



Tax Flash



Dominican Republic: Dominican Tax Authority (DGII) submits draft General Rule for public consultation

August 2023

Recently, the Dominican Tax Authority (hereinafter, the "DGII", for its Spanish acronym) published a draft General Rule for public consultation on the appointment of withholding and collection agents for Value-Added Tax ("VAT") and Income Tax ("IT"). Herein below we have identified the most relevant provisions set forth by such draft General Rule:

- I. This Rule would substitute General Rule No. 8-04. Accordingly, the following would be designated as VAT and IT withholding and collection agents:
 - (a) Payment processors;
 - (b) Payment system administrators;
 - (c) Payment aggregators;
 - (d) Other electronic payment entities.

- II. The aforementioned agents would need to apply a 1% IT withholding on the gross amount invoiced, with respect to transactions paid by credit/debit card or by any other means of electronic payment, when the affiliate (individual or legal entity):



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(a) is not registered in the RNC; or (b) is suspended, terminated or has no recurring tax obligations.

III. Additionally, the following VAT withholdings would apply to transactions paid by credit/debit card or any other means of electronic payment:

(a) 2% of the invoiced amount, when the taxpayer has active status before the DGII.

(b) 18% of the invoiced amount, when the taxpayer has a suspended status, is discharged or has no recurring tax obligations.

IV. Finally, the following taxpayers would be excluded from the VAT and IT withholding and collection, after filing request before the DGII:

(a) Affiliates that are in an active status in DGII and their main economic activity is the sale of goods and provision of exempt services;

(b) Taxpayers who are electronic tax receipt (e-CF) issuers.

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

Best,

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