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Tax Flash

KPMG Dominican Republic

Dominican Republic: Bill seeks to establish a special transitory treatment for tax assessments and payment facilities for tax debts

July, 2023

Recently, the Dominican Executive Branch filed a Bill (hereinafter, the “Bill”) before the Congress, which would authorize the Dominican Tax Authority (“DGII”, for its Spanish acronym) to declare that certain tax debts are outside the statute of limitations and, simultaneously, introduce a special procedure for tax audit, while establishing payment facilities for tax debts. The Bill also provides a tax amnesty, exclusively for state entities.

Hereinbelow, please find an overview of the most relevant fiscal provisions of the aforementioned Bill:

(i) The tax treatment specified would be effective from the enactment of the Law until December twentieth (20), two thousand twenty-three (2023).

(ii) The following taxpayers may benefit from the special and transitory tax treatment:

(a) Individuals (natural persons);
(b) Legal entities; and,
(c) Undivided estates.

(iii) Upon the application of four (4) technological scans, the DGII would declare that tax debts for declarative tax obligations would fall outside the statute of

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limitations, provided that they correspond to fiscal years prior to 2015, inclusive, with respect to the following taxes:

(a) Income Tax (“ISR”, for its Spanish acronym);
(b) Value-Added Tax (“VAT,” or “ITBIS,” for its Spanish acronym);
(c) Selective Consumption Tax (“ISC”, for its Spanish acronym);
(d) Asset Tax (“ISA”, for its Spanish acronym);
(e) Real Estate Tax (“IPI”, for its Spanish acronym);
(f) Taxes on free zone; and,
(g) Taxes on gambling.

(iv) Furthermore, taxpayers that are under an office audit process, upon the entry into effect of the Bill, may request the application of a **special audit procedure** with respect to ISR and ITBIS. In this regard, the Bill foresees a series of mechanisms for the computation of tax debt based on the effective tax rate (“TET”, per its Spanish acronym), assimilable to each taxpayer’s industry.

(v) Finally, the Bill would establish **payment facilities for tax debts** corresponding to tax periods from two thousand sixteen (2016) to two thousand twenty-one (2021). To that effect, taxpayers will be able to settle such debts as detailed below:

Detail	Payment method
Debts originated in assessments of the DGII.	Single payment of seventy percent (70%) of the owed taxes, excluding late payment surcharges or compensatory interest.
Debts arising from ordinary tax returns, self-assessments or voluntary amendments of tax returns	1. Single payment of one hundred percent (100%) of the owed taxes and up to six (6) months of compensatory interest, excluding late payment surcharges; **or,** 2. Payment of up to four (4) monthly installments of one hundred percent (100%) of the owed taxes, excluding late payment surcharges, but including compensatory interest.

KPMG confirms its interest in providing its tax and legal advisory and consulting services, to facilitate the process of benefiting from the provisions of the Bill, once it enters into effect.

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