by non-residents or there is no input VAT involved, the recovery of VAT is not an issue.

General (contd.)	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes? (Contd.)	Any person or entity who sells, on a regular basis, tangible movable goods, and immovable property from 1 January 2016 onward, and: — construction companies that sell tangible immovable goods that were completely or partially built by itself (until 1 January 2016) — any person or entity who provides services levied with VAT.
	Who is required to register for VAT/GST and other indirect taxes?	There is no special registration for VAT purposes. Nevertheless, there is an obligation for all taxpayers to obtain a taxpayer identification number (RUT), register with the Chilean Tax Administration (SII) and file with the SII a notice of commencement of activities. Such registration not only includes VAT taxable persons, but all other types of taxpayers and/or taxable persons that may be subject to Chilean tax laws as well (including income tax, VAT and others). These obligations also apply to a Chilean branch or permanent establishment in Chile of a non-resident taxpayer.
	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	No, overseas companies cannot register voluntarily for the sole purpose of recovering VAT. In order to obtain a tax registration the overseas companies should set up a PE or incorporate a branch or affiliate in Chile. The PE or the entity incorporated will become a Chilean taxpayer for all Chilean taxes.
	Does an overseas company need to appoint a fiscal representative?	Yes, overseas companies obtaining a tax registration, as described above, should appoint a fiscal representative. This person should have a domicile or residence in Chile.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Applications for registration of a PE or local entity should be submitted by filing Forms 4415.1 and 4418.In addition to the forms, the following documentation must be provided: — incorporation documents of the legal entity, translated if not in Spanish and duly legalized — certificate of good standing of the legal entity, translated if not in Spanish and duly legalized — identification of the company's representative in Chile and documents evidencing the powers of attorney granted to the representative (translated and legalized).
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration? (Contd.)	— Ownership title, lease agreement or other title related to the address used by the company in Chile.
	Is grouping* for VAT/GST and other indirect taxes possible?	No.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Monthly, in some special cases bimonthly.
	What are the exchange rate rules in your country?	The tax authority can authorize certain companies to carry accounting in foreign currency. Those authorized companies may apply to an authorization to file some or all their taxes, make payments or request a refund in the event of a credit balance of the applicable taxes, in such foreign currency. Invoices issued by Chilean taxpayers should always be issued in Chilean currency (pesos), notwithstanding the possibility to express the foreign currency values, indicating the exchange rate used to convert into Chilean pesos, which corresponds to the effective rate for the day of issuance of the respective invoice.
VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No.
	Are there any exemptions with the right to recover or deduct input VAT?	Yes, special provisions contained in the VAT legislation allow the VAT recovery regarding certain exempt operations, such as: — exportation of goods — services provided to non-residents accepted as an exportation by the customs authority — sale of goods to foreign airplanes and ships making international transportation — international transportation services. In these cases the law also provides the possibility of a refund of the input VAT paid. This refund could be requested on a monthly basis for the VAT paid in the previous month.
	Are there any restrictions to the deduction of input VAT?	Yes, the general rule is that taxpayers carrying out exempt operations cannot recover input VAT, such as: — some insurance transactions — financing operations not related to the sale of goods or services — educational services — some health services — transportation of persons.
Invoices	Is a business required to issue tax invoices?	Yes, in most cases.
	Is it possible/mandatory to issue invoices electronically?	Yes, it is possible.
	Is it possible for recipient to issue tax invoices/self-invoices (self-invoicing)?	As a general rule, self-invoicing is not allowed. However, in some very specific and particular cases, the VAT law and the Chilean tax authorities have allowed issue purchase invoices, thus allowing self-invoicing only for such cases.

Audits	Do tax audits take place on a regular basis?	There is no regular basis schedule for tax audits. They depend on the audit planning, which is established by the tax authorities and based on taxpayers' behavior. Taxpayers deemed 'large business taxpayers' are audited more frequently, at least once per year.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	No.
	What penalties can arise from non-compliance?	The penalty varies depending on the noncompliance or the breach to the tax legislation. Penalties may be established as a fine on a fixed amount or determined on a percentage of the corresponding tax due (e.g. a rate ranging between 5% to 300% of the tax due), or even temporary closing of the business or imprisonment.
Special indirect tax rules	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	The transfers resulting from business reorganizations (mergers or spinoffs) and the transfer of a business structured as a share transfer deal are not subject to VAT. The sale of a going concern is subject to VAT when it includes the transfer of movable personal property and/or real estate constructed by a construction company, but only on the value of such goods.
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	No, but Chilean VAT is characterized by a flat tax rate, few VAT exemptions and low chances for the foreign taxpayer to recover VAT. VAT compliance is based on an input VAT/output VAT offset mechanism with carry-forward of excess input VAT. With few exceptions there is no cash refund of excess input VAT credit (principal exceptions available for exporters and VAT incurred on the acquisition of fixed assets). As a general rule, excess input cannot be offset with other taxes, except if the taxpayer closes his business and gives notice of end of activities to the tax authority. In that case, the input credit balance may be offset against the corporate income tax (first category tax) payable for the same year.
	Does a reverse charge mechanism apply in your country for goods or services?	Yes, only in certain cases provided by law, or ruled by the tax authorities (e.g. the buyer should withhold the VAT regarding the sale of some agricultural products and where the seller or service provider is not a Chilean resident).
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Yes, there is the possibility to request a refund of the VAT credit generated on the purchase of goods that form part of the taxpayer fixed assets, provided the VAT credit was accumulated in a period of six or more months.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes, they are available at the following link: www.sii.cl/pagina/jurisprudencia/legis.htm

Colombia

General	Types of indirect taxes (VAT/GST and other indirect taxes)	VAT.
	Are there other indirect taxes?	Excise tax, financial tax, Gravamen a los Movimientos Financieros (GMF) (financial transactions tax) and registry tax.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	— VAT: 16% (standard), 5% and 0%. — National excise tax: 4% (mobile phone service), 8% (vehicles which free on board (FOB) value is less than USD30,000, restaurants, bar and clubs services) and 16% (vehicles which FOB value is equivalent or greater than USD30,000). — Regional excise duty: on alcoholic beverages, the rate is determined in local currency, Colombian peso (COP) based on the alcoholic grade of the beverage and progressively on each alcoholic grade; on cigarettes, 55%; on beer, 48%; and on beer mixtures, 20%. — Financial tax: 0.4% (a progressive reduction would take place as of 2019). — Registry tax: 0.3% to 1%.
	Who is required to register for VAT/GST and other indirect taxes?	**VAT** — Individuals and entities rendering taxable supplies of goods and/or services in Colombia. — Importers of goods. — In the sale of aircrafts: the traders and the occasional sellers of such goods. — The purchaser of goods or services from certain providers (e.g. small entrepreneurs or regimen simplificado) or only the purchaser of services from foreign entities. — The Colombian entity or individual that hired foreign companies or individuals providers of services or goods levied with the tax. **National excise tax** — Individuals and entities rendering taxable supplies of goods and/or services. — Importers of goods. **Excise duties** — Producers and importers of cigarettes, alcoholic beverages, beer and beer mixtures. **Financial tax** — The financial entities are the withholding agents. **Registry tax** — The registration offices act as the tax collector. — Chambers of commerce act as the tax collector.

VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	Companies without domicile or residence in Colombia selling goods from overseas or rendering services to local customers are not responsible for VAT. In the case of entities or individuals rendering taxable services from abroad or within Colombia, the VAT will be accrued by the customer (purchaser) via a reverse charge mechanism.
	Does an overseas company need to appoint a fiscal representative?	A foreign company selling goods abroad or rendering taxable services from (or in) Colombia without a domicile is not required to appoint a fiscal representative. Foreign entities selling goods in Colombia on a regular basis must incorporate a permanent establishment (e.g. branch office) or a subsidiary for such purposes.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	A local permanent establishment (i.e. a branch office) or a subsidiary will have to obtain the tax registry from the tax authorities. The tax registry would be obtained after incorporation, provided the entity fulfills the requirements established in such regards.
	Is grouping* for VAT/GST and other indirect taxes possible?	No.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	— VAT returns are filed and VAT due is paid every 2 months, quarterly or annually depending on the previous year's earnings. — VAT accrued base on reverse charge mechanism (taxable operations executed by a taxpayer covered by the simplified regime or taxable services rendered from abroad or within Colombia by a foreign entity or individual without domicile or residence in Colombia) must be declared and paid by the customer through a monthly withholding tax return. — Excise tax returns are filed and excise tax paid every 2 months. — Regional excise duties are filed and paid every 15 days. However, there is a special period in regards to cigarettes and produced snuff. — Registry tax must be paid immediately after each transaction.
	What are the exchange rate rules in your country?	Transactions in foreign currencies must be converted to Colombian pesos and the VAT must be paid in the local currency. The Colombian Central Bank (Banco de la Republica) regulates the exchange system. However, the rates are based on the offer and demand of the market.
VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No. There are not any exceptions since only the registered taxpayers are entitled to recover or deduct the input VAT.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

VAT/GST recovery (continued)	Are there any exemptions (sale of goods to a free trade zone and exportations) with the right to recover or deduct input VAT?	Yes. Certain VAT exemptions have the right to recover input VAT, provided several requirements are met.
	Are there any restrictions to the deduction of input VAT?	— The VAT paid on the acquisition of goods and services for the production or marketing of excluded goods is not recoverable as input VAT. — The VAT paid on the purchase or importation of fixed assets. When the goods and services that give right to the discount are intended for taxable, exempt and excluded from the VAT operations, they may only be taken as a proportional part discount.
Invoices	Is a business required to issue tax invoices?	Yes, except when providers belong to the VAT simplified regime (applicable to individuals, not entities).
	Is it possible/mandatory to issue invoices electronically?	It is possible when requirements are met, but not mandatory.
	Is it possible for recipient to issue tax invoices/self-invoices (self-invoicing)?	No, except in the event of goods or services provided by an individual covered by the simplified regime (small entrepreneurs). The recipient (company) must issue and keep a document equivalent to an invoice. In the case of use of inventories for the taxpayers' own use, the tax authority has also stated that the taxpayer shall issue an invoice.
Audits	Do tax audits take place on a regular basis?	No, audits are random. They are generally triggered by a VAT refund request submitted by the taxpayer.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	No.
	What penalties can arise from non-compliance?	The delay penalty is 5% of the amount due per month or fraction of delay plus default interests. The penalty would be increased to 10% if the outstanding return is filed after being summoned by the tax authority. Should the taxpayer not file the returns after being summoned, the non-compliance penalty will be equivalent to 10% of the gross revenues (among other parameters, the inaccuracy penalty is 160% of the difference between the tax or balance in favor assessed by the taxpayer and the amount established by the tax authority).
Special indirect tax rules	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	In Colombia, there is no specific relief applicable to the sale of a company. Therefore, this operation should be analyzed as a sale of assets and liabilities. Thus, for VAT purposes, the sale of fixed assets and intangibles are not subject to VAT. However, inventories involved in such a sale would be taxable.
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	Yes. The general rule indicates that the services physically rendered in Colombia are subject to VAT. Nevertheless, some exceptions are provided regarding services rendered from abroad by non-residents to users or recipients located in Colombia, such as auditing, consulting, advisory and licensing of intangible goods, which are considered to be rendered in Colombia and therefore levied with VAT.

Special indirect tax rules (continued)	Does a reverse charge mechanism apply in your country for goods or services?	Yes. The Colombian entity benefited by taxable services rendered by non-residents, either from abroad or within the Colombian territory, will be responsible for the VAT generated via the reverse charge mechanism. This means that the VAT due on the services received will have to be self-assessed, declared and paid by the Colombian entity in the relevant monthly withholding tax return. Therefore, no amount will be withheld as VAT upon payments made to a supplier abroad. The Colombian entity will be entitled to deduct the self-assessed tax as input VAT if it is related to operations subject to VAT or exempted from the tax and the goods or services constitute a cost or expense for income tax purposes.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	— Reduced tax rates are expressly indicated (e.g. health, complementary and prepaid services). — The introduction of merchandise from overseas to a Free Trade Zone is not considered an import as long as it remains within such zone. Therefore, it is not subject to VAT. — The sale of goods from the Colombian territory to an industrial user of services or goods established in a Free Trade Zone are zero-rated provided these goods are necessary for the development of the business objective of the industrial user. **VAT benefits on importations** — Payment of the VAT in installments: In importation of heavy machinery for basic industries and provided that the respective machine´s cost, insurance and freight (CIF) value is greater that USD500.000, the taxpayers will be allowed to pay the VAT caused by the importation in 3 installments: 40% with the importation return and the other 60% in two equal installments within the following 2 years. A payment agreement shall be signed with the tax authority for this purpose. — Corporate tax credit: Taxpayers are be able to use as a tax credit the VAT paid in the importation of heavy machinery for basic industries in the year in which the respective VAT is paid and in the following years. It is important to point out that said benefits would be applicable only in the case of ordinary importations of machinery (i.e. not temporary importations).

Rulings	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays) (continued)?	— Importations not subject to VAT: The temporary importation of heavy machinery for basic industries is not subject to VAT provided that there is no production of the respective goods in Colombia. It should be highlighted that mining, hydrocarbons, heavy chemicals, iron and steel are considered as basic industries (among others). — Corporate tax credit of two points of the VAT: In the event that conditions for the above-mentioned benefits are not met, taxpayers would still be able to use a tax credit two points of the VAT paid in the importation to the extent that the respective equipment can be classified as a capital good and that the importation causes VAT at the 16% rate.
	Are rulings and decisions issued by the tax authorities publicly available in your country?	Rulings are publicly available. However, rulings in Colombia do not cover particular or specific situations of the taxpayers, but are general interpretations of the tax law. Rulings are not mandatory for taxpayers, although can be used to support its operations with the tax authority.

Costa Rica

General	Types of indirect taxes (VAT/GST and other indirect taxes)	VAT.
	Are there other indirect taxes?	Excise taxes and some specific taxes (e.g. fuel, cement and alcohol).
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	13% is the standard rate for VAT with reduced rates of 0%, 5% and 10%. Excise taxes range typically between 10% and 50%. Reduced VAT rates are applicable on: — wood: 10% — residential electricity: 5%. There are exempt supplies with right to recover input VAT, but only regarding the VAT paid for inputs and raw materials that are physically incorporated in a zero-rated good or service. In general, input tax is not deductible for overhead expenses. The category of exempt items includes nearly 200 different basic products, such as food and other necessities (based on a concept of 'basic basket' or canasta basica). Exports of goods are also exempt, as well as the re-importation of merchandise of Costa Rican origin, occurring within the 3 years following their exportation. There are no zero-rated items for excise tax purposes.
	Who is required to register for VAT/GST and other indirect taxes?	A legal entity should be registered as a VAT taxpayer when it sells goods or provides services that are subject to VAT in the local market on a regular basis. There are no thresholds for VAT registration. However, there are several methods providing for an exemption/suspension/reimbursement of VAT, usually in connection with re-export of the goods or with the production of goods sold locally under VAT exemption. In order to register as a VAT taxpayer, it is necessary to have a local presence able to conduct taxable transactions within Costa Rica. This implies either a permanent establishment or the incorporation of a subsidiary/branch/corporation in Costa Rica. Regarding excise taxes, individuals or entities that assemble or manufacture goods above an amount of 2 million Costa Rican colóns (CRC) in market value a year are required to register as a taxpayer.

VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	An overseas company can register as a VAT taxpayer when: — it sells goods or provides services that are subject to VAT in the local market on a regular basis — it is an importer of merchandise subject to VAT. This activity should be performed through a branch, an agency or a representative with general power of attorney or a subsidiary.
	Does an overseas company need to appoint a fiscal representative?	Foreign entities are not allowed to register for VAT in Costa Rica. Only permanent establishments, local subsidiaries/branches/corporations engaged in regular trading of goods or the provision of services subject to VAT are allowed to register as such. Permanent establishments are treated as any other local taxpayer and therefore are subject to ordinary tax obligations. In order to comply with these obligations, it is expected that the permanent establishment will have a fiscal representative with authority to file income tax returns, respond to inquiries by the tax authorities and to file the registration as a VAT taxpayer.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Not applicable.
	Is grouping* for VAT/GST and other indirect taxes possible?	No.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	VAT and excise tax returns: monthly.
	What are the exchange rate rules in your country?	In accordance with Resolution 26-2006 issued by the Director of the Tax Administration, transactions in foreign currency must be recorded at the reference exchange rate determined by the Central Bank of Costa Rica. When debts are settled or receivables are recovered, the taxpayer may use the exchange rate determined by the entity it prefers.
VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No.
	Are there any exemptions with the right to recover or deduct input VAT?	Yes, the sale of zero-rated goods allows the right to recover input VAT.

* By ‘grouping’ we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

VAT/GST recovery (continued)	Are there any restrictions to the deduction of input VAT?	Input VAT incurred in relation to services not subject to VAT is not recoverable (e.g. exempt goods and services). The Costa Rican system is not a classic VAT system because most goods, and only certain services, are taxed. Furthermore, when manufacturing taxable goods and services, the taxpayer can only credit the VAT paid for inputs, services and raw materials physically incorporated in the good being manufactured or the service being furnished. Otherwise, a VAT credit is not allowed for other costs incurred. Input VAT paid for goods or services used in the commercialization or distribution of goods or of exempt services may also be recovered.
Invoices	Is a business required to issue tax invoices?	Yes.
	Is it possible/mandatory to issue invoices electronically?	Yes. However, in order to issue electronic invoices, the taxpayer must comply with the requirements stated in Directive of the Tax Administration Number 02-09 dated 9 January 2009. Tax authorities have authorized the use of vouchers under certain conditions.
	Is it possible for recipient to issue tax invoices/ self-invoices (self-invoicing)?	No.
Audits	Do tax audits take place on a regular basis?	Only large taxpayers are subject by law to tax audits at least once every 4 years. Other taxpayers are not (in principle) subject to regular tax audits.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	Audits are not done electronically in Costa Rica.
	What penalties can arise from non-compliance?	Penalties for non-compliance may range from fines (50% of the applicable tax) to imprisonment.
Special indirect tax rules	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	A sale of the assets (fixed or intangibles) of a going concern is not subject to the sales tax because such goods are not acquired for the purpose of resale or industrialization within the country and hence are not considered taxable merchandise for VAT purposes. Inventories transferred as part of the sale of a going concern are not subject to VAT as long as the purchaser is also a VAT taxpayer (not a final consumer). Used or secondhand goods where the owner did not recover the VAT paid upon purchase are not taxable upon sale.

Special indirect tax rules (continued)	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	Yes. The Costa Rican VAT (known as sales tax) does not work as a classic VAT system in which the tax paid in the previous stage of the sale chain (or paid at customs when importing the goods) can be credited to partially offset the VAT liability of the reseller. Another case is when a company has to buy goods subject to VAT to produce an exempt good or service. In that case, the taxpayer would be unable to credit the VAT previously paid but may request an authorization from the tax authorities to purchase those inputs or acquire those services exempt from VAT. Therefore, as Costa Rica has a non-classic VAT system, expenses related to only partially taxable business can be deducted, only to the extent that these expenses relate to services and raw materials physically incorporated in the good being manufactured or the service being furnished subject to VAT and provided that they are not listed in those excluded by Article 11 of the VAT law. According to Article 11 of the VAT law, the following should be excluded from the taxable base: — discounts acceptable and normally used under ordinary trading practices if separately indicated in the purchase invoice — the value on services rendered in connection with the sale of taxable goods, as long as they are furnished by third parties and are invoiced and recorded separately in the accounting registers — financial expenses invoiced and recorded separately in the accounting registers.
	Does a reverse charge mechanism apply in your country for goods or services?	No.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	VAT legislation allows taxpayers under specific circumstances to request the authorized purchase system. Through this system the VAT liability on importation may be avoided. The related regulation states that the tax administration might authorize free VAT purchases when it is not possible or it is difficult for taxpayers to offset the VAT credit that otherwise would have been generated against their pending VAT liabilities. This authorization is limited to specific cases.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes. They can be accessed at: http://www.pgr.go.cr/scij/

Cuba

General	Types of indirect taxes (VAT/GST and other indirect taxes)	Cuba does not have a VAT system. A sales tax (impuesto sobre la venta) applies to goods destined for use and/or consumption. There is also an indirect tax that is levied on revenues (impuesto sobre los servicios) realized with rendering of services in Cuba. The rendering of services should be in Cuba to constitute a taxable event for this indirect tax.
	Are there other indirect taxes?	Yes, excise duty (impuesto especial a productos y servicios) on certain goods such as alcohol, cigars, cigarettes etc.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	A 2% tax is applied on wholesale sales, 10% tax on retail sales and 10% rate on services. The tax rates for the excise duties are to be specified in the annual budget law. Information regarding the rates is not provided in the law or in its related regulations and is therefore not yet available.
	Who is required to register for VAT/GST and other indirect taxes?	The persons and entities that are subject to the concerning taxes.
VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	No regulations have been promulgated in this respect yet.
	Does an overseas company need to appoint a fiscal representative?	Yes, if it has a permanent establishment.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	No regulations have been promulgated in this respect yet.
	Is grouping* for VAT/GST and other indirect taxes possible?	No regulations have been promulgated in this respect yet.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Taxpayers are required to submit monthly tax returns.
	What are the exchange rate rules in your country?	The tax return can be filed either in Cuban peso (CUP) or in Cuban convertible peso (CUC).

*By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No regulations have been promulgated in this respect yet.
	Are there any exemptions with the right to recover or deduct input VAT?	Not applicable since there is no VAT system in Cuba.
	Are there any restrictions to the deduction of input VAT?	Not applicable.
Invoices	Is a business required to issue tax invoices?	Not applicable.
	Is it possible/mandatory to issue invoices electronically?	Not applicable.
	Is it possible for recipient to issue tax invoices/ self invoices ('self-invoicing')?	Not applicable.
Audits	Do tax audits take place on a regular basis?	The statute of limitation for a tax audit is 5 years.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	Not applicable.
	What penalties can arise from non-compliance?	Fixed amounts ranging from CUP350 to CUP10,000 or up to 30% of the tax due.
Special indirect tax rules	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	There are no particular regulations.
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	Not applicable.
	Does a reverse charge mechanism apply in your country for goods or services?	Not applicable.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Yes, incentives for foreign investments.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	No.

Curaçao

General	Types of indirect taxes (VAT/GST and other indirect taxes)	Sales tax.
	Are there other indirect taxes?	— Real estate transfer tax. — Real estate tax (land property tax, OZB or onroerendezaakbelasting). — Excise taxes. — Stamp duty and registration duty. — Room tax.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	Sales tax: 6%: — insurance and accommodation: 7% — certain goods and services: 9%. Real estate transfer tax: 4%.
	Who is required to register for VAT/GST?	Entrepreneurs carrying out a business, provided they are collecting revenues from the sale of goods or the rendering of services in Curaçao. Upon request, entrepreneurs may be exempt from turnover tax provided that the turnover in the preceding year is less than 30,000 Netherlands Antillean guilders (ANG) (not applicable for certain real estate activities). Upon request, sales tax on the import of goods used for packaging or manufacturing of exported goods can be deducted.
	Who is required to register for Transfer tax?	None of the parties. The amount of real estate transfer tax due is collected by the notary public and paid by the notary public to the tax collector. The purchaser of the real estate carries the tax burden.
VAT/GST registration	Is voluntary registration for VAT/GST possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	No. Based on the applicable legislation, overseas companies may only register for sales tax purposes in cases that the company is subject to sales tax in Curaçao.
	Does an overseas company need to appoint a fiscal representative?	No.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST registration?	A formal request. It is only required to include general information in the respective form: — incorporation documents of the legal entity — identification of directors and officers of the legal entity — information concerning the address of the entity within Curaçao — business activity.

VAT/GST compliance	Is grouping* for VAT/GST and other indirect taxes possible?	No.
	How frequently are VAT/GST and other indirect taxes returns submitted?	Monthly.
	What are the exchange rate rules in your country?	Each year, the tax authorities publish an overview of the average exchange rate of 1 year regarding several foreign currencies. However, the taxpayer is also allowed to use the exchange rate of the payment/receipt date. The ANG is linked to the US dollar (USD1=ANG1.78).
VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No.
	Are there any exemptions with the right to recover or deduct input VAT?	No.
	Are there any restrictions to the deduction of input VAT?	Not applicable. In principle, there is no right to deduct sales tax.
Invoices	Is a business required to issue tax invoices?	Yes.
	Is it possible/mandatory to issue invoices electronically?	Yes, it is possible, but not mandatory.
	Is it possible for recipient to issue tax invoices/ self-invoices (self-invoicing)?	No.
Audits	Do tax audits take place on a regular basis?	Yes, approximately every 5 years.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	No.
	What penalties can arise from non-compliance?	There are two different types of penalties. The first type is a default penalty and applies when: 1) the tax return is not filed on time (maximum penalty of ANG2,500) 2) the tax due is (wholly or partially) not paid within the specified period (maximum penalty of ANG10,000). The second type is an offense penalty and applies when tax is not (fully) paid in time due to deliberate intent or gross negligence of the taxpayer. The maximum penalty is then 100% of the tax due.
Special indirect tax rules	In your country, are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	Yes, an exemption is applicable based on a general decree.
	In your country, are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	In general, there is no right to claim deduction of sales tax paid by entrepreneurs.
	Does a reverse charge mechanism apply in your country for goods or services?	Yes.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Yes, the law contains a number of exemptions.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	No.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

Dominican Republic

General	Types of indirect taxes (VAT/GST and other indirect taxes)	**VAT** VAT in Dominican Republic is known as a tax on the transfer of industrialized goods and services (impuesto a la transferencia de bienes industrializados y servicios or ITBIS). As its name suggests, this tax is applicable on the transfer of industrialized goods, whether domestic or imported, imports and the rendering or leasing of certain services as long as these are received within the country. Individuals and corporations engaging in any of the referred economic activities are deemed taxpayers under the scope of the ITBIS law, unless expressly exempted. The aforementioned rule is to be applied regardless of the taxpayer possessing a permanent establishment in the country or lacking registration before the Dominican tax authorities. The Dominican tax code establishes a list of products generally exempted from ITBIS, such as agricultural goods, livestock, certain types of food, fuel, educational materials and medicines. On the other hand, education, culture health care, electricity and financial services, among others, are also exempt from ITBIS. Exports are zero-rated. The taxable base of ITBIS in the transfer of goods, whether at a price or freely disposed, shall be the net transfer or fiscal worth of the item, plus costs of any accessory services in connection thereof, in addition to any applicable excise tax and offset by any offered discounts. In the case of imports, the taxable base shall be the cost, insurance and freight (CIF) price of the imported goods, plus customs duties and the excise tax, if applicable. Concerning the rendering of a service, the taxable base shall be equal to the price charged, whether paid as lump sum or installments, offset by any tip, if applicable.

General (continued)	Are there other indirect taxes?	**Excise Taxes** Excise taxes are levied on the acquisition, consumption or import of certain goods and services as listed by the Dominican tax code. Two main types of excise taxes coexist in the Dominican Republic, namely: the selective consumption tax (impuesto selectivo al consumo or ISC) and the selective ad valorem tax (impuesto selectivo ad valorem). In general, the referred taxes apply to tobacco products, such as cigarettes or cigars, gasoline, alcoholic beverages, telecommunication services, the usage of checks as well as the entering into insurance premiums. Except for telecommunication services, excise taxes shall be accounted toward determining the taxable base of ITBIS. — ISC: This tax burdens principally the transfer of certain domestic goods at the level of the manufacturer, the transfer or import of certain restricted goods and the rendering or leasing of a series of services as described in the Dominican tax code. — Ad valorem: Without prejudice of the ISC levying certain economic activities, the ad valorem functions as a secondary excise tax burdening the consumption or import of certain goods, such as tobacco products, alcoholic beverages, oil products, hydrocarbons and certain others goods considered by law as luxury assets.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	**VAT** The standard rate is 18%. Please note there is a reduced rate of 13% on selected goods. In 2016, this rate will increase up to 16%. In the case of imports, selected raw materials will be taxed at a reduced rate of 1%. **Selective tax on consumption** Consumption tax is imposed on a series of articles considered as 'luxury items'. Each product is imposed with a percentage determined by law, including: — products derived from alcohol: specific amounts depending on the number of absolute alcohol grade — products derived from tobacco: depending on specific amounts of cigarettes and cigars, 130% — goods for use and final consumption (beers, wines, perfumes, derivatives of tobacco, diamonds, bijouterie, air conditioners, electronics, motor vehicles, guns, etc — benefit from and allocation of communication services of long distance (national and international) rate 10%, insurance with rate of 16% — vehicles with special engines, golf carts 20%.

General (continued)	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes (continued)?	**Ad-valorem** Additional taxes imposed on alcohol and derived from tobacco are established. The levy is 20% for tobacco and 10% on alcoholic drinks on the retail-selling price of these products.
	Who is required to register for VAT/GST and other Indirect taxes?	**VAT** In general, individuals, corporations, look-through entities or an economic unit doing business in the Dominican Republic, whether domestic or foreign, regardless of its legal capacity or place of domicile are considered taxpayers subject to ITBIS to the extent they transfer industrialized goods; import goods; render taxed services; or perform a commercial activity deemed taxable under the scope of the ITBIS´s regulation and general rulings. **Excise Taxes** As with ITBIS, to the extent these produce or manufacture goods burdened by this tax or act as the last party in the chain of production of the good in which the latter is either finished or acquires its individuality, as defined in the tax code; import goods burdened either by the ISC or the ad valorem; and render services levied by the ISC or the ad valorem.
VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other Indirect taxes registration threshold)?	Dominican tax law does not provide a taxable turnover or threshold in connection with the registration of a taxpayer for the purposes of fulfilling its ITBIS liabilities. Therefore, any taxpayer subject thereto shall file its correspondent ITBIS return on a monthly basis following the start of operational or business activities, whether it is a foreign or domestic taxpayer. However, Dominican tax authorities have implemented a new simplified procedure in favor of small- to medium-sized businesses, based in sales or income, whereby the monthly ITBIS liabilities, as well as the amount of returns to be filed, are considerably reduced.
	Does an overseas company need to appoint a fiscal representative?	Dominican tax law requires all companies and taxpayers, whether foreign or domestic, to appoint a legal representative or register a contact person before the tax authorities. Any liability or tax issue that arises may be effectively dealt with by means of a legal representative or an agent.
	Is grouping* for VAT/GST and other indirect taxes possible?	Dominican tax law does not allow the filing of ITBIS´ consolidated returns. However, the tax authorities may either disregard or rule as an economic unit the presence of an individual or several legal entities on certain transactions when used to secure a tax advantage or as a sham.

* By "grouping" we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

VAT/GST compliance	How frequently are VAT/GST and other indirect tax returns submitted?	**VAT** Each ITBIS return is to be submitted along with the payment on a monthly basis. The deadline is the 20 day of the month following the tax period contained in such. The filing of the ITBIS return is mandatory by law whether or not a liability is due by the taxpayer. **Excise Taxes** Should ISC or ad valorem arise from the transferring of a good or the rendering of a service, any tax returns, along with its corresponding payment, shall be submitted on a monthly basis. The deadline is the 20 day of the month following the tax period contained in such. In the case of imports, any ISC or ad valorem liability that arises shall be paid jointly with the custom duties as set forth in the applicable regulations.
	What are the exchange rate rules in your country?	The Dominican Republic has a free currency exchange market. A foreign company is not required to obtain government approval either to invest or to do business in the country. The Dominican Central Bank, upon requirement of a foreign company through a relatively simple administrative procedure issues a Certificate of Foreign Investment Registration. The latter constitutes the sole requirement for a foreign individual or company to freely buy foreign currency in commercial banks for the purpose of repatriating dividends or profits earned locally.
VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	Only locally registered taxpayers are allowed to recover ITBIS in the Dominican Republic, whether as a credit or a refund. A recovery is not allowed in any form concerning a tax liability paid in connection with the ISC or the ad valorem.
	Are there any exemptions with the right to recover or deduct input VAT?	Yes. ITBIS and excise taxes incurred by real estate developers, producers of exempted goods and services, registered exporters and for the purposes of renovating industrial machinery may be both offset and registered as costs of the referred business, carried forward or reimbursed, as applicable. The referred fiscal treatment is subject to the taxpayer complying with a set of special regulations in connection therewith.
	Are there any restrictions to the deduction of input VAT?	No.

Invoices	Is a business required to issue tax invoices?	Yes. In Dominican Republic, all companies or business entities charging any sort of taxes to its sales or services must issue tax invoices which shall include: — the official and unique tax number assigned by the tax authorities to every invoice (NCF) — the taxpayer's official identification number — any amount of ITBIS or other indirect tax paid.
	Is it possible/mandatory to issue invoices electronically?	Yes. Invoices may be issued electronically. Be advised that these will also be subject to meeting the same conditions, as mentioned above.
	Is it possible for recipient to issue tax invoices/self-invoices (self-invoicing)?	No. However, a recipient may act as a tax withholding agent when ordered by law or the Dominican tax authorities.
Audits	Do tax audits take place on a regular basis?	Yes. In the case of large taxpayers, these will usually take place once a year or after a transaction judged important for fiscal purposes by the tax authorities. In any other cases, the chances for being audited will normally rely on the amount of tax deficiencies found by the tax authorities.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	Yes. e-audits exceed field tax audits by far. The Dominican tax authorities have developed special tax software, such as the Crossed Information System, among others.
	What penalties can arise from non-compliance?	If a taxpayer does not comply with tax obligations, pecuniary sanctions such as payment of surcharges, legal interest and fines may be applied by the Dominican tax authorities. Fines are usually imposed if a taxpayer uses or attempts to use deceptive means to avoid the paying of its tax debts. Failure to pay the amount of tax due to the Dominican tax authorities before an applicable deadline is subject to surcharges (late fees) at a 10% rate on the first month or a fraction of it as of the applicable deadline and of 4% for each subsequent month or fraction of a month. Jointly, 1.10% of the tax due shall be paid monthly by way of legal interest. The described penalties are not deductible from the income tax.
Special indirect tax rules	In your country, are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	Yes. Special rules apply on sales made to a taxpayer exempted by law from paying ITBIS.
	In your country, are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	No.
	Does a reverse charge mechanism apply in your country for goods or services?	No.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Yes. Several incentive laws have been enacted which grant total or partial tax exemptions on certain business activities (i.e. tourism, free trade zones, energy, etc.).
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Tax rulings are publicly available. Nevertheless, decisions addressed to a particular taxpayer are protected under the secrecy provisions of the Dominican Tax Code.

Ecuador

General	Types of indirect taxes (VAT/GST and other indirect taxes)	**VAT or impuesto al valor agregado (IVA)** IVA is applied to imports, transfers of goods and services.
	Are there other indirect taxes?	**Special consumption tax (ICE)** Impuesto a los Consumos Especiales (ICE) is applied to consumption of certain goods and services considered as sumptuous. **Capital outflow tax Impuesto a la Salida de Divisas (ISD)** ISD applies to remittances abroad in cash or by check, transfers or withdrawals of any kind made with or without the intermediation of financial entities and, in general, any other mechanism for extinguishing obligations when these operations are carried outwards.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	IVA: 0% and 12%. Supplies of goods subject to 0%: among others, all transfers and imports of goods, such as unprocessed food, medicines, raw material to produce medicine, books, electricity, airplanes and helicopters for commercial purposes, cargo and services and hybrid vehicles. Supplies of services subject to 0%: among others, national land transport, transport of crude oil and natural gas pipelines, health care-related services, financial and stock markets related services and exported services. ICE: between 5% and 75% (article 82 Ley De Régimen Tributario Interno (LRTI) ISD: 5%.
	Who is required to register for VAT/GST and other indirect taxes?	There is no special registry in Ecuador for VAT and other indirect taxes. However, there is an obligation for all individuals and entities undertaking business activities in Ecuador to register before the Ecuadorian Internal Revenue Services (EIRS) and to obtain their taxpayer identification number Registro Único de Contribuyentes (RUC). The aforementioned register involves VAT, income tax, special consumption tax, capital outflow tax and all taxes administered by the Ecuadorian Internal Revenue Services.

VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	No, there is no special registry in Ecuador for VAT or other indirect taxes. If the foreign entity does not have a permanent establishment in Ecuador, it would not be required to register for tax purposes in Ecuador. Foreign entities that have established a permanent establishment have the obligation to register before the EIRS. Consequently, they are compelled to keep accounting records, to file the monthly VAT and withholding tax returns, to file income tax returns and to comply with all Ecuadorian tax obligations.
	Does an overseas company need to appoint a fiscal representative?	Not applicable.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Not applicable.
	Is grouping* for VAT/GST and other indirect taxes possible?	No.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	VAT and ICE: monthly. ISD: on each transfer or sending of money abroad and, in general, any other mechanism for extinguishing obligations when these operations are carried outwards and, in general, any other mechanism for extinguishing obligations when these operations are carried outwards.
	What are the exchange rate rules in your country?	If a business receives an invoice in foreign currency, the exchange rate to be used for VAT reporting purposes is the exchange rate in effect at the date of conversion.
VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No.
	Are there any exemptions with the right to recover or deduct input VAT?	According to Ecuadorian law, the VAT paid on purchases can be offset directly against the sales tax. This applies to those taxpayers whose sales are taxed at 12% and those taxpayers whose sales are taxed at 12% and 0% rates. In this second case, the VAT paid on purchases can be offset proportionally with the sales tax or as a tax credit. For those taxpayers whose sales are taxed at 0%, the VAT rate paid on purchases is charged directly to expenses. Additionally, tax authorities refund only the retention of VAT that cannot be used as a tax credit.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

VAT/GST recovery (continued)	Are there any exemptions with the right to recover or deduct input VAT (continued)?	**Special cases of refund of VAT** Exportation is taxed at 0% for VAT. Those exporters paying VAT on local or imported purchases, such as raw materials, supplies, services and assets used for manufacturing and sale of export goods are entitled to a VAT refund. Likewise, inbound tour operators who bill inbound tour packages within or outside the country to individuals or non-resident companies in Ecuador are entitled to a tax credit for VAT paid and held in local procurements as well as VAT paid on imported products as goods, fixed assets, raw materials, supplies or services that integrate inbound tourism. If for any circumstance the resulting tax credit cannot be offset with VAT on sales, inbound tour operators may request a refund of the tax credit accrued by local purchases or imports of the above mentioned products. Taxpayers having as course of their business international freights, having paid VAT to acquire fuel, are entitled to a tax credit for said payment exclusively. Operators and administrators of Special Economic Development Zones, Zona Especial de Desarrollo Económico (ZEDE), have the right to a tax credit for VAT paid in purchases of raw materials, supplies and services from national territory to be incorporated in the production process of the ZEDE operators and administrators.
	Are there any restrictions to the deduction of input VAT?	There are certain items that you cannot recover VAT on, such as: — when taxpayers additionally provide other services or selling goods which, in part, are taxed at 12% rate and partly to 0% rate, they should make use of the tax credit or the tax will be refunded applying proportionality factor. Also, for import or local purchase of fixed assets for inbound tourism packages, it would be refunded applying the proportionality factor — the VAT paid in acquisition of goods and services cannot be recovered when sales are taxed with 0% rate with no right to recover.
Invoices	Is a business required to issue tax invoices?	Yes.
	Is it possible/mandatory to issue invoices electronically?	Yes. It is possible, but not mandatory.
	Is it possible to issue tax invoices/self invoices (self-invoicing)?	Yes. It is possible and at the moment, it is required for companies that are appointed as special taxpayers.

Audits	Do tax audits take place on a regular basis? Please specify how often, what is checked in terms of an overview and the competent authority for it.	No. However, the tax authority has a period of 3 years to audit taxpayers. The Ecuadorian tax authority usually audits areas such as the amount of input VAT or the computation of taxable turnover.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	No.
	What penalties can arise from non-compliance?	The late submission of tax returns can trigger penalties of an equivalent of 3% for each month or part of the month. This fine is calculated on the tax amount paid by the respective declaration. When taxes have not been paid on time, interest can be levied and the applied interest rate corresponds to a rate published quarterly by the Internal Revenue Service (Servico de Rentas Internas). This fines applies to any tax administrated by the Internal Revenue Service.
Special indirect tax rules	In your country, are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	The Ecuadorian Tax Law establishes (article 54) that the sales of businesses in which the assets and liabilities are transferred are exempt from VAT. In addition, the cession of shares, corporate participations and remaining securities, are not VAT taxed.
	In your country, are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	No.
	Does a reverse charge mechanism apply in your country for goods or services?	Not applicable.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	ISD exemption on payments abroad for imports of goods and services related to the authorized activity for those operators and administrators of ZEDE.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	No. However, in the case of resolutions about taxes rates changes, they are publicly available.

El Salvador

General	Types of indirect taxes (VAT/GST and other indirect taxes)	VAT.
	Are there other indirect taxes?	Not applicable.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	13% standard rate and 0% for exports.
	Who is required to register for VAT/GST and other indirect taxes?	Anyone who supplies goods or renders services, no matter if taxed or not, except for companies with turnover below USD5,714.28 and total assets below USD2,285.71 in the previous 12 months. This also applies to permanent establishments of overseas companies.
VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	No. Under Salvadorian VAT legislation, it is not possible for a non-resident entity to voluntarily register in El Salvador and act as an established entity.
	Does an overseas company need to appoint a fiscal representative?	Only in a few cases (i.e. international transport) in order to apply for VAT refund.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Not applicable.
	Is grouping* for VAT/GST and other indirect taxes possible?	No.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Monthly.
	What are the exchange rate rules in your country?	No.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	It is not possible for a company not registered for VAT to recover VAT. VAT is part of the cost of the products for non-registered companies.
	Are there any exemptions with the right to recover or deduct input VAT?	Exporters can deduct VAT based on the percentage of zero-rated sales.
	Are there any restrictions to the deduction of input VAT?	Yes. There are certain restrictions for VAT recovery, such as exempt supplies where VAT relates to both taxable and exempt supplies. In those cases, an apportionment (pro rata rule) needs to be made.
Invoices	Is a business required to issue tax invoices?	Yes.
	Is it possible/mandatory to issue invoices electronically?	Yes, it is possible. The Tributary Code states some requirements before giving permission to issue electronic invoices.
	Is it possible to issue tax invoices/self-invoices (self-invoicing)?	Self-billing is only possible for the consumption of goods by the taxpayer, such as inventory shortages or destruction, promotions or gifts not included in the customer's bill.
Audits	Do tax audits take place on a regular basis?	The Ministry of Finance (Ministerio de Hacienda) is the authority that performs tax audits. However, every year the taxpayer with assets greater than USD1,142,857 and sales greater than USD571,428 will appoint an independent auditor to express an opinion related to the applicable provisions tax compliance and will file its report to the Ministry of Finance for each fiscal year.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	The tax office does not perform audits electronically, except cross-checking of certain information regarding taxpayers involved in an operation, in order to match figures.
	What penalties can arise from non-compliance?	There are certain penalties for failing to fulfill formal obligations. The minimum fine or penalty is a minimum salary: — for underpayment of the VAT, the fine or penalty is 40% of the determined tax — for late filings of VAT return and late payment of VAT, the fine or penalty is between 5% and 20% on the extemporal tax payment — for incorrect returns, there is a fine or penalty of 20% on the unpaid tax — for returns with arithmetic errors, there is a fine or penalty of 10% on the difference of the unpaid tax.

Special indirect tax rules	In your country, are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	There is no transfer of a business as a going concern (TOGC) relief, but VAT is only due on the movable assets transferred.
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	No.
	Does a reverse charge mechanism apply in your country for goods or services?	Yes. Local recipients of services rendered by non-resident suppliers must withhold and pay the VAT to the state. The withheld tax can be offset at a later stage.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	There is a Free Zone Law and an International Services Law that excludes certain companies and their shareholders of paying importation taxes and income tax.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Some resolutions and information are available at www.mh.gob.sv.

Guatemala

General	Types of indirect taxes (VAT/GST and other indirect taxes)	VAT.
	Are there other indirect taxes?	Not applicable.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	112% is the standard rate. There are no reduced VAT rates. Exports are VAT-exempt with the right to recover input VAT. The exporter can request the reimbursement of the VAT paid on purchases of goods and services.
	Who is required to register for VAT/GST and other indirect taxes?	Any person or entity performing commercial activities is required to be registered as a taxpayer.
VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	No. It is possible only if the overseas company has a local branch or subsidiary registered with the tax authorities. Voluntary registration for VAT purposes only is not permitted.
	Does an overseas company need to appoint a fiscal representative?	No.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Overseas companies need to set up a subsidiary or a branch to be registered in Guatemala in order to be able to perform commercial activities in the country and to register for VAT purposes.
	Is grouping* for VAT/GST and other indirect taxes possible?	No.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Monthly.
	What are the exchange rate rules in your country?	If the transaction is billed in a foreign currency, the operation must be recorded in the local currency, taking into account the exchange rate published by the Guatemalan Central Bank on the day of the operation.
VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No.
	Are there any exemptions with the right to recover or deduct input VAT?	Only exporters that are taxpayers in Guatemala have the right to recover input VAT included in the invoices of purchases for goods and services received from its suppliers.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

VAT/GST recovery (continued)	Are there any restrictions to the deduction of input VAT?	No.
Invoices	Is a business required to issue tax invoices?	Yes.
	Is it possible/mandatory to issue invoices electronically?	Yes. Authorization is required from the tax authorities.
	Is it possible for recipient to issue tax invoices/self-invoices (self-invoicing)?	Yes. They are called special invoices.
Audits	Do tax audits take place on a regular basis?	Tax audits take place on a regular basis, but some taxpayers are required to file a detailed electronic list of the sales and purchases performed each semester, which is often reviewed and discrepancies are questioned.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	No, tax authorities perform their audits visiting the offices of the taxpayers.
	What penalties can arise from non-compliance?	Non-compliance with the filing of the electronic list (called asistelibros) could be subject to a formal penalty of 5,000 Guatemala quetzals (GTQ) (USD650) the first time. If it is repeated, the penalty is increased.
Special indirect tax rules	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	Yes. There is a provision in the local law that regulates the transfer of movable and immovable property which can be VAT-exempt. It also applies to company mergers provided certain conditions are met.
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	Companies in the Free Trade Zone or covered by the Exporting and Maquila Promotion Law can request VAT and duties exemption. Services rendered by banks and financial institutions are VAT exempt.
	Does a reverse charge mechanism apply in your country for goods or services?	Yes.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Free Trade Zones and Exporting and Maquila Promotion Law.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes. They can be found at http://portal.sat.gob.gt/sitio/index.php/leyes/criterios-institucionales.html.

Honduras

General	Types of indirect taxes (VAT/GST and other indirect taxes)	VAT, known as sales tax (impuesto sobre ventas).
	Are there other indirect taxes?	— Production and consumption tax. — Contribution to the preservation of road assets. — Taxes on specific services and activities.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes? Use ranges where no fixed rate is available (i.e. differs in states).	**VAT** — 15% (standard), 18% on sale of first class airline tickets and 18% on import or sale of alcoholic beverages, carbonated waters and tobacco products. **Production and consumption tax** — Cigarettes HNL350 per thousand (about USD17). — Alcoholic beverages and carbonated waters HNL0.58 to HNL27.92 per liter (about USD0.03 to USD1.50). **Contribution for preservation of road assets** — Production and import of fuels USD0.03 to USD1.4089. **Taxes on specific services and activities** — Tax on public roads service HNL200 to HNL2,200 (about USD9.50 to USD105). — Tax on airport services. National departures HNL47.45 (about USD2.25) and international departures USD39.97. — Tax on tourist services. Services provided by hotels, rental cars and travel agencies 4%. — Tax on casinos, betting or gambling HNL300,000 to HNL700,000 or 20% on gross incomes less the paid prizes, whichever is larger. — Tax on assets revaluation of 6% on taxable basis.

General (continued)	Who is required to register for VAT/GST and other indirect taxes? Please define the taxpayers for each type of indirect tax mentioned above.	**VAT** — It is required for local individuals and legal entities, including exporters that sell goods and provide services. — Importers of goods. **Production and consumption tax** — Producers and importers of cigarettes and other tobacco products. — Producers and importers of alcoholic beverages and carbonated waters. **Contribution for preservation of road assets** — Producers and importers of fuels. **Tax on public roads service** — Individuals and legal entities owners of vehicles. **Tax on airport services** — Legal entities that manage Honduran airports. **Tax on travel services** — Legal entities established as hotels, car lessees and travel agencies. **Tax on casinos, betting or gambling** — Individuals and legal entities operating casinos. **Tax on assets revaluation** — Individuals and legal entities.
VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	No, VAT registration is mandatory for non-established businesses that have no fixed establishment in Honduras. A non-established entity is required to register as a taxpayer if it engages in business activities within Honduras.
	Does an overseas company need to appoint a fiscal representative?	It is not mandatory or necessary to appoint a fiscal representative for an overseas company.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Not applicable.
	Is grouping* for VAT/GST and other indirect taxes possible?	No.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	VAT returns are submitted monthly.
	What are the exchange rate rules in your country?	The exchange rates are fixed by the Central Bank of Honduras based on the references from the foreign exchange market.

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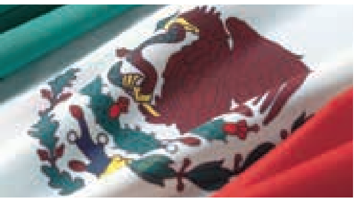
VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No.
	Are there any exemptions with the right to recover or deduct input VAT?	Invoices that support the input VAT must meet the requirements established in the invoicing regime.
	Are there any restrictions to the deduction of input VAT?	As mentioned above, invoices that support VAT must meet with the requirements established in the invoicing regime.
Invoices	Is a business required to issue tax invoices?	Yes.
	Is it possible/mandatory to issue invoices electronically?	Yes. It is possible, but not mandatory, to issue invoices electronically. Approval from the tax authority is required.
	Is it possible for recipients to issue tax invoices/self-invoices (self-invoicing)?	Yes. It is possible to issue self-invoices.
Audits	Do tax audits take place on a regular basis?	No. If the tax authorities detect an irregularity, an audit is performed within 5 years of the date of the irregularity.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	No.
	What penalties can arise from non-compliance?	— The non-payment of collected taxes (VAT) or the partial payment thereof out of the deadlines will force collectors to pay the treasury the sums due and a surcharge of 5% per month or fraction of a month to accumulate up to a maximum of 60%. — The non-submission or submission outside of the time set for the VAT return submission will be fined with a surcharge of 1% of the respective tax if the return is submitted within the 5 following days to the date of submission. After this period, the fine will be 2% per month or fraction of month.
Special indirect tax rules	In your country, are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	No.
	In your country, are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	No.
	Does a reverse charge mechanism apply in your country for goods or services?	This mechanism does not apply in Honduras.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Companies operating under special systems (free zones) could get an exemption of the payment of import taxes, VAT and income taxes.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country? If so, please provide us with the link to the database.	Yes, they can be found at www.dei.gob.hn.



Mexico

General	Types of indirect taxes (VAT/GST and other indirect taxes)	VAT or Impuesto al Valor Agregado (IVA).
	Are there other indirect taxes?	Special excise tax on production and services (impuestos especial sobre producción y servicios or IEPS).

	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	**VAT**
		— 16% general rate.
		— 0% applicable to exports of goods and services and other transactions, such as the sale of:
		  — food and patent medicines
		  — books, newspapers and magazines
		  — products for the development of primary sector
		  — gold with content of 80%.
		IEPS
		— 25%, 26.5%, 30% and 53%: alcoholic beverages tax and services related with them (the rates depend on the percentage of alcohol and the type of beverage).
		— 30.4% and 160%: tobacco/cigarettes and related services tax (the rate depends on the tobacco product — 30.4% applies to hand made products only).
		— 6%, 7% and 9%: pesticides.
		— 8%: food with a caloric density of 275 kilocalories(Kcal) or more per 100 grams.
		— 30%: gambling and lotteries.
		— 3%: rendering of telecommunications services through public networks, except for public and rural telephony and connection services between public networks and the internet.
		— It is important to mention that there is another tax rate for fuel and diesel that is determined by Petroleos Mexicanos (PEMEX).

General (contd.)	Who is required to register for VAT/GST and other indirect taxes?	**VAT** Individuals and legal entities that engage in the following activities within Mexican territory: — transfer of goods — rendering of independent services — temporary use or enjoyment of goods — importation of goods or services. **IEPS** Individuals and legal entities if engaged in the following activities: — disposal and permanent import of the above-mentioned goods in the Mexican territory — rendering of services related to the above-mentioned goods.
VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	No. In the past, it was a possible to register for VAT purposes on a voluntary basis under a specific authorization granted by the Mexican tax authorities, but such authorities were reluctant to grant that authorization and hence, the process was fairly complex. Foreign entities with permanent establishment in Mexico must register for purposes of all taxes, not only VAT, and must comply with the obligations of all taxes.
	Does an overseas company need to appoint a fiscal representative?	Not applicable.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Not applicable.
	Is grouping* for VAT/GST and other indirect taxes possible?	No.
VAT/GST compliance	How frequently are VAT/GST and other indirect tax returns submitted?	Monthly.
	What are the exchange rate rules in your country?	The exchange rate applied for VAT purposes is the daily rate applicable on the day the tax point of the transaction was produced. The source of the foreign exchange rate is the Mexican Central Bank. The conversion tables are available on the Mexican tax authority's website, www.sat.gob.mx.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No.
	Are there any exemptions with the right to recover or deduct input VAT?	There is a zero rate equal to this kind of exemption.
	Are there any restrictions to the deduction of input VAT?	Entities that exclusively perform exempt activities are not entitled to recover input VAT. In addition, certain types of imports and certain types of supplies of goods and services listed in the VAT law do not entitle taxpayers to an input tax credit.
Invoices	Is a business required to issue tax invoices?	Yes.
	Is it possible/mandatory to issue invoices electronically?	Yes. As of 1 January 2014, all taxpayers who use the digital tax invoice scheme, Comprobante Fiscal Digital (CFD), should use the internet digital tax invoice scheme (CFDI) to issue electronic invoices. From 2014, taxpayers earning more than 250,000 Mexican pesos (MXN) a year must use the CFDI scheme for issuing electronic invoices. Electronic invoicing requires: — the advanced electronic signature — processing a digital seal certificate — using the free service invoice offered by the Tax Administration Service or choosing from any of the 76 authorized provider certification found in the portal of the tax authority. An authorized provider certification is one person who is authorized by the Tax Administration Service to validate the CFDIs generated by the taxpayers, assign the folio and incorporate a digital seal from the Tax Administration Service. They are also obligated to send a copy of the CFDI validation by their customers to the tax authority.
	Is it possible for recipients to issue tax invoices/self-invoices (self-invoicing)?	No, except in very specific transactions in which small farmers act as suppliers.
Audits	Do tax audits take place on a regular basis?	Yes. Tax audits may take place on a regular basis, but there is no rule regarding their frequency.

Audits (continued)	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	No.
	What penalties can arise from non-compliance?	There are certain penalties for failing to fulfill formal obligations. The infringements for failure to register or late registration will lead to a penalty ranging between USD162 and USD490 (with an exchange rate of MXN15.00 per USD1). When the VAT payment is partially or completely omitted, the penalties applicable are as follows: — There are no penalties applicable if taxpayers pay spontaneously, meaning that they pay prior to the start date of an audit by the Mexican tax authorities. — 20% of the omitted VAT amount if the taxpayer pays the amount along with inflation adjustments and interest surcharges before being notified by the authorities of a final resolution, but after an audit has begun. — 30% of the omitted VAT amount if the taxpayer pays the amount along with inflation adjustments and interest surcharges after being notified by the authorities of the final resolution. — 55% to 75% of the omitted tax amount in other cases. VAT taxpayers who fail to pay VAT due are obliged to pay accrued interest. The interest rate is 1.13% per month effective 2004 to date. Penalties are also incurred for late filings of a VAT return and late payment of VAT and insufficiency or omission of VAT return. Fines range from USD182 to USD1,830 (considering an exchange rate of MXN15.00 per USD1).
Special indirect tax rules	In your country, are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	No.
	In your country, are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	Yes. The tax point of the transactions for VAT purposes is based on a cash basis system (i.e. output VAT accrual when the payment of accounts receivable is received from clients and input VAT can be deducted once the payment of accounts payable is made to suppliers).
	Does a reverse charge mechanism apply in your country for goods or services?	Yes, for importation of services (administrative, professional or any services rendered abroad) and intangible goods supplied by foreign residents.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	No.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	No.

Nicaragua

General	Types of indirect taxes (VAT/GST and other indirect taxes)	VAT.
	Are there other indirect taxes?	— Selective consumption taxes (ISC). — Stamp taxes (ITF).
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	— VAT: 15% standard rate, 0% on exports. — ISC: rates between 9% and 30%. A few items exceed 30% (oil is subject to a fixed amount per gallon and by type of product). — ITF: fixed rates and ad valorem rates.
	Who is required to register for VAT/GST and other indirect taxes?	— VAT: Individuals or entities that perform activities of sales of goods, rendering services and imports through a permanent establishment. — ISC: Individuals or entities that produce or introduce goods and/or merchandise to the country. — ITF: Whoever receives the good or right under the document taxed.
VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	No. Under Nicaraguan VAT legislation, it is not possible for a non-resident entity to voluntarily register in Nicaragua and act as an established entity.
	Does an overseas company need to appoint a fiscal representative?	No.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Not applicable.
	Is grouping for VAT/GST and other indirect taxes possible?	No.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	— VAT/ISC: monthly. — ITF: at the moment of purchase of the stamps.
	What are the exchange rate rules in your country?	In Nicaragua, the exchange rate is set by the Central Bank and it is based on the slip of 5% (devaluation) of the Nicaraguan cordoba (NIO) against the US dollar.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No.
	Are there any exemptions with the right to recover or deduct input VAT?	Exports are the only transactions subject to the 0% VAT rate. Exporters have the right to credit or to get a refund of VAT paid on input purchased for use in the processing of the exported goods.
	Are there any restrictions to the deduction of input VAT?	Yes, there are some exemptions not allowing a recovery of input VAT (e.g. health care-related services, loans granted by financial institutions and land leasing). Exempt services: health care, insurance premiums against agricultural and transit risks, non-professional sporting events or promoted by religious bodies, electricity for agricultural irrigation, education services, interest on loans granted by financial institutions, construction contracts for public housing, rental of unfurnished dwelling and land leasing, machinery and equipment.
Invoices	Is a business required to issue tax invoices?	Yes.
	Is it possible/mandatory to issue invoices electronically?	It is possible, but not mandatory.
	Is it possible for recipients to issue tax invoices/self-invoices (self-invoicing)?	Yes, in certain cases (self-consumption).
Audits	Do tax audits take place on a regular basis?	Yes, tax audits are performed at the discretion of the Department of Revenue.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	No.
	What penalties can arise from non-compliance?	Failure to comply with formal obligations of taxpayers involves monetary penalties to be applied as the number of times the taxpayer commits a breach within the period indicated on the prescription. Penalties range from 30 to 150 fine units and each unit is equivalent to NIO25. A penalty of 25% of the omitted tax plus penalties of between 500 and 1500 units can be applied if tax evasion can be proved, if transfers of tax end up in a decrease of tax profits or for improperly obtained exemptions or tax benefits. Other sanctions could include: business management intervention, confiscation of goods or vehicles and other items used to commit infringement and closure of the premises where the infringement was committed for a maximum of 6 days. Persons submitting tax returns late and/or tax payment shall pay the credit rate of 5% surcharge per month on unpaid balance. Where a taxpayer does not submit an income tax, a surcharge of 2.5% per month or partial month on the unpaid balance will be charged. Accumulated charges cannot exceed 50% of the unpaid balance.

Special indirect tax rules	In your country, are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	No.
	In your country, are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	No.
	Does a reverse charge mechanism apply in your country for goods or services?	No.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	The Nicaraguan government established a special tax regime, which is a stimulating element for the development of investment and consequent economic and social benefit for the country. In general, the special tax regime is a tax exemption for a limited period of time (e.g. free trade zones, Non-governmental organizations (NGO), energy industries and tourism industries).
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes, they can be found at www.tta.gob.ni.

Panama

General	Types of indirect taxes (VAT/GST and other indirect taxes)	VAT Impuesto a las Transferencias de Bienes Corporales Muebles y la Prestacion de Servicios (ITBMS). This tax applies to imported goods, products sold or services rendered in Panama.
	Are there other indirect taxes?	A stamp tax is levied on the issuance of certain documents. Selective consumption tax, Impuesto Selectivo al Consumo (ISC)) is an excise tax on the import of specific goods such as luxury vehicles, jewelry, firearms, alcoholic beverages and tobacco products. Insurance tax is levied on insurance premiums.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	Standard rate: 7%. Higher rates: 10% (alcoholic beverages and hotel services) and 15% (tobacco products). There are no zero-rated rules for supplies. However, exporters of goods (i.e. services not included) may recover a tax credit certificate related to the input VAT incurred. The same regime applies to local sales of food products and medical/pharmaceutical products. There are several partial exemptions (i.e. without the right to deduct input VAT), including services related to health care, education, electricity, insurance and financial services. Some transfers of goods are also VAT exempt. This includes: — agricultural products in their natural condition. Goods that are already altered by chemical processes or by any treatments not covered — export and re-export of goods — supplies of goods that are inside free zones and those inside customs precincts, as well as warehouses and similar places — newspapers, magazines, educative magnetic media, notebooks, pencils and other items for school purposes, like books and general publications — fuel and similar products, except oil and lubricants — cement, additives and sub-products used by the subcontractors in connection with the construction of the third set of locks of the Panama Canal — medicines and pharmaceutical products

General (continued)	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes (continued)?	— VAT paid in connection with both exempt supplies and supplies not subject to the tax cannot be recovered. In any event, transactions that cannot be deducted from input VAT may be entitled to be deducted from income tax. — Selective consumption tax: various tax rates. — Insurance tax: 5% of the premium. — Stamp tax: rate varies depending on the value and type of document.
	Who is required to register for VAT/GST and other indirect taxes?	For VAT purposes, all individuals or legal entities that provide professional services and sell and/or import goods, including state-owned industrial and commercial enterprises, are required to register when their monthly gross income exceeds USD36,000 per year. However, only individuals and legal entities registered as taxpayers (or taxable persons for VAT purposes) operating domestically within Panamanian boundaries may be registered in the Panamanian's taxpayer registry (Registro Único de Contribuyentes). Such a registration involves the identification of the relevant taxable person with an identification number valid for all tax purposes (including invoicing, filing of tax returns and other reports to the tax administration. The aforementioned registry includes not only VAT-taxable persons, but all other types of taxpayers and/or taxable persons subject to Panamanian tax laws (including income tax, excise taxes, VAT and others). A registration or any indirect tax registration is not possible without a permanent establishment in Panama. In the case of foreign companies importing goods to Panama, the import must be made by another company located in Panama and with a taxpayer identification number. The local company has to settle the import VAT and recover it in the sale afterwards. In the case of import of services, the client (based in Panama) must pay the non-resident supplier (which is rendering a service within the territory of Panama). When making the payment, the client withholds VAT and recovers it afterwards. The retention amounts to the total invoiced by the supplier multiplied with the rate 0.65421. Services performed by a non-resident supplier for a customer based in Panama which are rendered outside Panama are not subject to VAT. For excise taxes on consumption purposes, the taxpayer is the individual or legal entity which acts: — as a provider of taxable services — as a manufacturer, importer or provider of taxable goods. Excise taxes on consumption purposes refers to the selective consumption tax, but a distinction is made between selective tax and petroleum tax (both of which are excise taxes on consumption).

VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	It would be possible for a foreign company to register with Panama's taxpayers registry. However, such a registration will only serve the purposes of allowing the foreign entity to file VAT returns before the tax administration. The company may then deduct any input VAT paid in the acquisition of goods and services required to provide taxable supplies within Panamanian territory. Domestic VAT law does not provide for the recovery of any excess input VAT in cash. These amounts could only be carried forward to the following tax periods.
	Does an overseas company need to appoint a fiscal representative?	Under Panamanian VAT law, there are no provisions governing the appointment of a fiscal representative.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Not applicable.
	Is grouping* for VAT/GST and other indirect taxes possible?	VAT grouping is not allowed except in the case of joint ventures that are an association of two or more individuals or companies engaged in a solitary business for profit — without actual partnership or incorporation — in order to share strengths, minimize risks and increase competitive advantages in the marketplace.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	The VAT return must be submitted within 15 days after the month or quarter period. — Independent professionals are required to file on a quarterly basis. — On agreement with the tax authority, the VAT return could be submitted on an agreed basis other than monthly or quarterly. Selective consumption tax can be paid in the customs clearance at the final product placement (in the case of imported products) or on a monthly basis.
	What are the exchange rate rules in your country?	If a business receives a purchase invoice in foreign currency, it should use the exchange rate of the invoicing date. However, there is no obligation to use a central bank's exchange rate.
VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No. Only individuals and legal entities registered as taxpayers (or taxable persons for VAT purposes) operating domestically within Panama are granted the right to recover VAT.
	Are there any exemptions with the right to recover or deduct input VAT?	Exclusively the exportation of goods and the importation and local supplies of food products and medical/pharmaceutical products.
	Are there any restrictions to the deduction of input VAT?	As a general rule, exemptions do not grant the right to recover VAT.
Invoices	Is a business required to issue tax invoices?	Yes.
	Is it possible/mandatory to issue invoices electronically?	Yes, although an authorization from the tax authorities is required.
	Is it possible for recipients to issue tax invoices/self-invoices (self-invoicing)?	No.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

Audits	Do tax audits take place on a regular basis?	No. Audits are carried out on a discretionary basis by the tax authority.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	No.
	What penalties can arise from non-compliance?	Penalties, as well as interest, are assessed for late payments: — late filing: 10% of the VAT amount due — interest: 12% annual rate — USD500 charge for filing amendment return 3 months after the original form was filed — late return (over 60 days) with no liability: USD10 fine. Not registering, although using invoices as well as irregular documentation or non-fulfillment of formal obligations, are considered misdemeanors sanctioned with a fine between USD100 and USD500 for first offense and between USD500 to USD5,000 more than one offense. In cases of fiscal fraud, imprisonment from 2 to 5 years or a fine from 5 to 10 times the amount applies. Such cases are selected for partial or total omission of tax payment, for not documenting either taxable transactions or deductions of the tax, for failure to register accounting operations or for not submitting return or tax payment within 2 months of the date due.
Special indirect tax rules	In your country, are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	No.
	In your country, are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	— No refunds can be requested for ITBMS paid in excess. — No ITBMS can be charged on services provided to the state. — There is a special ITBMS regime applicable to concessions granted by the government related to infrastructure projects. The concessionaire is also granted an exemption for VAT. — On a general basis, contracts entered into with the government will be subject to VAT. The government will withhold 25% of the VAT charged by the contractor upon payment. This regime may generate excess credit positions to contractors.
	Does a reverse charge mechanism apply in your country for goods or services?	No.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Yes. There are special regimes that grant companies ITBMS exemptions.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	No, rulings and decisions are not publicly available. Tax opinions issued by the Dirección General de Ingresos are available at www.dgi.gob.pa.

Paraguay

General	Types of indirect taxes (VAT/GST and other indirect taxes)	VAT.
	Are there other indirect taxes?	Selective consumption tax (SCT).
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	VAT standard rate is 10%. A differential (reduced) rate of 5% applies to: — lease and transfer of properties — transfer of agricultural products, fruits, horticultural products in their natural state and live animals; products obtained from the hunting and fishing, live or not; vegetable oil, virgin or crude degummed; certain products of the 'family basket': rice, noodles, mate (yerba mate), edible oils, milk, eggs, raw meat, flour and iodized salt — transfer of pharmaceutical products. Exporters have the right to recover VAT incurred on local purchases needed for the manufacture of goods exported overseas. The following events are VAT exempt: — **Transfer of:** — foreign currency, public and private security, including the transfer of shares or quotas of capital stock — inheritance to heritors, excluding the assigns — cession of credits — capital goods produced by domestic manufacturers applied to the industrial or agricultural/livestock industrial cycle under law 60/90 of investments — books and magazines, printed or digital — handcrafts made by crafters from the Instituto Paraguayo de Artesanía (IPA) — notebooks and their inputs for educational programs for children and adolescents — goods donated to foundations, associations and other non-profit organizations dedicated to education (initial and pre-school, primary school, secondary, technical, tertiary and university) recognized by the Ministry of Education; and non-profit entities dedicated to sports activities — petroleum fuels, including biofuels — bills, tickets and others related to gambling.

General (continued)	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes? (continued)	— **Services:** — interest of private and public securities — deposits into banks and financial institutions governed by law 861/96 as well as those in co-operatives, entities of the Sistema de Ahorro y Prestamo para la Vivienda (the public system of savings and loans for housing) and in public financial institutions — those performed by employees of embassies, consulates and international organizations — those services, gratuitous and onerous provided by unipersonal companies (sole proprietors or one person entity), partnerships and other entities of all nature, whether or non-profit related to initial education and pre-school, primary school, secondary, technical, tertiary and university recognized by the Ministry of Education or by law. Extension or university practice services carried out with third parties are included in this exemption — those services provided by sports and cultural organizations which are non-profit and do not distribute profits or surpluses directly or indirectly among its partners or members, including the collection of social contributions and income from the sale of tickets to cultural and sporting events organized exclusively by such entities within the terms and conditions established by the executive power. — **Imports of goods:** — goods considered baggage, according to the customs law — goods considered baggage according to the customs law — goods introduced by diplomats, consular and international organizations — capital goods produced by domestic manufacturers applied to the industrial or agricultural/livestock industrial cycle, under the law 60/90 of investments — goods exempted by the tax law. — The sale of goods and services provided by associations, federations, foundations, mutual funds and others entities with legal capacity to engage in health care, social, charity, charitable, literary, artistic, unions, sports, scientific, religious, educational recognized by the Ministry of Education and Culture or by law and legally recognized political parties, provided that they are non-profit and the profits or surpluses are not distributed directly or indirectly between members who should have as sole target the purposes for which they were created.

General (continued)	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes (continued)?	This exemption shall not apply in cases of sales of goods or provision of services related to the following economic activities: habitual sale and purchase of real state, extractive, poultry, beekeeping, sericulture, swine and rabbit raising, floriculture, forestry, consignment of goods, transport, insurance, safety, parking, hotel, lease of properties, carpentry, financial intermediation, rental and exhibition of films, location of property and rights, clubs, transfer of use of intangible property, travel agencies, funeral and related activities, laundry, cleaning and dyeing of garments in general, advertising, construction, renovation and demolition. — Disposals and imports for educational institutions and initial teaching pre-school, primary school, secondary, technical, tertiary and university recognized by the Ministry of Education, namely: — equipment and supplies for laboratories — tools, furniture and equipment for classrooms, auditoriums, libraries or classrooms — computers equipment, copiers and telecommunications — teaching service provided to these entities will be exempt from VAT. Entities considered as VAT exempt bodies: — political parties, entities of public utility, charity and non-charity organizations — religious entities recognized by authorities — educational organizations recognized by the Ministry of Education and Culture or by law for basic, school, technical instruction and university.
	Who is required to register for VAT/GST and other indirect taxes?	VAT taxpayers: — traders — manufacturers — exporters — leasers of real estate — professionals — small taxpayers — owners, partners and company directors — educational organizations not recognized by the Ministry of Education — companies carrying out financing activities (in general) — cooperatives, organizations of social welfare, charity, scientific, literary, artistic, institutional instruction of physical and sport culture as well as the associations, federations, foundations, corporations and any other organizations which are registered or not if they are active on a regular and permanent basis, commercially or otherwise

General (continued)		— individual businesses (earnings less than 500 million Paraguay guaranis (PYG) annually, approximately USD98,039 at the July 2015 exchange rate). Selective consumption tax taxpayers: — manufacturers of taxable goods — importers of taxable goods.
VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	No. Foreign companies must have a permanent establishment to be registered for VAT.
	Does an overseas company need to appoint a fiscal representative?	Yes. For VAT, a fiscal representative is mandatory.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Not applicable.
	Is grouping* for VAT/GST and other indirect taxes possible?	No.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	VAT: monthly. Selective consumption tax: monthly, except for fuels, which are declared weekly.
	What are the exchange rate rules in your country?	The tax rule on the exchange rate provides that the value of transactions in foreign currencies agreed between parties will be converted into local currency at the exchange rate of the buyer or seller on the open market at the close of the banking day (on which the operation took place, depending on whether a sale or a purchase, respectively). The import and export operations will apply the exchange rate of that seller's and buyer's market respectively, whichever considered for this purpose the date of customs clearance.
VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No.
	Are there any exemptions with the right to recover or deduct input VAT?	Exporters have the right to recover VAT incurred on local purchases needed for the manufacture of goods exported overseas.
	Are there any restrictions to the deduction of input VAT?	No.
Invoices	Is a business required to issue tax invoices?	Yes.
	Is it possible/mandatory to issue invoices electronically?	No.
	Is it possible for recipients to issue tax invoices/self-invoices (self-invoicing)?	Self-invoices (autofactura) can be issued to support services rendered by providers (individuals) who are not obliged to register as taxpayers and when payments do not exceed the minimum monthly wage (approximately USD358 at the July 2015 exchange rate).

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

Audits	Do tax audits take place on a regular basis?	No, not on a regular basis. Lately, there have been tax audits focused on exporter companies mainly to verify the validity of their VAT credits amounts, considering that exporters are the only ones allowed to recover VAT credits. The competent authority is the tax office (Subsecretaría de Estado de Tributación). Taxpayers with an annual turnover exceeding 6 billion Paraguayan guaraní (PYG) (approximately USD1,176,470 at the July 2015 exchange rate) are obliged to have an external tax audit performed by external auditors. The tax report issued by the external auditors is filed to the tax office by the taxpayer.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	No.
	What penalties can arise from non-compliance?	The main penalty is the refusal from the tax office to refund VAT credits to exporters that did not document their credits connected to export transactions accurately. The tax office can also open an administrative legal process to investigate the compliance of the company's tax obligations. For all kinds of non-compliance (of formal and substantial obligations of all taxes, not only indirect ones), the tax authority is allowed to deny the authorization to printed invoices (timbrado), preventing the taxpayer from invoicing its operations.
Special indirect tax rules	In your country, are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	When a company is transferred as a consequence of a process of reorganization (transformation, merger of existing entities, spinoff, split off/split up) and capital contribution, VAT will not be due on the sale as long as the transaction is notified to the tax office within a legal term established in the law.
	In your country, are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	— Regime of tourism: a tax settlement regime that levies the import of goods sold in the country exclusively to non-domiciled individuals. — Maquila: a local company undertakes the production of goods and services by transforming, elaborating, repairing or assembling foreign raw material and inputs temporarily imported into Paraguay for exportation purposes. — The local company (maquiladora) pays a 1% tax on the local value added to the products (value of raw materials and other inputs purchased in the country, as well as all production costs — electricity, water, transport, salaries, fees). Tax recovery of VAT under this regime is allowed. — Temporary admission (established by the customs law): the presence of foreign goods in the customs territory for a particular purpose with full or partial suspension of payment of customs taxes and VAT.

Special indirect tax rules (Continued)	In your country, are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions (continued)?	— Law 60/90: aimed at promoting investments. It grants the beneficiary with the exemption of all taxes (including VAT) on transactions such as capital stock increases; capital contributions in movable goods, immovable properties, intangible assets and transferred rights; issuance, purchase and sale of bonds, debentures and other debt securities; VAT on imports of capital goods for the initial installation; loans, credits and guarantees thereon; overseas remittance of interests, commissions and capital obtained from loans of USD5 million or more; overseas remittance of dividends and profits from approved investment projects of USD5 million or more; leases, royalties, rights for the use of trademarks and patents, industrial drawings, models and other forms of technology transfer. — Entry of goods into free zones: entry of goods from third countries or from national territory to the free zone is exempted from all national, regional (departmental) or municipal tax, excluding service rates.
	Does a reverse charge mechanism apply in your country for goods or services?	No.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	No.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes. They can be found on the tax office website at www.set.gov.py.

Peru

General	Types of indirect taxes (VAT/GST and other indirect taxes)	General sales tax or impuesto general a las ventas (IGV). Municipal promotion tax or impuesto de promoción municipal (IPM).
	Are there other indirect taxes?	Selective consumption tax (ISC): an excise tax, which that either on a proportional or an ad valorem basis to the sale and import of certain goods as fuels, cigarettes, beer, liquor, soft drinks, etc.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	The standard rate of VAT is 16%. Nevertheless, the 2% IPM is charged together with VAT. This amounts to a total indirect taxation of 18%. ISC is applied under three systems: — specific, which involves a fixed amount in local currency for each unit — at the value, a percentage of the sale price — the sale price, a percentage of the suggested retail price. ISC rates vary depending on the goods subject to it and the system applied. **Zero-rated operations** — Exports of goods and services. — VAT exempt operations (no input VAT deduction on related costs). — The goods and services listed in appendices I and II of the IGV Law are tax exempt until 31 December 2015. **Appendix I** In general, the sale or import of livestock, fresh vegetables, cereals, phosphates, fertilizers, etc.

General (continued)	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes (continued)?	**Appendix II** Public transportation services, cargo transportation, cultural performances, sale of food in popular dining rooms, vessel construction and repairing by foreign enterprises, interest derived of securities issued by individuals or legal entities, incorporated or established in Peru, insurance policies issued by insurance companies established in Peru, etc. The credits services granted by banks, financial and credit institutions were included in this tax exemption list. Since 1 January 2007, they have been considered as not-taxed operations. Therefore, this benefit has turned permanent. Taxpayers carrying out both in the case of executing VAT-exempt and taxable operations can recover VAT on a pro rata basis.
	Who is required to register for VAT/GST and other indirect taxes?	There is no special registry in Peru for VAT. Nevertheless, there is an obligation for all taxpayers to register before the Peruvian tax authority Superintendencia Nacional de Administración Tributaria (SUNAT) and obtain their taxpayer identification number, also known as Registro Único de Contribuyentes (RUC). The aforementioned registry not only includes VAT taxpayers, but all other types of taxpayers and/or individuals and entities subject to taxation in Peru.
VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	There is no special registry for VAT purposes There is no special registry for VAT purposes in Peru, but it would be possible to register a foreign company in the RUC. As mentioned above, such a registration involves the identification of the relevant taxpayer with a valid identification number for all tax purposes. However, such registration will only serve for the purposes of allowing the foreign entity to file VAT returns. The company may then deduct any input VAT paid on goods and services acquired to provide taxable supplies and services within the Peruvian territory.
	Does an overseas company need to appoint a fiscal representative?	No, unless it has a permanent establishment.

VAT/GST registration (continued)	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	It is only required to include general information in the respective form: — incorporation documents of the legal entity — identification of directors and officers of the legal entity — information concerning the address of the entity within Peru — identification of the representative of the company in Peru — business activity — tax applied. A standard registry form is not available online.
	Is grouping* for VAT/GST and other indirect taxes possible?	No.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Monthly.
	What are the exchange rate rules in your country?	If operations are performed in a foreign currency, they must be converted to PEN by applying the 'weighted average sale price' published by the Banking and Insurance Superintendence at the time the tax liability arises. In the case of imports, operations must be converted into PEN by applying the 'weighted average sale price' published by the Banking and Insurance Superintendence at the time the tax liability is paid.
VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	This question does not apply in Peru due to the fact that there is no specific VAT registration.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

VAT/GST recovery (continued)	Are there any exemptions with the right to recover or deduct input VAT?	The regular way to recover input VAT derived from purchases is to offset it against the output VAT derived from local sales. If a taxpayer performs VAT exempt and taxed operations, the input VAT related to exempt operations cannot be recovered. Therefore, either a specific identification system or, if it is not possible, a pro rata system should be applied. The input VAT that cannot be offset should be included in the cost of goods and services. Exporters (whose exports are zero-rated) are allowed to offset the input VAT against the advance corporate income tax payments, the annual income tax liability or any other central government tax liability. If this is not possible, taxpayers can request an input VAT refund capped at 18% of the shipped exports. The remaining balance that cannot be refunded could be carried forward to the following reporting period and it can be subject to a later refund. Furthermore, input VAT incurred on purchases of USD1,000 or more is deductible/refundable only if the payment was executed by means of a banking system. Such a Peruvian banking system includes: bank deposits, wire transfers, paying orders, credits, debit cards and non-negotiable checks. This specific requirement also implies a 0.05% tax imposed on debits and credits (financial transactions tax) applicable for Peruvian bank accounts.
	Are there any restrictions to the deduction of input VAT?	It is not possible to recover VAT related to operations that are not linked to business activities levied by VAT. Therefore, it is not possible to recover VAT related to exempted transactions.

Invoices	Is a business required to issue tax invoices?	Yes.
	Is it possible/mandatory to issue invoices electronically?	It has been possible since 19 July 2011.
	Is it possible for recipients to issue tax invoices/self-invoices (self-invoicing)?	Yes. Self-invoicing is known in Peru as liquidación de compra. Self-invoices are issued by the purchaser when the seller does not have a tax identification number or is an individual selling: — farming products — small-scale fishing — logging — wild products — small-scale gold mining — arts and crafts — waste material as well as metal and non-metallic wastes — paper waste and rubber waste.
Audits	Do tax audits take place on a regular basis?	Tax audit procedures take place on a discretionary basis. Tax authorities continuously evaluate taxpayers' behavior considering different elements such as: penalties, accumulation of input VAT, etc.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	No.
	What penalties can arise from non-compliance?	There is a penalty of approximately USD1,400 for failure to register, late registration or late filings of VAT return. In addition, the VAT credit could be denied in case an invoice is not registered in a purchase register (accounting book) during the following 13 months as of the month when invoices are issued. If VAT liability is re-assessed by tax authorities, penalties can include: — a tax fine equivalent to 50% of the omitted VAT plus 1.2% monthly interest. This fine can be reduced up to 90% under certain conditions — the omitted (re-assessed VAT) must be paid with a 1.2% monthly interest.
Special indirect tax rules	In your country, are there any special rules for the sale of a company by a taxpayer to another where GST is not due on the sale?	The transfers resulting from business reorganizations (merger or spinoff) and the transfer of personal businesses (businesses owned by single taxpayers who are required to register, invoice and keep books if their turnover is above the required taxable income for the year) are not subject to sales tax.
	In your country, are there unique, specific indirect taxes rules that you would not expect to find in 'standard' VAT jurisdictions?	Exempted exports of goods may include sales made to commercial establishments located in duty-free areas, sales made in these establishments, swap operations made by mining producers, provision of lodging to non-residents, etc.

Special indirect tax rules (continued)	In your country, are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions (continued)?	So far, only a few services could be tax exempt as they had to be included in a list of export services approved by the Finance and Economic Ministry (MEF) and needed to fulfill certain specific requirements.
	Does a reverse charge mechanism apply in your country for goods or services?	Yes, based on the 'services utilization within the country' rules. It is applicable to services rendered by non-domiciled providers to resident companies. In this case, the resident recipient of the services is liable for paying the VAT due on the supply. It is entitled to deduct this VAT, provided the payment was registered into its purchase book. In case of goods, there is no reverse charge mechanism applicable. Nonetheless, the domiciled goods acquirers are jointly and severally liable for the VAT if this is not paid by the non-domiciled seller. For this reason and because there is no specific collecting mechanism for the non-domiciled seller to pay the VAT, domiciled acquirers may withhold VAT from the price to be paid in order to pay it directly to the tax authorities.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	The import of goods into the Amazon is VAT exempt provided imported goods would be consumed within this region. The sale of movable goods, supply of services and building contracts within the Amazon are VAT exempt. The sale of movable goods within the Amazon region is VAT exempt. Therefore, importers of movable goods to be consumed within this region can request the 'definitive reimbursement' of the input VAT paid when acquiring such goods outside the Amazon. Additionally, it should be mentioned that there is a system allowing the early recovery of input VAT paid by corporations in a pre-operative stage which have signed an investment agreement with the Peruvian government and provided they are committed to invest at least USD5 million.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes, the tax authority's rulings can be found at www.sunat.gob.pe/legislacion/tributaria/index.html.

Puerto Rico

General	Types of indirect taxes (VAT/GST and other indirect taxes)	— Sales and use tax, or Impuesto de ventas y uso (IVU). — Value added tax or impuesto de valor añadido (IVA), effective 1 April 2016.
	Are there other indirect taxes?	Excise tax on imports of sugar, cement, vehicles, cigarettes, liquor and petroleum.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	— Sales and use tax: 11.5%. — Excise tax: depends on the category of goods. — Business to business exclusion (B2B) on certain services, such as: bank charges, accounts receivable services, security services, cleaning services, laundry services, repair and maintenance services to tangible property, waste collection services and motor vehicles leasing are taxable and not subject to the B2B exclusion. Effective 1 October 2015, exempt services and designated professional services will be subject to a 4% sales and use tax. Services rendered to other entities engaged in a trade or business are excluded from taxation under the B2B exclusion, provided that the following requirements are met: 1) both merchants, the seller and purchaser, must be registered with the Merchant's Registry of the Puerto Rico Treasury Department 2) the payments for the services must be considered as ordinary and necessary and the seller must obtain a certificate of exempt purchases (form 2916) duly completed and signed by the purchaser to document each transaction a merchant may acquire.
	Who is required to register for VAT/GST and other indirect taxes?	All entities engaged in a trade or businesses are required to register with the Merchant's Registry of the Puerto Rico Treasury Department. In order to determine if an entity is considered to be in the business of selling taxable items or has nexus in Puerto Rico, the following factors shall be considered: — if the merchant has establishments or offices in Puerto Rico — if the merchant has employees, agents or representatives in Puerto Rico who solicit business, carry out business or carry out transactions in the name of said retail seller

General (continued)	Who is required to register for VAT/GST and other indirect taxes (continued)?	— if the merchant owns tangible personal property or real property in Puerto Rico — if the merchant creates a nexus with Puerto Rico in any way, including, but not limited to, the execution of purchase deeds in Puerto Rico, direct marketing or purchases by mail, radio, distribution of unsolicited catalogues, through computers, television or any other electronic means or advertisements in magazines or newspapers — if the merchant accepts, expressly or implicitly, the tax levied by subtitle BB of the code — if the merchant has sufficient connection, or a relationship, with Puerto Rico or its residents of some sort other than those described in the above mentioned clauses with the purposes or objective of creating a sufficient nexus with Puerto Rico to impose on the merchant the responsibility of collecting sales and use tax.
VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	Yes, merchants who do not have a commercial establishment in Puerto Rico and for any reason have created a nexus with Puerto Rico, including but not limited, due to: — the execution of direct marketing or purchases by mail, radio, distribution of unsolicited catalogs, through computers, television or any other electronic means or advertisements in magazines or newspapers or other means — the existence of an agreement or reciprocity or implicitly with their origin jurisdiction — the merchant's acceptance, expressly or implicitly, of the tax levied by the code — the creation of a sufficient connection or relationship with Puerto Rico or its residents of some sort with the purpose or objective of creating a sufficient nexus with Puerto Rico.
	Does an overseas company need to appoint a fiscal representative?	No.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Application for merchant's registration certificate and exemption certificate (form AS 2914.1).
	Is grouping* for VAT/GST and other indirect taxes possible?	No.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Monthly.
	What are the exchange rate rules in your country?	Puerto Rico uses the US dollar. There are no specific rules on exchange rates.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No.
	Are there any exemptions with the right to recover or deduct input VAT?	Any merchant who claims a credit against his or her obligation to pay the sales tax will keep and have available for the secretary all of the documentation needed to verify the merchant's right to such credit. The secretary may reject a credit claimed in the monthly sales and use tax return insofar as it is not supported by the information required in this article, in which case the amount owed will be considered a deficiency.
	Are there any restrictions to the deduction of input VAT?	Merchants who are resellers and who do not hold an exemption certificate at the moment of paying the sales tax for items that they resell shall not be entitled to claim a credit for taxes paid for such items.
Invoices	Is a business required to issue tax invoices?	No. Note that effective 1 April 2016, pursuant to the VAT regime, a purchasing merchant may request an invoice from the seller that retained the VAT.
	Is it possible/mandatory to issue invoices electronically?	It is possible, but not mandatory. No guidance has been issued on whether the VAT invoice from a merchant seller may be issued electronically.
	Is it possible for recipient to issue tax invoices/self-invoices (self-invoicing)?	Yes, but not in the case of VAT invoices from a merchant seller.
Audits	Do tax audits take place on a regular basis?	The indirect tax is the most active tax pursued by treasury. Frequency depends on industry. An annual communication or request for information could be expected.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	Treasury is currently implementing this.
	What penalties can arise from non-compliance?	Depending on the infringement, specific penalties apply. There is a table of penalties.
Special indirect tax rules	In your country, are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	Yes, a similar relief with respect to the sale of a business and it is not subject to IVU.
	In your country, are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	Puerto Rico has a sales and use tax. Effective 1 April 2106, it will be replaced by a VAT regime. No unique, specific indirect tax rules are applicable.
	Does a reverse charge mechanism apply in your country for goods or services?	Yes.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Yes, for back-to-school goods. On or before 1 June of each year, the Secretary of Treasury will issue a circular letter specifying a period of 3 days in the month of July during which the retail sale of those covered articles as defined by the Puerto Rico Internal Revenue Code of 1994, as amended (the Code) are exempt from the payment of sales tax. In those years for which no circular letter is issued, it shall be understood that the period begins at 12:01am on 15 July and ends at midnight on 17 July of each year.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	No, most determinations are private.

Sint Maarten

General	Types of indirect taxes (VAT/GST and other indirect taxes)	Turnover tax.
	Are there other indirect taxes?	— Real estate transfer tax. — Excise taxes. — Stamp duty and registration duty. — Room tax.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	Turnover tax: 5%.
	Who is required to register for VAT/GST?	Entrepreneurs carrying out a business, provided they are collecting revenues from the sale of goods or the rendering of services in Sint Maarten.
	Who is required to register for Real estate transfer tax?	None of the parties. The amount of real estate transfer tax due is collected by the notary public and paid by the notary public to the tax collector. The purchaser of the real estate carries the tax burden.
VAT/GST registration	Is voluntary registration for VAT/GST possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	No. Based on applicable legislation, overseas companies may only register for turnover tax purposes in cases that the company is subject to turnover tax in Sint Maarten.
	Does an overseas company need to appoint a fiscal representative?	No.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST registration?	A formal request. It is only required to include general information in the respective form: — incorporation documents of the legal entity — identification of directors and officers of the legal entity — information concerning the address of the entity within Sint Maarten — business activity.
	Is grouping* for VAT/GST and other indirect taxes possible?	No.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Monthly. On request, natural persons who operate real estate are able to submit turnover tax returns on a yearly basis.
	What are the exchange rate rules in your country?	Each year, the tax authorities publish an overview of the average exchange rate of 1 year regarding several foreign currencies. However, the taxpayer is also allowed to use the exchange rate of the payment/receipt date. The Antillean guilder (ANG) is linked to the US dollar (USD1=ANG1,78).
VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No.
	Are there any exemptions with the right to recover or deduct input VAT?	No.
	Are there any restrictions to the deduction of input VAT?	Not applicable. In principle, there is no right to deduct turnover tax.
Invoices	Is a business required to issue tax invoices?	Yes.
	Is it possible/mandatory to issue invoices electronically?	It is possible, but not mandatory.
	Is it possible for recipient to issue tax invoices/ self-invoices (self-invoicing)?	No.
Audits	Do tax audits take place on a regular basis?	Yes, approximately every 5 years.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	No.
	What penalties can arise from non-compliance?	There are two different types of penalties. The first type is a default penalty and applies when: 1) the tax return is not filed in time (maximum penalty of ANG2,500) 2) the tax due is (wholly or partly) not paid within the specified period (maximum penalty of ANG10,000). The second type is an offense penalty and applies when tax is not (fully) paid in time due to deliberate intent or gross negligence of the taxpayer. The maximum penalty is then 100% of the tax due.
Special indirect tax rules	In your country, are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	Yes. An exemption is applicable based on a general decree.
	In your country, are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	In general, no right to claim deduction of turnover tax paid by entrepreneurs.
	Does a reverse charge mechanism apply in your country for goods or services?	Yes.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	The law contains a number of exemptions.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	No.

Suriname

General	Types of indirect taxes (VAT/GST and other indirect taxes)	Turnover tax.
	Are there other indirect taxes?	— Excise taxes. — Import taxes.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	— Supply of goods: 10%. — Supply of services: 8%. — Luxury goods: 25%. — Exempt goods: 0%.
	Who is required to register for VAT/GST?	This needs to be determined on a case-by-case basis.
	Who is required to register for transfer tax?	Not applicable.
VAT/GST registration	Is voluntary registration for VAT/GST possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	Yes.
	Does an overseas company need to appoint a fiscal representative?	In principle, no.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST registration?	This needs to be determined on a case-by-case basis.
	Is grouping* for VAT/GST and other indirect taxes possible?	No.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Monthly.
	What are the exchange rate rules in your country?	In Suriname, there is a fixed exchange rate for the US dollar (USD1= 3.25 Surinamese dollars (SRD). The Central Bank of Suriname publishes the official exchange rates on their website.
VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No.
	Are there any exemptions with the right to recover or deduct input VAT?	This needs to be determined on a case-by-case basis.
	Are there any restrictions to the deduction of input VAT?	This needs to be determined on a case-by-case basis.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

Invoices	Is a business required to issue tax invoices?	Yes.
	Is it possible/mandatory to issue invoices electronically?	Yes, it is possible, but not mandatory.
	Is it possible for recipient to issue tax invoices/ self-invoices (self-invoicing)?	No.
Audits	Do tax audits take place on a regular basis?	Yes.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	No.
	What penalties can arise from non-compliance?	When no tax return is filed or the tax return has not been filed in a timely manner, the penalty varies between SRD10 and SRD1,000. When turnover tax that is due has not been paid on time (wholly or partially), the penalty varies between SRD10 and SRD1,000, depending on the situation. An offense penalty can be imposed when no or insufficient turnover tax is paid due to deliberate intent or gross negligence of the taxpayer. The penalty varies between 5% to 100% of the tax due and per infringement, depending on the situation.
Special indirect tax rules	In your country, are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	Not applicable.
	In your country, are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	The taxable services are limited by law. Therefore, liability for turnover tax purposes needs to be determined on a case-by-case basis.
	Does a reverse charge mechanism apply in your country for goods or services?	Yes.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Yes, applicability needs to be determined on a case-by-case basis.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	— Decisions by state level are not publically available. — Rulings are usually not publically available

Trinidad and Tobago (T&T)

General	Types of indirect taxes (VAT/GST and other indirect taxes)	VAT.
	Are there other indirect taxes?	— Financial services tax — 15%. — Insurance premium tax — 6%. — Hotel accommodation tax — 10%.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	— VAT standard rate — 12.5% (reduced from 15% effective 1 February 2016). — VAT (zero-rated).
	Who is required to register for VAT/GST and other indirect taxes?	VAT registration is required where the value of the commercial supplies of an entity during the period of 12 months or less commencing with the month in which the supply is made will be more than 500,000 Trinidad and Tobago dollars (TTD) (approximately USD77,500).
VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	Yes, once the registration threshold is reached.
	Does an overseas company need to appoint a fiscal representative?	Yes.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	— Completion of the Board of Inland Revenue (BIR) registration form. — Evidence that supplies would exceed the registration threshold (e.g. contracts). — Original and copies of incorporation documents.
	Is grouping* for VAT/GST and other indirect taxes possible?	Yes.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Every 2 months and in certain circumstances monthly as determined by the BIR.
	What are the exchange rate rules in your country?	For the purposes of VAT, the amount of any consideration that is in a currency other than the currency of T&T shall be converted to the currency of T&T at the rate at which the Central Bank would, at the time of supply or importation, as the case may be, have purchased that currency in the form of notes.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No.
	Are there any exemptions with the right to recover or deduct input VAT?	Only that the transactions must be related to a commercial supply.
	Are there any restrictions to the deduction of input VAT?	Cannot include input tax on supplies, or tax on the entry of entered goods, where or to the extent that the goods or services supplied or entered are required other than for the purposes of his carrying on a business in T&T.
Invoices	Is a business required to issue tax invoices?	Yes.
	Is it possible/mandatory to issue invoices electronically?	Possible yes; not mandatory.
	Is it possible for recipient to issue tax invoices/ self-invoices (self-invoicing)?	Yes — e.g. where goods are appropriated for personal use.
Audits	Do tax audits take place on a regular basis?	Yes.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	No.
	What penalties can arise from non-compliance?	Penalty of 8% and interest of 2% per month on tax assessed for non-compliance.
Special indirect tax rules	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	Upon the sale, transfer or other disposition, whether for consideration or not, of a business as a going concern, only the sale of any stock in trade held for the purposes of the business shall be regarded as being a commercial supply on which VAT will be due.
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	No.
	Does a reverse charge mechanism apply in your country for goods or services?	No.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Some VAT reliefs are available to fishermen, diplomats, judges and charities.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	No.

United States

General	Types of indirect taxes (VAT/GST and other indirect taxes)	The United States does not have a national sales tax system. Rather, indirect taxes are imposed on a subnational level. Each state has the authority to impose its own sales and use tax, subject to US constitutional restrictions. In many states, local jurisdictions (e.g. cities and counties) also impose sales and use taxes.
	Are there other indirect taxes?	Depending on the jurisdiction, taxpayers may be subject to property taxes, excise taxes, business license responsibilities and unclaimed property reporting requirements.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	There is no national sales tax in the US and therefore no standard rate. The sales or use tax rates vary by state, ranging from 2.9% to 7.5% at the state level. In addition to the state rate, local governments in 35 states impose an additional sales or use tax, ranging from 1% to 5%.
	Who is required to register for VAT/GST and other indirect taxes?	Typically, every person or entity that is engaged in the business of selling tangible personal property at retail or furnishing any taxable service must register with the state to obtain a sales tax license, permit or certificate before making sales or providing services.
VAT/GST registration	Is voluntary registration for VAT/GST possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	Yes, an overseas or out-of-state company without substantial nexus in a state may voluntarily register for collection of sales or use tax. A taxpayer voluntarily registering for sales or use tax is subject to the same duties and obligations as a taxpayer who is required to register and will be required to file returns and comply with the laws of that state.
	Does an overseas company need to appoint a fiscal representative?	Some states may require an overseas and/or out-of-state registrant to have a registered agent in the state to receive official notices (such as service of process for legal action). The state may require a bond or deposit prior to issuing a sales tax permit to a foreign or out-of-state business.

VAT/GST registration (continued)	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Sellers, vendors and retailers can register with the various states by using one of the following methods: registering with the state tax authority website or filing a form with the state's tax authority. Generally, each separate legal entity must register for its own sales tax permit, regardless of its tax classification. A separate application may also be required for each place of business.
	Is grouping* for VAT/GST and other indirect taxes possible?	A majority of the states require or permit the filing of a consolidated sales and/or use tax return when a single legal entity operates more than one location within the state. A few states require a minimum number of business locations before a consolidated return is allowed. Some states require prior approval to file on a consolidated basis.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Sales and use tax returns must be filed either annually, semi-annually, quarterly, monthly or semi-monthly, depending on state requirements. Filing frequency is commonly based on the taxpayer's sales volume and/or the amount of tax that the taxpayer collects during the period.
	What are the exchange rate rules in your country?	Varies by jurisdiction.
VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	Not applicable in the US.
	Are there any exemptions with the right to recover or deduct input VAT?	Although there is no system to recover sales and use tax, states do provide various exemptions from tax based on particular activities of the buyer. States provide various exemptions from sales or use tax. Exemptions are specifically stated within a state's sales or use tax statute and the burden of proving an exemption is on the taxpayer. Various states also offer reduced or zero rates on certain types of property, such as food for home consumption, residential utilities and manufacturing-related machinery. Generally, exemptions are based on either the type of entity purchasing the property, the type of property being purchased, the intended use of the property or the type of transaction. Exemptions that apply at the state level generally also apply at the local level. Exemptions are generally applicable to both sales and use tax.
	Are there any restrictions to the deduction of input VAT?	Not applicable in the US.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

Invoices	Is a business required to issue tax invoices?	In most states, invoices or receipts are required to be issued for each transaction. However, each state has its own requirements for how tax must be stated on the invoice.
	Is it possible/mandatory to issue invoices electronically?	Yes. The use of Electronic Data Interchange (EDI), advanced digital signatures and other forms of electronic invoicing is permitted by most states. However, for a taxpayer that uses EDI processes and technology, the level of record detail, in combination with other records related to the transactions, must be equivalent to that of an acceptable paper record. The requirements for an EDI accounting system should be similar to that of a manual accounting system.
	Is it possible for recipient to issue tax invoices/ self-invoices (self-invoicing)?	Generally, no. Some states do allow certain taxpayers use a 'direct pay permit' to remit use tax to the state in lieu of paying their vendors sales tax on their purchases.
Audits	Do tax audits take place on a regular basis?	Yes. Generally, taxpayers are on an audit cycle of 3 to 4 years based on the jurisdiction's statute of limitations.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	No.
	What penalties can arise from non-compliance?	As a general rule, states impose penalties for the failure to timely file a return and pay taxes due. The maximum penalty imposed by most states, in cases other than fraud, is 25% of the amount of tax due. However, some states are much more aggressive, assessing and imposing maximum penalties in excess of 25%. Generally, a state's penalty for late payment of tax is imposed at the same rate as its penalty for late filing.
Special indirect tax rules	In your country, are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	Some states offer a type of exemption for occasional or bulk sales (sales outside of the seller's ordinary course of business and sales of entire lines of business). Specific application of rules and definitions varies by state.
	In your country, are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	Because each state has authority to enact its own sales and use tax laws, there is no 'standard' in the US.
	Does a reverse charge mechanism apply in your country for goods or services?	Not applicable in the US.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Yes. Sales and use tax incentives are often offered to encourage taxpayers to locate business in economically disadvantaged areas to reduce the company's impact on the environment or to achieve other economic or social ends. Such incentives vary by jurisdiction.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes. The rules and applicability vary by jurisdiction and often may be found on the tax jurisdiction's website.

Uruguay

General	Types of indirect taxes (VAT/GST and other indirect taxes)	VAT.
	Are there other indirect taxes?	Excise tax, Impuesto Específico Interno (IMESI): applies to the first transaction carried out by manufacturers or importers of certain goods in the domestic market.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	— VAT standard rate is currently 22%. — A reduced rate of 10% applies to certain goods and services, such as basic food items, medicines and services rendered by hotels. — IMESI: Rates vary for each item and they are generally fixed by the government. Goods subject to higher rates are alcoholic beverages, tobacco, gasoline, fuel, lubricants and other petroleum products. The maximum rates are 80% for alcoholic beverages and 70% for tobacco. Petroleum products are taxed on their selling price at different rates. The rate can be as high as 133%, as in the case of high-grade gasoline. Other taxable commodities are alcohol, soft drinks, cosmetics and motor vehicles which attract rates varying from 10% to 30%.
	Who is required to register for VAT/GST and other indirect taxes?	Those who engage in commercial, industrial, agricultural or independent professional activities in Uruguay have to register at the tax office for tax purposes. The VAT or IMESI registration procedure in Uruguay is the same as for the rest of the local taxes (corporate income tax, capital tax, etc). In order to develop a commercial activity in Uruguay, a foreign company must register for all tax purposes (and not just for VAT), as it would need to set up a permanent establishment.

VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	No. Under Uruguayan VAT legislation, it is not possible for a non-resident entity to voluntarily register in Uruguay and act as an established entity.
	Does an overseas company need to appoint a fiscal representative?	Not applicable.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Not applicable.
	Is grouping* for VAT/GST and other indirect taxes possible?	No.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Monthly.
	What are the exchange rate rules in your country?	Tax returns have to be presented in pesos. The Central Bank of Uruguay, Banco Central del Uruguay(BCU), regulates and provides all exchange rates. The exchange rate of the day previous to the transaction applies.
VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No.
	Are there any exemptions with the right to recover or deduct input VAT?	Exports of goods and services are zero-rated with the effect that VAT is not computed on the net amounts invoiced with the possibility for the taxpayer to recover the input tax. Sales of farming products by qualified taxpayers are also zero-rated with the effect that VAT is not computed on the net amounts invoiced whereas the supplier is entitled to a VAT refund.
	Are there any restrictions to the deduction of input VAT?	Certain products are exempt from VAT, such as fruits, vegetables, foreign currency, precious metals, real estate, agricultural machinery and accessories, fuel derived from oil except fuel oil, milk, agricultural inputs, potable water, books, newspapers, magazines, educational material, etc. Where VAT relates to both taxable and exempt supplies, it is needed to make an apportionment (pro rata rule). There is also an exemption for the rendering of certain services, including interest on public and private securities and deposits, rental of real estate, banking operations and personal remunerations for services related to cultural activities (e.g. VAT on services rendered by bars, restaurants or hotels is not recoverable).
Invoices	Is a business required to issue tax invoices?	Taxpayers are required to document their operations related to taxable activities by means of invoices, sales slips, notes of credit, notes of debit or other similar commercial documents that must comply with certain formalities established by applicable regulations.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

Invoices (continued)	Is it possible/mandatory to issue invoices electronically?	Law 18.600 and applicable regulations (decrees 54/014, 36/012, 436/011, 324/011) contemplate the possibility for taxpayers to use an electronic invoice regime, comprobante fiscal electrónco (CFE). This regime is applicable to certain taxpayers included in the big taxpayers' division and to other companies that might apply for using it, but it will become more widespread in the short and medium term.
	Is it possible for recipient to issue tax invoices/ self-invoices (self-invoicing)?	No.
Audits	Do tax audits take place on a regular basis?	Tax audits take place regularly, but not with a specified periodicity. The scope of the audit is determined by the tax authorities and taxpayers have the obligation to provide all the relevant commercial and fiscal information and documents.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	No.
	What penalties can arise from non-compliance?	There are certain penalties for failing to fulfill formal obligations. The penalty or fine for failing to pay VAT due varies between 5% and 20% of the unpaid VAT. In case of fraudulent practices, besides fines ranging from 1 to 15 times the unpaid taxes, imprisonment can be imposed in certain cases. Compensatory interest is at present 12% annual rate, capitalized every 4 months.
Special indirect tax rules	In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	Under Uruguayan law number 16906, a VAT exemption could be granted by the executive power to mergers and transactions related to business reorganizations. Such an exemption does not operate automatically. It must be requested by the company to the executive power which analyzes the request on a case-by-case basis.
	In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	An aspect to be considered is that not all the services provided from Uruguay to foreign entities are considered as exports. In order for them to qualify as export services, they must be included in a list established by the executive power.
	Does a reverse charge mechanism apply in your country for goods or services?	Yes.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Movement of goods inside Uruguayan free zones or port areas (areas of the national territory subject to a special tax regime) are not subject to VAT. Services provided inside the free zones or port areas are considered as exports, provided they are exclusively and necessarily developed in those areas.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes, rulings are available on the tax office website: www.dgi.gub.uy.

Venezuela

General	Types of indirect taxes (VAT/GST and other indirect taxes)	VAT.
	Are there other indirect taxes?	— Municipal taxes. — Anti-drug tax. — Sport tax. — Science and technology tax.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	**Standard rate** — VAT 12%. — Municipal taxes are paid based on gross income. For activities performed within a country, the rates depend on the country and the type of income of the entity. — The anti-drug tax is paid annually based on operative accounting gain. The applicable rate is 1%. — The sport tax is paid annually based on net accounting gain. The applicable rate is 1%. — The science and technology tax is paid annually based on prior year gross income. The applicable rate is 0.5%. **Zero rate** — Exportation of goods and services. — Sale of natural hydrocarbons performed by Joint venture companies (empresas mixtas) to Petróleos de Venezuela S.A. or any of its subsidiaries. **Reduced rate** — Certain goods and services (such as red meat, animal oil or domestic plane tickets) are temporarily subject to the rate of 8% until the budget law provides a different rate. This reduced rate allows the taxpayer to recover any VAT paid.
	Who is required to register for VAT/GST and other indirect taxes?	**Venezuelan Entities** — Companies involved in sales of taxable services or goods in Venezuela are required to file VAT returns by using their Fiscal Registration Number (RIF). **Foreign Entities** — Foreign entities are not required to charge VAT. In cases of import of goods and services, the buyer is responsible for the payment of the VAT. The importer has to compute the VAT, pay it and then benefit from a VAT credit.

VAT/GST registration	Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	Not applicable due to the fact that there is no specific registration for VAT purposes.
	Does an overseas company need to appoint a fiscal representative?	No, since the buyer is responsible for the payment of VAT due on import of goods and services.
	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Not applicable.
	Is grouping* for VAT/GST and other indirect taxes possible?	No.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Monthly.
	What are the exchange rate rules in your country?	The country is under an exchange control regime. When the official exchange rate is modified, the VAT basis must be adjusted and credit or debit notes must be issued. The official exchange rate is 6.3 Venezuela bolivars (VEB) to USD1.This rate has been effective since February 2013.
VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	No, only local taxpayers are allowed to recover VAT.
	Are there any exemptions with the right to recover or deduct input VAT?	On local sales not subject to VAT, the taxpayer is not allowed to recover or deduct the input VAT.
	Are there any restrictions to the deduction of input VAT?	VAT exemptions do not allow VAT recovery. The amount paid as VAT becomes part of expenses and cost. Non-VAT taxpayers are not able to recover VAT.
Invoices	Is a business required to issue tax invoices?	Yes.
	Is it possible/mandatory to issue invoices electronically?	Yes. Invoices and equivalent documents may be issued electronically in two ways: printing forms acquired from authorized printer or using a tax computer. Operators in telecommunications, travel agents, insurance, courier cargo and courier, subscription television, electricity, domestic gas and internet industry are authorized to send electronic invoices. The companies need to issue more than 10,000 monthly bills. In addition, this can be through hardware that cannot be accessed by anyone but the tax authorities.
	Is it possible for recipients to issue tax invoices/self-invoices (self-invoicing)?	No.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

Audits	Do tax audits take place on a regular basis?	VAT audits take place often, typically more than once a year.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	No.
	What penalties can arise from non-compliance?	Who, by either action or omission, causes an illegal diminution of the tributary income, including the illegal benefit of exemptions, fiscal exonerations or other benefits will be sanctioned with a fine of 100% to 300% of the omitted tax. Also, in cases of non-compliance with formal duties, the company could be closed for 10 business days.
Special indirect tax rules	In your country, are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	No. Even in cases of liquidation, VAT would be applied on the assets returned to shareholders. The only case not subject to VAT is the contribution of assets to a new entity that will carry on the same type of business.
	In your country, are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	No. In general terms, VAT legislation in Venezuela has no other specific rules than specified above. Financial institutions (banks) charge VAT only on leasing operations (not very common in Venezuela). As a unique rule, special taxpayers are required to withhold the 75% of the VAT invoiced to them.
	Does a reverse charge mechanism apply in your country for goods or services?	Yes.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Certain tax exemptions or relief apply according to the VAT law. Zero and reduced rates apply as explained above.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes, they can be found at www.seniat.gov.ve.

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