Benefits in setting up businesses in the region
The Central & South American region is rich in natural resources, has a young population and emerging political environments that are paving the way for ample trade and international investment opportunities.

This publication has been created AGN Members in the region in collaboration with the Committee of Relationship with North America, that promotes the connection between regions to facilitate business engagements.

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The data presented here correspond to the laws of each country in 2016. For accuracy, please contact with AGN firms.
ARGENTINA

Accounting requirements
All private legal entities and individuals that are carrying out an economic activity organized, or are holders of a company or establishment trade, industrial, agricultural or services, domiciled in Argentina, must keep accounting records of their operations.
Stock companies are also required to carry books of minutes of Shareholders meetings and board, attendance to meetings and registration of shares.
Limited liability partnerships must have a register of minutes of the deliberations and decisions, and the responsible of the bookkeeping must also provide the financial statements.

Audit requirements
Current regulations have no differences with regard to the issuance of reports, with the International Audit Standards and the International Standard of Intermediate Periods (NIER 2410) issued by the IAASB of the IFAC.

Taxes
Rates and Contributions are usually to compensate the Government for an activity or service provided to the taxpayer. Taxes are payments required to the taxpayer by the government.
Income tax: 35%

Corporate Taxes
Every company is considered an independent body. In this regards, there is no possibility to do joint tax declarations as group.

Losses
Losses in an exercise can be deducted from taxable profits and are obtained in the following five years. The computation of losses in previous years are not allowed.

Retained Taxes
Income tax on salaries, taxes on services or purchase of goods, taxes on transfer of brands, patents of invention, royalties, concessions and similar to the fees of the director of a corporation, trustee, board member of limited liability companies, limited partner or shares, etc.

Treatment for double taxation
Non residents are taxed on their profits from Argentina only. Residents are taxed on their profits from the country or abroad.
Argentina has agreements with 18 countries to avoid double tax: Germany, Canada, Finland, France, Italy, Sweden, Bolivia, Brazil, UK, Belgium, Australia, The Netherlands, Denmark, Norway, Uruguay, Spain, Russia and Switzerland.
### ARGENTINA

<table>
<thead>
<tr>
<th><strong>Sales tax</strong></th>
<th>Sales of goods, services imports 21%, there are special rates of 10.5% and 27%</th>
</tr>
</thead>
</table>
| **Social Security** | Employers: 17% or 23% of payroll  
Employees: 14% of the salary |
| **Federal taxes** | National taxes: Gains tax, VAT, minimum presumed gain tax, tax on credits and debits in bank accounts, internal tax, properties transfer tax, personal property tax.  
Provincial taxes: tax on gross income, stamp tax, property tax |
| **Investment return, capital transfer and taxes related** | Foreign investors transfer abroad net profits and repatriate their investment. |
| **Tax exemption** | Argentina provides different incentives to attract national and foreign inversion. Current programs include horizontal incentives, by sector, location, innovation and technological development, employment. Also, there are programs to obtain finance for inversion and promotion of exports. |
| **Other Incentives** | Companies that provide new labour relationships can obtain a reduction to contributions, that can be reduced up to 50%, and following 12 months, 25%. |
| **Bank account opening** | Easy. |
| **Is the country considered a Tax Paradise?** | No. |
| **Exchange Control** | Individuals can buy up to $ 2 million per month without requesting permission to the AFIP.  
Recent unification of exchange has been very positive, with rates ARS14 and ARS15 for every US$1. The exchange rate is free. |
ARGENTINA

Labour

Argentina’s labour legislation is distinguished by the protection offered by employees. Regulations look after employment contract, payment of salaries and wages, working conditions for women and children, and several other aspects. On June 30 and December 18 every year, it is mandatory to pay a bonus, amounting to half the highest remuneration paid to the employee during the previous semester. It is also mandatory the payment of vacation, leave for sickness and unemployment insurance among others.

Minimum Wage

US$ 432

Political Stability

There is a new government in 2016 that is expected to gain trust for investment. Economy is expected to grow around 1% in 2016.

Economical Stability

The Argentinian economy has been static in 2015, and in 2016 is expected to grow due to political changes.

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Elizalde, Casares & Asociados

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W: www.ecya.com.ar
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Contact Partner: Alberto Adaminas
### BOLIVIA

<table>
<thead>
<tr>
<th>Legal entities to carry business</th>
<th>Corporations, LLCs, Unintentional societies,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign requirements to open a corporation or subsidiary</td>
<td>The general demanded of every company in Bolivia</td>
</tr>
<tr>
<td>Legal representation for foreigners</td>
<td>Must be a person who resides in the country, domestic or foreign</td>
</tr>
<tr>
<td>Accounting requirements</td>
<td>Commercial and industrial entities must keep accounting records, prepare tax declarations and annual reports</td>
</tr>
<tr>
<td>Audit requirements</td>
<td>Any company that exceeds US $170,000 per year is required to submit annual audited financial statements</td>
</tr>
<tr>
<td>Taxes</td>
<td>Income tax 25%, 13% VAT, tax transactions 3%, complementary to VAT 13%, remittances abroad Regime 12.5%</td>
</tr>
<tr>
<td>Corporate Taxes</td>
<td>None</td>
</tr>
<tr>
<td>Losses</td>
<td>Up to two years accumulated losses can offset the annual income tax</td>
</tr>
<tr>
<td>Retained Taxes</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Treatment for double taxation</td>
<td>Tax agreements with Argentina, Germany, UK, Spain, Sweden, France</td>
</tr>
<tr>
<td>Sales tax</td>
<td>13% VAT and Tax Transactions 3%</td>
</tr>
<tr>
<td>Social Security</td>
<td>Mandatory for all dependent personnel 16.71% (global)</td>
</tr>
<tr>
<td>Federal taxes</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

The data presented here correspond to the laws of each country in 2016. For accuracy, please contact with AGN firms.
BOLIVIA

Investment return, capital transfer and taxes related

Profits distribution to residents and non-residents, beneficiaries can keep those funds in the country or send them abroad. Tax 12.5%

In Cobija note and El Alto in La Paz, Bolivia

Tax exemption

VAT Refund for Exporters

Other Incentives

Bank account opening

Easy

Is the country considered a Tax Paradise?

No

Exchange Control

No exchange control

Labour

In force since 1949

Minimum Wage

US$ 240

Political Stability

Stable democracy with free elections

Economical Stability

Yes

AGN firms in the country:

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Phone: (+591 3) 332 8121
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EMail: scil@cotas.com.bo
Contact Partner: Gerardo Maldonado

The data presented here correspond to the laws of each country in 2016. For accuracy, please contact with AGN firms.
BRAZIL

Legal entities to carry business

1 – Limited Company; Individual
2 – Business person
3 – Individual Responsibility Company Limited (EIRELI)
4 – Single Microentrepreneur
5 – Entrepreneur Company
6 – Joint-stock company
7 – Simple Commandite Company
8 – Limited Partnership by Shares
9 – Simple Company
10 – Non profit lucrative entity
11 – Company in Collective Name

Foreign requirements to open a corporation or subsidiary

Legal representative domiciliated in Brazil. Click here for more information.

Legal representation for foreigners

Yes, but always with foreign legal representative domiciled in Brazil with attorney.

Accounting requirements

Commercial and industrial entities must keep accounting records, prepare tax declarations and annual reports.

Audit requirements

Commercial, industrial or financial institutions require audit report, when its assets and financial indebtedness is above a certain level.

Taxes

PJ - 34% of income tax and social contribution on net income plus PIS and COFINS on revenue - PF - progressive rate from 7.5% to 27.5% according to income.

Corporate Taxes

Tax Profit, Rate: Organic: , Taxable Drug Law 1%

Losses

Losses are considered deductible of taxes

Retained Taxes

The companies act as withholding agents, these deductions are tax credits that are settled in the annual income tax declaration.

The data presented here correspond to the laws of each country in 2016. For accuracy, please contact with AGN firms.
BRAZIL

Treatment for double taxation
Tax agreements with South Africa, Germany, Argentina, Austria, Belgium, Canada, Chile, China, South Korea, Denmark, Ecuador, Slovakia, Spain, Philippines, Finland, France, Hungary, India, Israel, Italy, Japan, Luxembourg, Mexico, Norway, Holland, Peru, Portugal, Czech Republic, Sweden, Trinidad e Tobago, Turkey, Ukraine and Venezuela.

Sales tax
ICMS (rate varies according to activity, 17% is the standard), ISS (rate varies according to activity, 5% is the standard), PIS (0.65% or 1.65%), Cofins (3% or 7.65%). In some situations, sales considered export of goods or services have exemption of PIS and COFINS. Also for some types of companies is allowed to contribute to the INSS on revenue, with rates of 1% to 4.5%, instead of 20% on the payroll.

Social Security
Progressive Table 8% to 11% for PF. PJ to 20% of the remuneration of employees and contractors / freelancers.

Federal taxes

Tax exemption
Not applicable
BRAZIL

Other Incentives
Incentives for cultural and audio visual activities

Bank account opening
Easy

Is the country considered a Tax Paradise?
No

Exchange Control
Exchange control, regulated by the Government only through financial institutions.

Labour
Labour code in benefit of employees rights, many active worker unions

Minimum Wage
US$ 245

Political Stability
Stable democracy with free elections

Economical Stability
Economical Stability, inflation at 10% and stable exchange rate of US $ 1.00= R$ 3.50 to R $ 4.00

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Contact Partner: Roberto Evangelista

The data presented here correspond to the laws of each country in 2016. For accuracy, please contact with AGN firms.
### Legal entities to carry business
- Corporation (SA)
- Limited liability company (Ltda.)
- Limited partnership (Sociedad en Comandita)
- Branch of a foreign company
- Simplified shares corporation (SAS)

### Foreign requirements to open a corporation or subsidiary
Foreign investment in Colombia is allowed without specific authorisation, except when is on the sectors: assurance, finance, mining, hydrocarbons.

### Legal representation for foreigners
For the opening of a branch of a foreign company, the statutes of the main office abroad have to be raised to the public deed, formalize the copy of the decision to open a branch office and authorized officials to represent the company.

### Accounting requirements
Companies must have their financial statements, including the general balance, statement of income, changes in equity, changes in the financial situation and cash flow.

### Audit requirements
Companies must issue their accounts and prepare financial statements that have to be certified and audited at least once a year.

### Taxes
Main taxes are: Income tax, Income equity tax, sales tax, consumption tax and the tax on financial transactions. Main municipal and department taxes are industry and commerce tax, property tax and registration tax.

### Corporate Taxes
Earnings of the company are subject to taxation only once, either on behalf of the company or on behalf of the shareholder. Therefore, if the company pays corporate income tax on profits, shareholders are not subject to any additional tax on dividends received.

### Losses
Tax losses can offset in any following taxable period without limitation on time or amount. Tax losses cannot be transferred to partners.
# COLOMBIA

**Retained Taxes**

Paid dividends of utilities that have not been taxed at the company, to foreign shareholders non residents in Colombia, are taxed on behalf of the shareholder via withholdings at source at the rate of 33%.

**Treatment for double taxation**

Colombia has agreements with Germany, Barbados, Bolivia, Brazil, Canada, South Korea, Chile, Ecuador, Spain, United States, France, Italy, Mexico, Panama, Peru, Portugal, Czech Republic and Switzerland.

**Sales tax**

Tax rate is 16%, although there are special rates between 0% and 5%.

**Social Security**

Foreign employees have the same rights and obligations than Colombians.

Employee: Pensions 4% (not mandatory for foreign), Health 4%, Pension solidarity fund 1% - 2%

Employer: Pensions 12%, Health 8,5%, Labour Risks 0,348% - 8,7%

**Federal taxes**

Main taxes are the income tax, the tax equity (CREE), VAT, consumption tax and the taxation of financial movements (GMF).

Income tax general rate is 25%, for users of free zones is 15%, and foreign corporations without branch or permanent establishment in Colombia is 33%

**Investment return, capital transfer and taxes related**

Non residents can do transactions with foreign currency, and they must inform of them to the “Banco de la República”.

**Tax exemption**

There are several treatments of exemptions for different income and sales taxes.

**Other Incentives**

There are different incentives for specific business and activities. There are also free-zones with specific benefits, and also different systems for temporary imports in specific activities.

**Bank account opening**

Easy

**Is the country considered a Tax Paradise?**

No

**Exchange Control**

There is no exchange control
COLOMBIA

Labour

Employers must subscribe their employees to the register of the social security, health, labour risk, compensation fund and other supplementary services. Employees can have 15 days paid holidays per year of service. Companies must pay to each employee an extra bonus in June and December equivalent to 15 days salary.

Minimum Wage

US$ 220

Political Stability

Colombia is a democratic republic with a privileged location in Latin-America and great natural resources. The World Bank has catalogued Colombia as the country in Latin America with highest protection to inversion.

Economical Stability

GDP growth in Colombia during last decade has been higher than world average and, in the last few years, the country has been accomplished higher economical stability, due to control on the inflation.

AGN firms in the country:

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Contact Partner: Rooy Alexander Gonzalez Mejia
Legal entities to carry business

There are only two main types of Corporations: Sociedades Anónimas (S.A.) and Sociedades de Responsabilidad Limitada (S.R.L.)

Foreign requirements to open a corporation or subsidiary

Laws and regulations on corporations are frequently changing so consultation with a legal professional would be advisable before proceeding with the incorporation process.

Legal representation for foreigners

Foreigners can have the legal representation.

Accounting requirements

Every person or corporation doing business in Costa Rica is obligated to keep accounting and financial register and must be register with the Tax Authority.

Audit requirements

The annual financial statements of large corporations or regulated investment fund require annual audits. Audited accounts must be completed within 40 days of year-end. There is no requirement to audit the interim financial statements.

Taxes

Income tax on profits will be calculated at 10%, 20% or 30%, depending on the gross income.

Corporate Taxes

None

Losses

Up to three years accumulated losses can offset the annual income tax, for industrial corporations and five years accumulated losses for agriculture corporations.
# COSTA RICA

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retained Taxes</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Treatment for double taxation</td>
<td>Costa Rica has signed double tax treaties with Germany and Mexico. Adamantia</td>
</tr>
<tr>
<td>Sales tax</td>
<td>Sales tax 13%</td>
</tr>
<tr>
<td>Social Security</td>
<td>The Costa Rican healthcare system is paid for by mandatory contributions made by employers and employees. Employers have to pay 26.33% of salary while employees make 9.34% of contribution.</td>
</tr>
<tr>
<td>Federal taxes</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Investment return, capital transfer and taxes related</td>
<td>Withholding taxes 15% withholding tax is levied at source on all dividends remitted to shareholders., all commissions paid to third parties, all loan interest repayments, etc.</td>
</tr>
<tr>
<td>Tax exemption</td>
<td>Corporations inscribed under the Free Trade Zone enjoy tax exemptions benefits.</td>
</tr>
<tr>
<td>Other Incentives</td>
<td>Inward processing and refundable duties</td>
</tr>
<tr>
<td>Bank account opening</td>
<td>Will require to comply with several important requisites.</td>
</tr>
<tr>
<td>Is the country considered a Tax Paradise?</td>
<td>No</td>
</tr>
<tr>
<td>Exchange Control</td>
<td>Costa Rica has no general foreign investment law, and its exchange controls were lifted in 1992. Costa Rican law permits national and foreign companies to operate bank accounts in colones or in dollars, both in Costa Rican banks and abroad.</td>
</tr>
<tr>
<td>Labour</td>
<td>Employment and labor laws are an important part of Costa Rica’s legal structure. Basic labor rights include minimum conditions of liberty and dignity for all workers.</td>
</tr>
<tr>
<td>Minimum Wage</td>
<td>The current minimum wage for unskilled labor in the San José metropolitan area is approximately ₡290,000 colones or US$550 per month.</td>
</tr>
</tbody>
</table>
COSTA RICA

Political Stability

Costa Rica was the first country in the world to constitutionally abolish its army. Costa Rica is one of the most stable governments in the region.

Economical Stability

For the past twenty years, Costa Rica has not experienced any economic crisis. For a developing country, that is a great accomplishment. As the Central American Free Trade Agreement (CAFTA) was implemented, Costa Rica was further integrated into the world economy and economic stability was further established.

AGN firms in the country:

Fernandez Zeledon y Asociados
Del Banco Nacional de Costa Rica en San Pedro Montes de Oca 200 Metros Sur y 200 Metros Este y 100 Metros Norte

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Beige con Rojo

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Email: ferzel@ice.co.cr
Contact Partner: Elias G. Fernandez Arce

The data presented here correspond to the laws of each country in 2016. For accuracy, please contact with AGN firms.
ECUADOR

Legal entities to carry business
Superintendency of Securities and Insurance Companies of Ecuador, Banking, Popular Economy, Stock Market, Internal Revenue Service SRI, Comptroller General of the State’s most important.

Foreign requirements to open a corporation or subsidiary
The requirements for a foreign investor is regulated by the Superintendency of Securities and Insurance Companies of Ecuador and to start a business or subsidiary is a relatively quick process and can be done online through the web portal of this monitoring body.

Legal representation for foreigners
The process goes together with the establishment of the company on the website indicated above. In the case of a foreign company it required the appointment of a proxy by delivering power.

Accounting requirements
Commercial and industrial entities must keep accounting records, prepare tax declarations and annual reports.

Audit requirements
All company whose partners are Ecuadorians and branches of foreign companies, organized as corporations are required to submit Audit Report.

Taxes
Income taxes 22% before calculating the 15% participation of workers.

Corporate Taxes
None

Losses
Companies may have lost up to 50% of the capital, passing this limit come into dissolution process.

Retained Taxes
The companies act as withholding agents, these deductions are tax credits that are settled in the annual income tax declaration.

The data presented here correspond to the laws of each country in 2016. For accuracy, please contact with AGN firms.
## ECUADOR

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Treatment for double taxation</strong></td>
<td>To avoid double taxation and encourage commercial exchange, many countries have signed tax agreements.</td>
</tr>
<tr>
<td><strong>Sales tax</strong></td>
<td>Sales tax is called Value Added Tax - IVA which applies a rate of 12%, with certain recorded zero rate services.</td>
</tr>
<tr>
<td><strong>Social Security</strong></td>
<td>It is known in our country as IESS Social Security Institute, whose members make a personal contribution of 9.45%, this is complemented by the contribution of the employer (company) of 12.15%, these values are calculated on the salary or monthly remuneration.</td>
</tr>
<tr>
<td><strong>Federal taxes</strong></td>
<td>See clarification tax</td>
</tr>
<tr>
<td><strong>Investment return, capital transfer and taxes related</strong></td>
<td>Profits distribution to residents and non-residents, beneficiaries can keep those funds in the country or send them abroad. Tax 5%</td>
</tr>
<tr>
<td><strong>Tax exemption</strong></td>
<td>Tax incentives for companies that are in the Special Economic Development Zones ZEDE</td>
</tr>
<tr>
<td><strong>Other Incentives</strong></td>
<td>According to the type of business could consider whether there are other types of incentives according to our legislation.</td>
</tr>
<tr>
<td><strong>Bank account opening</strong></td>
<td>Easy</td>
</tr>
<tr>
<td><strong>Is the country considered a Tax Paradise?</strong></td>
<td>None</td>
</tr>
<tr>
<td><strong>Exchange Control</strong></td>
<td>Exchange control by the current government policy changes.</td>
</tr>
<tr>
<td><strong>Labour</strong></td>
<td>Employees entitled to share company profits, additional benefits are the thirteenth, fourteenth, and reserve fund.</td>
</tr>
<tr>
<td><strong>Political Stability</strong></td>
<td>Stable democracy with free elections</td>
</tr>
<tr>
<td><strong>Economical Stability</strong></td>
<td>Since 2015 the economy started a crisis by the fall in oil prices, a situation that has continued in 2016 and will continue to affect one or two more years.</td>
</tr>
</tbody>
</table>

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The data presented here correspond to the laws of each country in 2016. For accuracy, please contact AGN firms.

**ECUADOR**

AGN firms in the country:

**Auditory & Accounts S.A.**

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**Auditory & Accounts S.A.**

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Contact Partner: Carlos E. Aurea
### GUATEMALA

<table>
<thead>
<tr>
<th>Legal entities to carry business</th>
<th>Individuals, LLCs and corporations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign requirements to open a corporation or subsidiary</td>
<td>None</td>
</tr>
<tr>
<td>Legal representation for foreigners</td>
<td>Legal representation is possible for foreigners</td>
</tr>
<tr>
<td>Accounting requirements</td>
<td>Commercial and industrial entities must keep accounting records, prepare tax declarations and annual reports</td>
</tr>
<tr>
<td>Audit requirements</td>
<td>Mandatory annual audit report for appointed special tax payers to SAT</td>
</tr>
<tr>
<td>Taxes</td>
<td>Income Tax 25% on profits or over monthly income 5%, Employees and Dividends 5%</td>
</tr>
<tr>
<td>Corporate Taxes</td>
<td>Solidarity Tax 1% over Total Income of the previous year to taxpayers on profit regime</td>
</tr>
<tr>
<td>Losses</td>
<td>Cannot be credited against losses from previous years</td>
</tr>
<tr>
<td>Retained Taxes</td>
<td>Solidarity tax paid quarterly, creditable against Income Tax, three quarterly payments to anticipate the annual declaration</td>
</tr>
<tr>
<td>Treatment for double taxation</td>
<td>None</td>
</tr>
<tr>
<td>Sales tax</td>
<td>12% VAT on all local sales, exports of goods and services are exempt</td>
</tr>
<tr>
<td>Social Security</td>
<td>4.33% for employees, 12.67% for employers</td>
</tr>
<tr>
<td>Federal taxes</td>
<td>Property tax quarterly 9/1000 over property value, charged by each Town Council, annual circulation tax on vehicles</td>
</tr>
</tbody>
</table>
**GUATEMALA**

<table>
<thead>
<tr>
<th>Investment return, capital transfer and taxes related</th>
<th>5% income tax on dividends</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax exemption</td>
<td>Free zones and non profit organizations, universities, education</td>
</tr>
<tr>
<td>Other Incentives</td>
<td>VAT Tax Refund for Exporters</td>
</tr>
<tr>
<td>Bank account opening</td>
<td>Easy</td>
</tr>
<tr>
<td>Is the country considered a Tax Paradise?</td>
<td>No</td>
</tr>
<tr>
<td>Exchange Control</td>
<td>No exchange control</td>
</tr>
<tr>
<td>Labour</td>
<td>Severance only in case of unjustified dismissal, one salary per year worked. Christmas Bonus: One salary per year worked. Bonus 14: One salary per year worked in July each year, 15 working days of vacations after a whole year working</td>
</tr>
<tr>
<td>Minimum Wage</td>
<td>US $ 350</td>
</tr>
<tr>
<td>Political Stability</td>
<td>Stable democracy with free elections</td>
</tr>
<tr>
<td>Economical Stability</td>
<td>Economical Stability, inflation at 4% and stable exchange rate of US $ 1.00 = Q7.60</td>
</tr>
</tbody>
</table>

---

**AGN firms in the country:**

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FAX: (+502) 2333 5586  
EMail: mrueda@pakyasoc.com  
Contact Partner: Marielos de Rueda

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The data presented here correspond to the laws of each country in 2016. For accuracy, please contact with AGN firms.
NICARAGUA

Legal entities to carry business

Individuals, LLCs and corporations

Foreign requirements to open a corporation or subsidiary

legal representation of his country, meet the requirements regulated by Chancellery and other

Legal representation for foreigners

There must be a legal representative brand for country

Accounting requirements

Commercial and industrial entities must keep accounting records, prepare tax declarations and annual reports

Audit requirements

Audit case of regulated private when they have loans with banks

Taxes

IVA -15 % and 30 % annual gross profit

Corporate Taxes

Losses

Losses can be offset from three previous years if the business have been working for 5 years

Retained Taxes

Only in cases of heritage and when paid the deduction is applied to members 10%

Treatment for double taxation

The double taxation is always compensated when demonstrates the existence of several years of business, as a tax credit

Sales tax

15 % compared all

Social Security

Patronal 18% and 16% .5 labor employees , estimated 2% of payroll employees

Federal taxes

Does not apply
NICARAGUA

Investment return, capital transfer and taxes related: Only when it is considering the case by law and some in particular

Tax exemption: If only for hotels and tourism enjoy this benefit

Other Incentives: None for now

Bank account opening: Easy

Is the country considered a Tax Paradise?: No

Exchange Control: Very little changes

Labour: Balanced employee and employer rights

Minimum Wage: US$ 165.40

Political Stability: Mixed government

Economical Stability: Inflation 5%, Exchange rate of US$ 1.00; 28.416 Cordobas

AGN firms in the country:

Gutierrez Guadamuz & Co
Module 6, Shopping Center
Semaphores 7 South, 30 meters North
Managua

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W: http://www.gutierrezcia.com/
EMail: pedro.gutierrez@gutierrezcia.com
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**PERU**

<table>
<thead>
<tr>
<th>Legal entities to carry business</th>
<th>Individuals, Joint-stock companies (open or closed), limited liability companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign requirements to open a corporation or subsidiary</td>
<td>None. Foreign investors can register their investment in Proinversion.</td>
</tr>
<tr>
<td>Legal representation for foreigners</td>
<td>Yes</td>
</tr>
<tr>
<td>Accounting requirements</td>
<td>Accounting records must be in accordance with local accounting and tax regulations. It is not necessary to register people with a government entity</td>
</tr>
<tr>
<td>Audit requirements</td>
<td>It is not mandatory for local purposes, only if required by the parent company. It is mandatory for listed shared companies on the Lima Stock Exchange</td>
</tr>
<tr>
<td>Taxes</td>
<td>Corporate Income 28% (2015 and 2016), 27% (2017 and 2018) and 26% (from 2019) calculated on the net taxable income at the end of each year. Personal taxes are based on a progressive scale of income between 15% and 30%.</td>
</tr>
<tr>
<td>Corporate Taxes</td>
<td>Temporary Tax on Net Assets (ITAN) is 0.4% of total assets at the previous year end and is payment on account of corporate income tax.</td>
</tr>
</tbody>
</table>
| Losses | Tax losses can be offset by:
A: Allocation of losses from the following their exercise
B: Allocation of losses up to a limit of 50% of net income. |
| Retained Taxes | Income tax withheld on services provided by non domiciliated entities. The retention rate is 30% and there are reduced fees depending on the activity of the service. |
PERU

Treatment for double taxation
Agreements to avoid double taxation with Chile, Brazil, Canada, CAN (Peru, Bolivia, Colombia, Ecuador), Mexico, Korea, Switzerland and Portugal.

Sales tax
18% VAT on all local sales/purchases. Exports of goods and services are exempt.

Social Security
Employee: private pension fund around 13% depending on the AFP (State Pension Fund 12%).
Employer: 9% social security

Federal taxes
For real estate properties, taxes are paid on a progressive rate is between 0.2% and 1% of the declared value of the property.

Investment return, capital transfer and taxes related
Dividends can be remitted after retention of income tax. The rate is 6.8% (2015 and 2016), 8.8% (2017 and 2018) and 9% (from 2019).

Tax exemption
Products and services sale in the jungle area is not subject to VAT.

Other Incentives
No

Bank account opening
Easy. Peruvian companies can have bank accounts in other countries.

Is the country considered a Tax Paradise?
No

Exchange Control
No exchange control
PERU

Labour
Unfair dismissal represents 50% of salary for each year of service with a maximum of 8 years. Compensation Services is put in the bank and equals to one salary per year worked. The Salary is 12 payments per year plus two bonuses (one in July and another in December).

Minimum Wage
US $ 250

Political Stability
Stable democracy with free elections

Economical Stability
4.4% inflation in 2015. Exchange rate is S/. 3.40 per 1US$

AGN firms in the country:

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Contact Partner: Raúl Martínez

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EMail: jmonzon@monzonvaldivia.com.pe
Contact Partner: Julio Monzon Alcantara
### URUGUAY

<table>
<thead>
<tr>
<th><strong>Legal entities to carry business</strong></th>
<th>In the commercial and industrial area, individuals or corporations. Owners are jointly and severally liable in the event of default. Usually operated by LLCs.</th>
</tr>
</thead>
</table>
| **Foreign requirements to open a corporation or subsidiary** | The foreign resident acts as an ordinary citizen, can operate in three ways:  
- a) sending a proxy Uruguay your company abroad, authorized to do business in the country  
- b) opening a branch of the company that owns abroad.  
- c) By the constitution of a Uruguayan corporation, may be single shareholder or several shareholders |
| **Legal representation for foreigners** | The legal representation, applicable to legal persons as Directors, also they can empower others |
| **Accounting requirements** | Commercial and industrial entities must keep accounting records, prepare tax declarations and annual reports |
| **Audit requirements** | Commercial, industrial or financial institutions require audit report, when its financial indebtedness is above a certain level |
| **Taxes** | VAT basic rate 22%; and annually on Income Tax 22% and Heritage 1.5% annual rate |
| **Corporate Taxes** | Not applicable |
| **Losses** | Losses arising from liquidation of income tax is deducted in subsequent years, for up to 5 years |
| **Retained Taxes** | Withholding tax to the provision of services by non-residents apply. 7% Income Tax on profits. |
| **Treatment for double taxation** | Service provider may deduct in its country of residence, if there is tax agreement between the two countries. |
| **Sales tax** | The existing sales tax is the iva, which is levied at 22% operations are settled monthly by the sum of the amounts invoiced to third, subtracting the amount that the taxpayer has paid for his purchase. |

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URUGUAY

Social Security
Employees of commercial, industrial and agricultural entities, contribute a percentage of their wages (20%), the employer contributing another 20%.

Federal taxes
Not applicable

Investment return, capital transfer and taxes related
Profits distribution to residents and non-residents, beneficiaries can keep those funds in the country or send them abroad.

Tax exemption
Partial exemption from profits for up to five years, for industrial expansion projects and Generators

Other Incentives
Corporate social security contributions exemption, for up to five years if the company is installed in an industrial area.

Bank account opening
Easy

Is the country considered a Tax Paradise?
No

Exchange Control
No exchange control

Labour
Severance only in case of unjustified dismissal, one salary per year worked, 20 working days of vacations after a whole year working.

Minimum Wage
Minimum wage regulations according to the activity of the company

Political Stability
Stable democracy with free elections

Economical Stability
Economic stability is reasonable, but depending on the international market, because it is a country with a high level of exports

AGN firms in the country:

ACPA
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Uruguay

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Contact Partner: Julio Pilon
VENEZUELA

Legal entities to carry business

Any foreign company wishing to be eradicated in Venezuela in accordance with Decree No. 1,438, whereby the Decree with Rank, Value and Force of Law on Foreign Investment, published in Gaceta is issued Oficial No. 6,152 Extraordinary Tuesday November 18, 2014, to obtain the qualification certificate company by letter which states: “Article 40. the company qualification certificate is the instrument by which the status of national company receiving foreign investment, foreign company or Grand national is credited incorporated in the territory of the Bolivarian Republic of Venezuela.”

Foreign requirements to open a corporation or subsidiary

Foreigners in the Republic of Venezuela may act directly as legal representatives of their national or foreign companies or commission to an agent or legal representative.

Legal representation for foreigners

Commercial and industrial entities must keep accounting records, prepare tax declarations and annual reports

Accounting requirements

Audit report is required when an entity conducts business with the Government

Audit requirements

Venezuela is a country with a high tax burden, which is compensated with a high propensity to consume, which generates due to its high turnover, high volumes of profits for both companies nacioonales and foreign

Taxes

Corporate Taxes

" Sports Law :, Taxable Income : Profit Accounting Rate : 1%
Gross Income Tax , Fee : Organic Science and Technology Act :, Taxable 0.50%
Municipal Commercial Activity Tax Taxable :, : Gross Income Tax: 0.1 % to 12 % depending on the activity and the municipality where the activities

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VENEZUELA

**Losses**
Companies operating in Venezuela and gain losses may deduct this loss during the immediately following period, for purposes of income tax, up to 25% of the gain realized in that period.

**Retained Taxes**
The companies act as withholding agents; these deductions are tax credits that are settled in the annual income tax declaration.

**Treatment for double taxation**
To avoid double taxation and encourage commercial exchange, many countries have signed tax agreements.

**Sales tax**
There is a Value Added Tax (IVA) rate which is twelve percent (12%) and taxes the transfer of goods and services.

**Social Security**
There is a quasi-fiscal regime that includes corporate contributions based on the salary whose tax rate is 4% and the taxable wage worker, also within these quasi-fiscal, are the regime Prestacional Stop Forced, whose tax rate is 2% and taxable salary of the worker and the regime Prestacional of Housing and Habitat, which is 1% of their wages.

**Federal taxes**
Federal taxes are controlled through the tax agency National Integrated Customs and Tax Administration (SENIAT), while provincial governments to enjoy tax autonomy have rules that although they are homogeneous, they differ in one province and another in terms of deadlines and rates.

**Investment return, capital transfer and taxes related**
Profits distribution to residents and non-residents, beneficiaries can keep those funds in the country or send them abroad. Tax 0 to 34%.

**Tax exemption**
Tax exemptions and exonerated by the nature of the activity, from one to three years as an incentive for new companies.

**Other Incentives**
For the certification of large Venezuelan gold reserves, they are considering new incentives for this activity and related activities.

**Bank account opening**
Easy

**Is the country considered a Tax Paradise?**
No

**Exchange Control**
Exchange control, fixed exchange rate by the Government.

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VENEZUELA

**Labour**

- Labor hours 8 daily, 15 working days of vacations after a whole year working, vacation bonus for 15 days

**Minimum Wage**

- The minimum wage is set by the central government, we can observe the evolution of the salary of the last three years, he expressed in strong bolivars;
  - May 2013 2457.02
  - September 2013 2702.73
  - November 2013 2973.00
  - January 2014 3270.30
  - May 2014 4251.40
  - December 2014 4889.11
  - February 2015 5622.48
  - May 2015 6746.98
  - July 2015 7421.68
  - November 2015 9648.18
  - March 2016 11577.82

**Political Stability**

- Venezuela is making efforts to find political stability.

**Economical Stability**

- Venezuela has a heavy reliance on oil revenues, a factor that has contributed to an export economy, strategical changes are being implemented in all areas of production through incentives for the implementation of the national production. Recent discovery of one of the largest gold reserves in the world. International oil prices fall is affecting, as well as external debt.

**AGN firms in the country:**

**Jimenez Rodriguez & Asociados**

- Interseccion de las Calles, las Flores, Negrin y la Iglesia, Torre Profesional Negrin, Piso 4, Oficina 4-A, Sabana Grande, Municipio Libertador, Distrito Capital Caracas
- Phone: (+58 212) 761 36 98
- EMail: enjimenez@jravenezuela.com
- Contact Partner: Enio Jimenez

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# FIRMS DIRECTORY
## AGN CENTRAL & SOUTH AMERICA

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>FIRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>EDUARDO SCHMILOVICH - Contadores Públicos</td>
</tr>
<tr>
<td>Argentina</td>
<td>Elizalde, Casares &amp; Asociados</td>
</tr>
<tr>
<td>Bolivia</td>
<td>Servicios de Consultoria Integral LTDA (S.C.I. Ltda)</td>
</tr>
<tr>
<td>Brazil</td>
<td>Confiance Auditores Independientes</td>
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<tr>
<td>Brazil</td>
<td>Juennemann &amp; Asociados Auditores E Consultores</td>
</tr>
<tr>
<td>Brazil</td>
<td>Rengi Trevor</td>
</tr>
<tr>
<td>Chile</td>
<td>ABATAS Auditores Consultores Ltda</td>
</tr>
<tr>
<td>Colombia</td>
<td>Granauditorias Ltda, Public Accountant</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>Fernandez Zeledon y Asociados Juan Fernández</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>Montero de los Santos &amp; Asociados</td>
</tr>
<tr>
<td>Ecuador</td>
<td>Auditory &amp; Accounts S.A. ADACCOUNTS</td>
</tr>
<tr>
<td>Ecuador</td>
<td>Aurea &amp; Co., CPAs</td>
</tr>
<tr>
<td>El Salvador</td>
<td>Cabrera Martinez S.A. De C.V.</td>
</tr>
<tr>
<td>Guatemala</td>
<td>Panchita Aguirre De Kaehler Y Asociados Gustavo Soberanis</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>Gutierrez Guadamuz &amp; Co</td>
</tr>
<tr>
<td>Panama</td>
<td>Mendoza &amp; Asociados</td>
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<tr>
<td>Paraguay</td>
<td>Audicon - Auditores, Contadores &amp; Consultores</td>
</tr>
<tr>
<td>Peru</td>
<td>Jeri Ramon &amp; Asociados</td>
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<tr>
<td>Peru</td>
<td>Martínez Rodríguez y Asociados S.C.</td>
</tr>
<tr>
<td>Peru</td>
<td>Monzon, Valdivia Y Asociados</td>
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<tr>
<td>Uruguay</td>
<td>ACPA</td>
</tr>
<tr>
<td>Venezuela</td>
<td>Jimenez Rodriguez &amp; Asociados</td>
</tr>
</tbody>
</table>

## CONTACTS IN NORTH AMERICA:

<table>
<thead>
<tr>
<th>Country</th>
<th>Firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>Prieto Ruiz de Velasco y Cia S.C. Maria Inés Rangel</td>
</tr>
<tr>
<td>USA (FL)</td>
<td>Daszkal Bolton LLP Scott Walters</td>
</tr>
</tbody>
</table>

Central & South America Tax Comparison: [www.agn.org / Media / Publications](www.agn.org)

More about AGN at: [www.agn.org](www.agn.org)

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