



Thinking Beyond Borders: Management of Extended Business Travelers - Honduras



July 2023

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Key message

The Honduran Income Tax Law states "any kind of yield, gain, profit, rent, interest, proceeds, profit, participation, salary, wage, fee and generally any perception in cash, securities, credit or kind that modifies the equity of the taxpayer is considered income."

1 Key message

As of 2017 the income tax levies the territorial income of the resident taxpayer, non-residents are subject to income tax from Honduran source.

02

Income tax

2 Income Tax

2.1 Liability for income tax

Individuals that had remained for more than 3 months in the country/jurisdiction are considered residents therefore are obliged to pay income tax. Individuals receiving income from a single source are not obliged to file a tax return to the tax authorities when their tax is withheld by the employer.

2.2 Tax trigger points

Every individual resident or not resident in the country/jurisdiction, receiving any form of income from Honduran source.

2.3 Types of taxable income

Any kind of yield, gain, profit, rent, interest, proceeds, profit, participation, salary, wage, fee and generally any perception in cash, securities, credit or kind that modifies the equity of the taxpayer is considered income.

2.4 Tax rates

The calculation of the income tax for individuals shall be done according to the following tax rate table (in Honduran lempira (HNL)):

From	To	Tax rate
0.00	199,039.47	0%
199,039.48	303,499.90	15%
303,499.91	705,813.76	20%
705,813.76	Over	25%

Non-taxable income for individuals:

Thirteenth and fourteenth salaries which are two additional payments of salaries that individuals receive in June and December as per the Labor Code, are exempted up to 10 minimum wages. The minimum wage for 2022 was HNL 11,278.75 ($11,278.75 \times 10 = 112,787.50$).

- Vacation bonus is exempted up to 30 days of salary.

Deductible expenses for individuals:

- Medical and Educative expenses HNL40,000.00.
 - Welfare Insurance Regime, Collective Capitalization Pillar Colectivo (Regimen del Seguro de Prevision social, Pilar de Capitalization Colectivo $10,796.49 \times 2.5\% \times 12 = L3,238.95$
- Welfare Insurance Regime, Complementary Individual Account Regime (Regimen del Seguro de Prevision Social, Pilar Complementario de Cuentas Individuales RSPSPCCI), Salary excess of HNL10,796.49 x 1.5%.
 - Total of the contributions to a Private Pension fund.

Non-Residents

It is considered as residents in Honduras when the individuals have remained in Honduran territory for more than 3 months in the calendar year that corresponds to the tax, besides of the cases that the residence is determined by any other legal disposition.

Nonresidents with agent or accredited representative in Honduras shall be considered as resident for purposes of application of the income tax, for the revenues obtained from the operation performed within the Republic's territory.

Nonresidents shall be subject to income tax upon revenue obtained from source within the country/jurisdiction, whether derived of existent goods in Honduras, of services rendered in national territory or abroad, or of business performed by a resident in the Republic, although the corresponding revenue to such income would be paid or credited to the individual by residents or nonresidents.

Gross income obtained from Honduran source by nonresident individuals or legal entities, shall pay pursuant to the tax rate detailed as follows:

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

03

Social security

3 Social security

3.1 Liability for social security

2023	
Type of Contribution	Employer Rate
Social Security	
Welfare Insurance Regime, Collective Capitalization Pillar Colectivo (Regimen del Seguro de Prevision Social, Pilar de Capitalizacion Colectivo RSPSPCC)	3.5%
Health Care Insurance Regime (Regimen del Seguro de Atencion a la Salud RSAS)	5%
Monthly Maximum Salary For	HNL 10,796.49
RSPSPCC	
Monthly Maximum Salary For RSAS	HNL10,342.19

There are no reciprocal agreements.

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Compliance obligations

4 Compliance obligations

4.1 Employee compliance obligations

Every taxpayer is required to submit to the Tax Authorities by themselves or through an agent or legal representative, from 1 January to 30 April or next business day of each year, a tax return of the income obtained from one or more sources in the previous year. The individuals receiving income that does not exceed HNL 199,039.47 are exempt of submitting this tax return.

The employer is obliged to withhold the income tax and submit the corresponding tax return when the employee receives income from a single source.

If the employee is a non-resident or not domiciled in the country/jurisdiction the income received from Honduran source will be subject to the rates. The person performing the payments is obliged to withhold, file and pay the amounts to the tax authorities no later than the 10 subsequent days of the following month.

4.2 Employer reporting and withholding requirements

The employer is obliged to perform a monthly withhold for the social security payment to the employee recorded in a payroll the amounts withheld must be filed and paid to the corresponding entity.

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Other issues

5 Other issues

5.1 Double taxation treaties

In Honduras there are no double taxation treaties in force.

5.2 Permanent establishment implications

Specific Permanent establishment regulations became in force since 1 January 2014.

5.3 Indirect taxes

VAT 15 percent.

5.4 Transfer pricing

Transfer pricing regulations became in force since 1 January 2014.

5.5 Work permit/visa requirement

In order to work in Honduras, the non-residents must have a work permit.

5.6 Local data privacy requirements

N/A.

5.7 Exchange control

N/A.

5.8 Non-deductible costs for assignees

N/A.

5.9 Other

N/A.

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