



LEGAL GUIDE TO **DOING BUSINESS** 2026



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ÍNDEX

1. About the Author

2. Legal Guide to Doing Business in Argentina

3. Legal Guide to Doing Business in Bolivia

4. Legal Guide to Doing Business in Brazil

5. Legal Guide to Doing Business in Chile

6. Legal Guide to Doing Business in China

7. Legal Guide to Doing Business in Costa Rica

8. Legal Guide to Doing Business in Colombia





9. Legal Guide to Doing Business in Ecuador

10. Legal Guide to Doing Business in Spain

11. Legal Guide to Doing Business in United States of America

12. Legal Guide to Doing Business in Honduras

13. Legal Guide to Doing Business in Italy

14. Legal Guide to Doing Business in Mexico

15. Legal Guide to Doing Business in Panama

16. Legal Guide to Doing Business in Paraguay

17. Legal Guide to Doing Business in Peru

18. Legal Guide to Doing Business in Poland

19. Legal Guide to Doing Business in Portugal

20. Legal Guide to Doing Business in Dominican Republic

21. Legal Guide to Doing Business in Uruguay

22. Legal Guide to Doing Business in Venezuela

23. Legal Guide to Doing Business in Vietnam





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1

ABOUT THE AUTHOR



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ALL is an international alliance of prestigious law firms, established in 2018 through the collaboration of four major South American firms. All member firms are multidisciplinary and focused on providing both preventive and corrective legal services at the corporate level. The alliance was created with the aim of offering the international legal market a serious and reliable option for handling corporate legal matters with the same high standards of quality and efficiency across all countries in which it operates.

Through ALL, the goal is to identify and connect law firms, particularly from the Latin American region, that offer high-performance legal services with similar standards of quality and responsiveness. In today's globalized world-fueled by advances in communication-clients increasingly require reliable legal services that transcend national borders. This is where ALL emerges as a serious and practical option for cross-border legal support.



Today, ALL is composed of 22 member firms, involving primarily law firms from Latin America, as well as offices located in other regions and countries in North America, Europe, Asia, and Oceania, which have stronger business and investment ties with the Americas.



Through this document, the members of ALL aim to provide both our clients and the general public with a basic review tool to help analyze key aspects to consider when exploring potential investment opportunities or business development in the countries where we are present. In each case, four specific topics are addressed: business structures for doing business, tax regime, labor regime, and immigration regime.

We hope that this type of collective effort will, in some way, contribute to facilitating commercial and business ties between our countries.



LEGAL GUIDE TO **DOING BUSINESS** IN **ARGENTINA**



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Badeni, Cantilo, Carricart and Bilbao (BCCB)



The law firm Badeni, Cantilo, Carricart & Bilbao (BCCB) covers a broad range of legal areas, offering agile, creative, and appropriate legal solutions.

Its members are highly qualified to effectively represent their clients. Throughout its history, BCCB's team has advised clients on complex commercial transactions, both local and international, and has been involved in numerous high-profile cases of institutional and legal significance. Many of these cases, resolved by the Supreme Court of Justice of the Nation and other courts, are studied and analyzed in universities across the country.

BCCB has a team of attorneys specially trained to provide legal advice on business matters and to resolve disputes involving individuals and, in particular, various public agencies.

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How to Do Business in Argentina?

Any company whose main activity is carried out in the territory of Argentina must be incorporated in accordance with the General Companies Law No. 19,550 (hereinafter, "GCL"), constituting a local company. At present, the most commonly used types of companies or vehicles in Argentina are the Corporations, the Limited Liability Companies and the Single-member Corporations. The shareholders or partners of each company may be nationals or foreigners, and in case of foreign companies they shall be registered locally pursuant to section 123 of the GCL. It is currently possible to incorporate in Argentina sole-member corporations or companies with two or more shareholders or partners. The incorporation of the companies is carried out through the execution of a corporate agreement or bylaws, embodied in a constitutive instrument. Depending on the type of company, the incorporation may or may not be required to be carried out through a public deed. The incorporation documents of the companies must be registered before the Public Registry of Commerce corresponding to the corporate domicile (in the case of the Autonomous City of Buenos Aires said register is held by the Inspección General de Justicia, and in the case of the Province of Buenos Aires said register is held by the Dirección Provincial de Personas Jurídicas). We describe below the most relevant aspects of the aforementioned types of companies:

- **Sociedad Anónima (S.A.):** The capital is represented and divided into registered shares of equal value, with voting rights. The minimum capital required is \$30,000,000. At the time of incorporation of the company, 100% of the capital stock must be subscribed and at least 25% of said capital stock must be paid in cash, establishing a maximum term of two years from the incorporation of the company for the payment of balance. Non-cash contributions must be fully contributed at the moment of subscription and may only consist of obligations to give. The transfer of shares is free and may be limited by the bylaws, but in no case may the transfer be prohibited. Its corporate name must be followed by the acronym "S.A.". It must have a minimum number of 2 shareholders and there is no maximum limit. The administration and representation of the Company is responsibility of the Board of Directors, which may be composed of one or more directors appointed by the Shareholders' Meeting. The President of the Company shall be its legal representative. The Company's governing body is the Shareholders' Meeting, whose resolutions are binding to and must be complied with by the Board of Directors. Liability of the shareholders is limited to the contribution of the subscribed shares.

- **Limited Liability Company (S.R.L.):** Its corporate name must be accompanied by the words "Sociedad de Responsabilidad Limitada" (Limited Liability Company) or the abbreviation "S.R.L.". It must have a minimum number of 2 partners and may not exceed 50. The administration and representation of the Company corresponds to the Manager(s), who may or may not be partner(s), who will be appointed for a determined and/or undetermined period of time, either by means of the constitutive contract or in a subsequent agreement. The liability of the partners is limited to the value of their contributions. The capital stock is represented by quotas of membership interest. It must be fully subscribed at the time of formation and each time there is a capital increase, at least 25% of the cash contributions must be paid in, and a term of two (2) years is established for the integration of the balance. As regard to contributions in kind, their valuation must be made in accordance with the mechanisms established by the CGL. There is no minimum capital stock required by law for this type of companies.
- **Sociedad Anónima Unipersonal (SAU.):** Under Argentine law, S.A.U. are subject to permanent government control. In this sense, the S.A.U. must, among other requirements: (i) appoint at least one syndic, and (ii) comply with the regular filings required for companies subject to permanent government control, that is, a notification prior to the annual meeting approving the financial statements, among others. S.A.U. cannot be incorporated by other sole proprietorships. Upon subscribing to the share capital, it must be fully integrated.
- **Branch:** In accordance with articles 118 and following of the GCL, which regulate the rules applicable to companies incorporated abroad, a distinction is made between isolated acts and habitual exercise of activity by such companies. In the event that a company intends to perform acts included in its corporate purpose, establish a branch or seat or any other kind of permanent representation, it must prove before the competent agency: (i) the existence of a company incorporated under the laws of its country of origin; (ii) establish a special domicile in Argentina; (iii) the decision to incorporate such representation in Argentina, appointing a person who will act as legal representative and will be in charge of it, with a real and special domicile in Argentina, and (iv) in some jurisdictions within Argentina, prove that its main activity is actually carried out abroad and that it is not an off-shore company may be required. Pursuant to Section 120 of the GCL, branches must keep their books and accounts separate from those of their parent company and must be expressed in the currency of legal tender in the country, in Spanish.

On the other hand, Argentine companies may enter into business collaboration agreements (joint ventures, transitory unions, licenses, concessions, agencies, franchises, distribution, etc.), where contractual freedom to self-regulate applies as long as public order is respected.





Tax Regime

The main taxes affecting companies doing business in Argentina are, at the national level, the Income Tax, the Value Added Tax (VAT) and the tax on debits and credits in bank accounts, as well as social security contributions. In addition, there are other taxes at the provincial level such as the Gross Income Tax, the Real Estate Tax and the Stamp Tax. Argentina has a series of bilateral treaties to avoid double taxation and has entered into information exchange agreements with countries with which it does not have treaties, within the framework of the OECD's BEPS project.

A company is a fiscal resident in Argentina if it is incorporated in this country. Branches of foreign companies registered pursuant to section 118 of the GCL are also considered residents. Resident companies are taxed on worldwide income, which includes the income of branches and subsidiaries abroad. Branches of foreign companies are treated as resident companies and taxed in the same manner. Non-resident companies without a permanent establishment in Argentina are taxed only on Argentine source income, and the tax is usually applied as a one-time and definitive withholding tax, depending on the type of income.

VAT is levied on all supplies of goods or services within Argentina, unless specifically exempted, and is also levied on the importation of goods and services provided abroad, but with economic use in Argentina. There are four VAT rates in force in Argentina (i) the general rate of 21%, (ii) an increased rate of 27% applicable to certain services, such as the provision of certain communications services, electric power, natural gas and water, (iii) a reduced rate of 10.5% applicable to capital goods and other goods, and (iv) a 0% rate applicable to exports. In the case of zero-rated transactions, VAT is not charged on the sale but VAT credit on inputs may be computed. Certain services may be exempt from VAT (e.g. education, international transportation, etc.).

As regards Gross Income Tax, all provinces of Argentina and the City of Buenos Aires apply this tax, which is levied on the invoicing of all companies engaged in commercial, industrial, agricultural, financial or professional activities. The rates vary according to the activity, but generally range between 1% and 5%. Some industrial activities are exempt or taxed at lower rates.

DNU 70/2023: Incentive Regime for Large Investments (RIGI for its acronym in Spanish):

The RIGI is a program that enables the development of investments in Argentina within strategic sectors such as oil and gas, mining, renewable energy, forestry industry, steel industry, technology, infrastructure, and tourism. The minimum investment required to apply for the program is USD 200,000,000 (two hundred million dollars).

With the enactment of Resolution 1074/2024, the regime has been regulated. Among other provisions, the resolution defines the details regarding tax and foreign exchange benefits covered by the regime, the entities eligible to receive them, and the goods included under these benefits.

The tax benefits include a special corporate income tax rate of 25%, along with the option to apply accelerated depreciation for assets involved in the projects. Additionally, VAT will be settled with tax credit certificates without requiring prior authorization from the Revenue and Customs Control Agency (ARCA for its acronym in Spanish). Meanwhile, the tax on bank debits and credits will be 100% creditable against corporate income tax.

Regarding customs benefits, both temporary and permanent imports for consumption of capital goods, new spare parts, components, and parts will be exempt from tariffs, statistical fees, and any national and/or local collection, prepayment, or withholding regimes.

The RIGI also allows provinces to voluntarily adhere to the regime and grant additional benefits to investing companies. In addition to the fiscal stability and legal security provided by the national regime, it establishes that no tax burden may be increased on the projects covered for a period of 30 years.





Labor Regime

Argentine labor legislation provides for a comprehensive coverage of all aspects related to employment contracts, social security and organization and operation of trade unions. In Argentina employment relationships are governed mainly by the following laws: Labor Contract Law (hereinafter the “LCL”), National Employment Law, Occupational Accident Laws, and Workday Law, all in tune with the Argentine National Constitution.

In addition to those laws, such relationships are subject to Collective Bargaining Agreements (hereinafter “CBA”) agreed between the associations representing employers and the trade unions (for employees) according to their particular activity of work. In some cases, they are subject to special statutes that complement the LCL. The employer may not establish working conditions less beneficial to the employee than those imposed by the LCL or on CBA. Recently, in July 2024, Law 27.742 (Ley Bases) came into effect, introducing certain labor-related modifications that will be detailed below.

Term and modality: The general principle is that the employment contract remains in force for an undetermined period of time. Notwithstanding this, there are fixed-term contracts and temporary work contracts, among others. In all cases, they can be agreed to perform in person or remotely (teleworking). In contracts for an undetermined period, the first 6 months are for testing purposes and have their specific regulations. The probation period may be extended through a collective agreement.

Remuneration: The Minimum Living Salary to be paid is that one established by the applicable CBA. In the event that a CBA is not applied to the employee, the Minimum Living Salary (MLS) represents the minimum consideration to be paid to such employee, and any stipulation of a lower salary shall be null and void. Currently, as of February 2026, the gross amount of the MLS is fixed at AR\$ 346.800 per month. On June 30 and December 18 of each year, the employee must be paid an additional 50% of the highest monthly salary received during the previous semester or its proportional (under the concept of Legal Annual Bonus or LAB). Those who provide tasks outside of the working day must receive an increase of between 50 and 100% over each hour if said hours are fulfilled on Saturdays after 1:00 p.m., on Sundays and/or holidays. Directors and managers are excluded from this payment.

Dues and contributions: Both employers and workers must make contributions to the social security system, including medical services, pensions and unemployment benefits. Also, trade unions can agree on union contributions (1%-2%). In addition, employers must hire an Occupational Risk Insurer that generally reaches 0.5% plus a fixed fee.

Leaves: In cases of accidents or illnesses, the employee will be entitled to payment of his salary for a period of between 3 and 12 months (depending on seniority and charge dependents). The LCL regulates vacation periods between 14 and 35 calendar days a year, depending on seniority. In addition, it establishes special days of paid leave in cases of: marriage, birth, death of certain relatives of the employee, exams of careers authorized by the national educational authorities, blood donation, legal proceedings and summons, vote, sports special, transplant and vaccination Covid19. Pregnant women enjoy a maternity leave, for a total of 90 day, with the possibility of extending it without pay.s. In general, CBA provides for other leaves of absence in addition to the LCL.

Termination of the Employment Contract: Under the LCL, in general, the employer and/or the employee may terminate their contract by: mutual agreement, resignation of the employee due to dismissal with or without just cause, indirect, abandonment of work, total disability of the employee, retirement, bankruptcy of the employer, death of the employer or employee. In case of dismissal without cause, it is mandatory to pay compensation according to seniority (1 salary per year or fraction greater than 3 months), notice, vacations, LAB. In some cases, such compensation could be greater (maternity, marriage, illness, or others).

Foreign employees: To work in Argentina foreign employees must apply for a temporary residence visa. In some cases, it is also possible to obtain an exemption for the payment of social charges and contributions if it is proven that the employee is granted the payment of retirement and pensions in his country of origin.



REFORM OF LAW 27.742 (Ley Bases) – Effective as of July 2024:

- **Presumption:** The presumption of an employment relationship will not apply in cases of contracting for works and services where corresponding receipts and invoices are issued.
- **Probation Period:** Extended from 3 to 6 months, with the possibility of further extension up to 12 months under specific conditions.
- **Maternity Leave:** The start of maternity leave can be reduced to up to 10 days before the expected due date (previously one month).
- **"Serious Employment Misconduct" in Termination for Cause:** Active participation in workplace blockades or takeovers is now considered a serious offense.
- **Presumption of "Serious Misconduct" During Direct Action Measures:** If the action restricts the freedom to work of those not adhering to the measure, obstructs entry/exit to the workplace, or causes damage to persons, property, or third parties within the workplace.
- **Proven Discriminatory Dismissal:** Compensation may range from 50% to 100% of the severance pay applicable in a dismissal without cause.
- **Severance Fund Option:** An alternative severance mechanism is introduced.
- **New Category – "Collaborators":** Recognizes dependent collaborators of self-employed workers.
- **Repeal of Penalties:** Penalties established by Laws 24.013, 25.323, and 25.345 for improper or lack of employee registration are repealed, along with fines for failure to issue employment certificates.





Immigration Regime

Article 20 of Law No. 25,871 provides that foreigners shall be admitted to enter and remain in the country in the categories of "permanent residents", "temporary residents" or "transitory residents". Until the corresponding procedure is formalized, the enforcement authority may grant an authorization of "temporary residence", which may be revoked when the reasons for its granting are distorted. It shall be valid for up to one hundred and eighty (180) calendar days, and may be renewed until the resolution of the requested admission, and shall entitle its holders to stay, leave and re-enter the national territory, work and study during its period of validity.

Any foreigner who, with the purpose of settling permanently in the country, obtains from the National Direction of Migration an admission as such, shall be considered a "permanent resident". Likewise, immigrants who are relatives of Argentine citizens, whether native or by choice, shall be considered permanent residents, being understood as such the spouse, children and parents. The children of Argentine citizens, native or by choice, born abroad are recognized as permanent residents.

"Temporary residents" shall be considered to be all those foreigners who, under the conditions established by the regulations, enter the country in the following subcategories: a) Migrant worker, with authorization to remain in the country for a maximum of three (3) years, extendable, with permission to work under a relationship of dependency; b) Rentista: whoever pays for his stay in the country with his own resources, for a term of residence of up to three (3) years, extendable; c) Pensioner: whoever receives from a government or international organizations or private companies for services rendered abroad, a pension whose amount allows him a regular and permanent pecuniary income in the country, for up to three (3) years, extendable; d) Investor: who contributes his own assets to carry out activities of interest to the country, for a term of residence of up to three (3) years, extendable; e) Scientists and specialized personnel, for a term of residence of up to three (3) years, extendable; f) Sportsmen and artists: hired because of their specialty by natural or juridical persons who develop activities in the country, for a term of residence of up to three (3) years, extendable; g) Religious of officially recognized cults, for a term of residence of up to three (3) years, extendable; h) Patients under medical treatment, with authorization to remain in the country for one year, extendable. In case of minors, handicapped or sick persons that due to the importance of their pathology should remain with companions, this authorization will be extended to the direct relatives, legal representative or curator; i) Academics for a term of up to one (1) year, extendable for the same period each one; j) Students for two (2) years, extendable; k) Asylum seekers and refugees for a term of two (2) years, extendable as many times as the asylum and refugee enforcement authority deems necessary; l) Citizens of MERCOSUR, Chile and Bolivia, with authorization to stay in the country for two (2) years, extendable; m) Humanitarian reasons; n) Special: Those who enter the country for reasons not contemplated in the previous subsections and that are considered of interest by the Ministry of the Interior and the Ministry of Foreign Affairs, International Trade and Worship.

Foreigners entering the country as "temporary residents" may be admitted in some of the following subcategories: a) Tourists; b) Passengers in transit; c) Border neighboring transit; d) International transport crew members; e) Seasonal migrant workers; f) Academics; g) Medical treatment; h) Special: Foreigners who invoke reasons that justify in the opinion of the National Direction of Migration a special treatment.

Foreigners admitted into the country as "temporary residents" or "transitory residents" may remain in the national territory during the authorized period of stay, with its due extensions, and must leave the country upon expiration of such period.





LEGAL GUIDE TO **DOING BUSINESS** IN **BOLIVIA**



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How to Do Business in Bolivia?

Starting in November 2025, the Bolivian government has launched an ambitious package of economic reforms aimed at stabilizing public finances while also encouraging private investment. Among the most notable measures is the elimination of four taxes (including the Wealth Tax and the Financial Transactions Tax), which seeks to ease the tax burden and stimulate business activity. This decision is complemented by a 30% cut in public spending, aimed at improving state efficiency and freeing up resources for strategic sectors.

Additionally, the government has implemented a reduction of tariffs to zero in key areas (capital goods) in strategic sectors such as agribusiness, mining, and construction. It also provides tax incentives to the business sector to facilitate the importation of inputs and technology that strengthen national production. This trade opening aims to integrate Bolivia more dynamically into international markets, generating competitiveness and new opportunities for local exporters.

Another relevant measure is the elimination of subsidies on hydrocarbons, which for years represented a heavy fiscal burden. In this way, by properly directing these resources, the goal is to encourage a more efficient use of energy and create room for investment in renewable sources. At the same time, the increase in the national minimum wage reflects the government's commitment to improving workers' purchasing power, balancing economic policy with social justice.

In the legal field, significant changes are underway in arbitration and investment laws, aimed at providing greater legal certainty and transparency to economic actors. These reforms seek to position Bolivia as a reliable destination for foreign investment, offering modern dispute resolution mechanisms and clear rules for private capital.

Foreign policy has also become a key pillar of this strategy. The government has promoted changes in migration policies to facilitate the movement of professionals and investors, and has strengthened ties with the United States, Chile, Peru, and Brazil, among other countries, consolidating bilateral agreements on economic and energy cooperation. Likewise, Bolivia has reaffirmed its commitment to Mercosur and has initiated outreach with the European Union, aiming to integrate into global value chains and attract foreign direct investment.

Overall, these measures represent a shift toward a more open, efficient, and competitive economy. The combination of tax relief, fiscal discipline, trade openness, and regulatory modernization constitutes a comprehensive package aimed at strengthening investor confidence, boosting the domestic market, and positioning Bolivia for sustained growth in the coming years.

General options for foreign traders and commercial companies

Those foreign traders who carry out commercial acts in Bolivia on a continuous basis may choose between two options. The first one, through the incorporation of a commercial company of Bolivian nationality.

The second one, through the creation of a branch or agency in Bolivia, is different from the previous ones, in the sense that the branch or agency is linked to a parent entity which is located outside the national territory. In such a way that its legal personality is linked to the parent entity. With the requirement of separate and agglomerated accounting.

In both cases, the respective registration with the Plurinational Commercial Registry Service (SEPREC) is required. It is also necessary to have a municipal operating license and a tax registration. And, depending on the business, a specific license or administrative permit, whether regulatory, environmental, or other.

Traders who carry out permanent commercial activities, and wish to establish themselves in Bolivia, may choose one of the corporate types described in the Code of Commerce:

- a) **Limited Liability Company (SRL):** a commercial company in which the partners are not personally liable for the company's obligations, but only up to the amount of their capital contribution. It requires at least two partners and a maximum of 25.
- b) **Public Limited Company (SA):** The capital stock is divided into shares and the shareholders are not personally liable for the obligations of the company, but only up to the amount of their equity interest. At least three shareholders are required and there is no maximum limit of shareholders.
- c) **Simple Limited Partnership:** is characterized by having two types of partners. Agents who contribute their labor and are jointly and unlimitedly liable for the obligations of the company; and limited partners, who are not personally liable for the obligations of the company, but only up to the amount of their contribution to the capital stock. It requires at least two partners.
- d) **Joint Stock Limited Partnership:** under the same structure as the previous one, it is different because it allows the contributions of the limited partners to be represented by shares, under the regulatory structure of the corporation. It must be composed of at least two partners.



e) General Partnership: generates joint and unlimited liability to all partners, for the obligations of the company. Its administration can be entrusted individually or collectively. This does not affect liability, since the non-managing partners have the power to supervise the administration of the company at any time. It must be composed of at least two partners.

f) Mixed Economy Company (SEM): created by supreme decree and registered with the Registry of Commerce. They are legal entities under private law with participation of the State. The State's shareholding may vary according to the law or decree creating them. They are managed by a board of directors composed of representatives of the State and private shareholders, subject to the control and supervision of the government.

Foreigners who are required to be legal representatives of any commercial company must be residents in Bolivian territory, either temporarily or permanently.

It is possible to make investments through other non-corporate entities, such as:

a) Sole proprietorship: incorporated by a single natural person. Such person is unlimitedly responsible for all the obligations and liabilities generated during the exercise of the economic activity of the company.

b) Temporary partnership: incorporated by means of a temporary written agreement between the parties, under which specific rights and obligations are created. It does not generate legal personality, nor partnership. Therefore, there are no joint tax and accounting obligations. Profits and losses are assumed according to the contract. Liability to third parties is joint and several and unlimited.

c) Joint venture: temporary joint venture of companies or individuals, formalized by means of a public document and registered with the Registry of Commerce. The formal and solemn contract is required for certain regulated activities such as gas and oil. It does not create its own legal personality, but it does create its own administration, which leads to a liability limited to the contribution of the parties.

On the other hand, foreign companies may carry out commercial activities on the basis of unnamed commercial contracts such as business collaboration, supply, distribution or franchise contracts.

The customs regime is regulated by the General Customs Law and its regulations, as well as by the international trade agreements that the country has signed. The main types of customs regimes include imports for consumption, definitive export, re-export, customs transit, and temporary admission. The Bolivian customs regime considers the existence of free zones and bonded warehouses, where goods may be stored without payment of customs duties until they are allocated for consumption or export.





Tax Regime

The tax system is basically regulated by the Tax Code, its complementary laws, and regulations. Individuals and companies engaged in economic activities are required to pay taxes on their income and profits, as well as on the sales and services they offer.

The Bolivian tax system is composed of two systems, the general regime, and the special regime.

According to the Law, all individuals and legal entities that carry out an economic activity are part of the general regime, except for economic activities that belong to the special regime.

Within the general regime, taxpayers are classified into PRICOS (Major Taxpayers), GRACOS (Large Taxpayers) and RESTO (Rest of taxpayers).

The classification is made by the tax administration (SIN) based on the regulatory resolutions of the board of directors (RND), for the categorization of a company in one of these regimes, the accumulated information of the following parameters is taken into account; i) The assessed tax; ii) Tax paid (cash and securities); iii) Total sales; iv) Total purchases; v) Purchases (for export or domestic market); vi) Value of exports and sales (Exporters claiming tax refund); vii) amount of remittances abroad; viii) Expenses supported by invoices (taxpayers with IUE exemption).

The categorization of taxpayers in one of the regimes implies a greater number of obligations to the tax administration, as in the case of taxpayers categorized as PRICO or GRACO, who must comply with the registration, preparation and submission of the information of the VAT sales and purchases ledger, financial statements with external audit opinion, complementary tax information and others, in the form, means and deadlines established by the tax administration.

Having said that, taxpayers classified under this regime are all individuals and legal entities, public and private, including sole proprietorships and others, who carry out economic activities such as; i). Habitual sale of personal property (e.g. appliances, clothing, cement, vehicles, alcoholic beverages and others), ii). Rental of movable and immovable property (e.g. dishes, costumes, vehicles, houses, apartments and others). iii). General Services (e.g. restaurants, karaokes, doctors, accountants, etc.), iv). Definitive imports.

The special regime is composed of the taxpayers registered in the Special Regimes, which do not pay taxes and do not issue invoices:

- Simplified Tax Regime (RTS): Retail trader, shopkeeper and artisan.
- Integrated Tax System (STI): urban public transportation of passengers or cargo and interprovincial public transportation of passengers or cargo.
- Unified Agricultural Regime (RAU). Individuals, cooperatives or undivided estates that carry out agricultural and livestock activities on a permanent or partial basis, farmers grouped in small farmers' organizations.

Having said that, any individual or collective person that is not regulated by the special regime belongs to the general regime, they have the obligation to issue an invoice and to comply with the tax obligations.

Companies operating in Bolivia must register with the National Tax Service (SIN), obtaining their Tax Identification Number (NIT) and file periodic tax returns (formal obligations), as well as keep proper accounting and accurate records of their financial transactions.

The main taxes are as follows:

- Business Profit Tax (IUE): Tax levied at the national level. It is applied on the profits resulting from the financial statements at the end of each year based on the source principle. The source is not determined by: the nationality of the parties, the domicile or residence of the owner, nor the place or execution of the contract, the rate of 25% for Bolivian companies, with the respective adjustments.
- Profits tax - foreign beneficiary (IUE-BE). Bolivian regulations establish that those who pay dividends from companies incorporated within the national territory to beneficiaries abroad have the tax obligation to withhold the effective rate of 12.5% of the amount remitted, corresponding to the IUE-BE, as Withholding Agents, who must subsequently make the corresponding payment to the National Tax Service.
- Value Added Tax (VAT) is a national tax, and is applied on the regular sale of personal property located or placed in national territory, services in general and work contracts, definitive imports, rental of personal property or real estate, financial leasing of personal property or real estate. The general rate is 13%, and it is levied on the total income obtained by the taxpayer. There are exemptions in the case of sale of national and imported books, international transportation of land cargo and to mining cooperatives, for the sale of minerals in the first stage of commercialization. The tax is payable on a monthly basis.
- Transaction Tax (IT): it is paid at the national level, for the performance of trade, industry, profession, business, rental of goods, works and services or any other activity (profitable or not), whatever the nature of the subject that provides it, including free of charge acts that involve the transfer of ownership of movable property, real estate and rights, with a rate of 3%, which is applied on the gross income accrued for the tax period.
- Complementary regime to the value added tax RC-VAT: personal income is taxed at a rate of 13% on salaries and any other type of remuneration received through personal services. Likewise, those persons earning less than 3 national minimum wages are not subject to this tax; therefore, the following concepts are considered as "income of individuals"; i). Wages, salaries, bonuses, allowances; ii) Per diems according to scale. iii). Lease or sublease of furniture, rights and concessions and real estate; iv). Interest and yields on capital placement; v). Trustee and director fees; vi). Antichresis, and finally, all other income of a regular nature not subject to IUE.

The tax regime for foreigners in Bolivia depends on the immigration status of the foreigner and the type of income he/she earns in the country. Foreigners residing in Bolivia and generating income are subject to the same tax obligations as Bolivian citizens, it is important to take into account that Bolivia has double taxation agreements with different countries. Likewise, within the foreign investment promotion system, Bolivia offers tax benefits, such as tax exemptions for a limited period of time for certain sectors or regions.





Labor Regime

The General Labor Law, its complementary laws and regulations constitute the normative basis. Agricultural workers, public and military officials and employees, members of the Armed Forces and the National Police, and teachers in rural and urban areas, which have specific regulations, are excluded from this law.

The workday in Bolivia is 8 hours per day and 48 hours per week, and 40 hours per week for women. However, there are exceptions in some sectors that may work up to 12 hours a day, with a maximum of 60 hours a week. All workers in Bolivia must be affiliated to a Caja (health insurance) or Seguro Social (short-term social security) and to the Integral Pension System - SIP (long-term social security). In turn, workers are entitled to one paid rest day per week and 15 days of paid vacation per year after one year of continuous work.

The minimum wage in Bolivia is set annually by the government. Since 2026, the national minimum wage in Bolivia is 3,300 Bolivianos per month (474 U.S. dollars).

Likewise, employees are entitled to an indemnity called "desahucio" for unjustified dismissal, equivalent to three months' salary, in case the employee accepts dismissal, since there is labor stability, except in cases of justified dismissal. There is also an indemnity for years of service, corresponding to one salary per year worked. The right of workers to unionize and to collectively negotiate a bargaining agreement with employers is recognized. In addition, there are rules for strikes and the resolution of labor conflicts.

Except in the case of fixed-term contracts, which must be written and not longer than 1 year (renewable only once); labor contracts may be verbal, under the risk of a burden of proof to the employer. In Bolivia, there are different modalities of employment contracts, the most common modalities are:

1. Indefinite-term contract: It establishes a permanent employment relationship between the employer and the employee, with no scheduled termination date.
2. Fixed-duration contract: The contract must establish the start and end date of the employment relationship, which may not exceed 2 years.
3. Temporary contract: may not exceed 90 days.
4. Contract for specific work or service: must specify the work or service to be performed, its duration and payment terms.
5. Apprenticeship contract: must establish the term of the training, which can be from 6 months to a maximum of 2 years, with or without remuneration.

Taking into consideration the above-mentioned benefits and contributions, the approximate monthly cost structure for a company or employer hiring a worker is as follows:

1. Employee's salary: Basic payment given to the employee for his or her services and varies according to the type of work and the employee's experience.
2. Social security contributions: Employer's obligation to make social security contributions in Bolivia, which are equivalent to 15.71% of the employee's salary. This percentage is divided into 10% for the pension fund and 5.71% for health insurance.
3. Contributions to occupational risk insurance: The employer is also obliged to pay contributions to the occupational risk insurance, which is equivalent to 2% of the employee's salary.
4. Christmas Bonus: Benefit granted to the employee equivalent to 12.5% of the employee's annual salary, i.e., one additional salary per year.
5. Vacations: 15 working days of vacation correspond to the year of work completed; 20 days between the fifth and tenth year of continuous work, and 30 days from the tenth year of work onwards. Vacation calculation does not transfer from one employer to another, and cannot be accumulated for more than two years.
6. Double Bonus: Extraordinary additional benefit granted to the employee, equivalent to one additional salary per year and paid in two installments, one in June and the other in December. This benefit is granted if the country's economy grows more than 4.5% in a year. 2018 was the last year that this bonus was paid.
7. Supplemental health insurance: Some companies may grant supplemental health insurance to the employee, which covers medical or life expenses in addition to those covered by the social security health insurance.
8. Seniority bonus: The bonus consists of an additional remuneration to the employee's basic salary and is subject to the employee's time of service with the employer.





Immigraion Regime

In Bolivia, immigration status refers to three types of stay that allow entry and stay in the country.

Definitive stay, applicable upon the express request of the foreigner who has resided in Bolivia for three years. Temporary stay, which allows foreigners to reside in Bolivia for a limited period of time, which may be renewed from one to three years. Transitory stay, which allows residence for a maximum period of 180 days.

There are nine generic types of visas to enter Bolivia, which cover most purposes, including tourist, sports, cultural or business activities for a limited period of time. Migrant worker, to foreigners entering Bolivia with an employment contract. Refugee, to persons fleeing their country of origin due to persecution for reasons of race, religion, nationality, political opinion or membership in a social group.

Individuals entering Bolivia from MERCOSUR member countries (Argentina, Brazil, Paraguay and Uruguay) may do so freely and without the need for a visa, under the Agreement on Residence for Nationals of MERCOSUR Member and Associate States, obtaining the right to enter, stay, work and study, provided they comply with legal requirements, such as a valid passport and no criminal record, among others.

Citizens of Germany, Colombia, Costa Rica, Chile, Ecuador, Spain, France, Mexico, Panama, Peru, Venezuela, among others, do not require a visa.

In order to work in Bolivia, foreigners must obtain a migratory status of "transitory worker" or "temporary worker", as the case may be. To do so, they must submit certain documents, such as the employment contract, the job offer, a criminal record certificate, among others.

In Bolivia, an Andean migrant worker is a worker who comes from one of the member countries of the Andean Community (CAN). They have the right to work in Bolivia under the same conditions as Bolivian workers, as long as they comply with certain requirements and procedures established by the immigration and labor authorities.



LEGAL GUIDE TO **DOING BUSINESS** IN **BRAZIL?**



ALL
ALIANZA LEGAL
DE FIRMAS DE ABOGADOS

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How to Do Business in Brazil?

CORPORATE / COMPANY LAW

Limited Liability Company (Sociedade Limitada)

- Governed by the Brazilian Civil Code (Articles 1,052 et seq.) and by the company's Articles of Association, with supplementary application of the rules applicable to simple partnerships or, where provided in the Articles of Association, the Corporations Law;
- May be incorporated with one or more partners;
- The share capital must be compatible with the company's business activities;
- The liability of the partners is limited to the value of their quotas, provided that the share capital has been fully paid in;
- Partners may enter into a Shareholders' Agreement, typically governing the company's governance structure, establishing qualified quorums for certain decisions, and providing rules for the transfer of quotas;
- The company is managed by one or more managers, who may or may not be partners, in accordance with the Articles of Association;
- Corporate decisions are adopted at partners' meetings or assemblies, observing the quorums established by law or by the Articles of Association;
- Disproportionate distribution of profits among partners is permitted, provided that such possibility is set forth in the Articles of Association;
- The legislation allows for the exclusion of a partner for cause, in accordance with the terms set forth by law and in the Articles of Association. fallecimiento o transferencia de cuotas;

- It is advisable for the Articles of Association or the Shareholders' Agreement to establish criteria for the valuation of a partner's interest in the event of withdrawal, incapacity, death, or transfer of quotas;
- Accounting must comply with the applicable accounting legislation and is generally less complex than that required for corporations;
- This type of entity typically involves lower maintenance costs and fewer formal obligations compared to a corporation, as it generally does not require mandatory legal publications;
- Corporate transactions such as mergers, incorporations, and spin-offs are permitted, in accordance with applicable legislation;
- The company is subject to the Judicial Recovery and Bankruptcy Law.

CORPORATION (SOCIEDADE ANÔNIMA)

- Governed by Law No. 6,404, of December 15, 1976 (Corporations Law), and by the company's bylaws;
- May be incorporated as a wholly owned subsidiary of another company;
- Share capital is divided into shares, which may be common or preferred, with different political and economic rights;
- Shareholders' liability is limited to the issue price of the subscribed shares;
- May be a publicly held company, with shares traded on stock exchanges or organized markets, or a closely held company;
- Shareholders may enter into a Shareholders' Agreement governing the company's governance structure, establishing qualified quorums for certain decisions, and setting rules for the transfer of shares;
- The company's management is composed of an Executive Board (Diretoria), responsible for day-to-day management, and may also include a Board of Directors, responsible for strategic guidance and oversight;
- A Fiscal Council (Conselho Fiscal) may also be established, as an independent supervisory body responsible for overseeing management and reviewing financial statements;
- Corporate decisions are adopted at General Shareholders' Meetings, whether ordinary or extraordinary, in accordance with the quorums established by law or the bylaws.



- At least once a year, the Annual General Meeting must be held to review the management accounts, financial statements, and allocation of results;
- The legislation provides for the distribution of mandatory minimum dividends, unless otherwise stipulated in the bylaws or in cases provided by law;
- It is advisable for the Shareholders' Agreement to establish mechanisms for the valuation of shares in the event of withdrawal rights, death, or transfer of ownership interests;
- Accounting must comply with more stringent standards than those applicable to limited liability companies;
- Compared to a Limited Liability Company, this corporate form generally entails greater governance requirements and legal formalities, including mandatory publications in certain cases;
- The company may issue securities, such as debentures or commercial papers, to raise funds;
- Corporate transactions such as mergers, incorporations, and spin-offs are permitted, in accordance with applicable legislation;
- The company is also subject to the Judicial Recovery and Bankruptcy Law.





Tax Regime

The purpose of this material is to provide general legal guidance and basic insights in the corporate, tax, and labor fields for those interested in doing business with Brazil. It should be noted that the points outlined below constitute the fundamental legal pillars of the aforementioned areas; therefore, an individualized analysis of each potential transaction remains essential.

1. BASIC OVERVIEW OF THE BRAZILIAN TAX REGIME

Brazilian legal regulations classify taxes into five (5) categories, namely: (i) taxes; (ii) fees; (iii) social contributions; (iv) improvement contributions; and (v) compulsory loans.

Pursuant to the Federal Constitution, such taxes are distributed across three levels of jurisdiction: federal, state, and municipal, and may be instituted respectively by the Federal Government, the States, and the Municipalities.

In order to provide a general overview, the main taxes currently levied in Brazil are outlined below.

(a) Income Tax – This is a federal tax instituted and collected by the Federal Government, through which income earned by both individuals and legal entities is taxed. In the case of legal entities, the standard rate is 15%; however, an additional rate of 10% applies if monthly profits exceed BRL 20,000.00.

Additionally, it may be assessed under two taxation regimes: (a) presumed profit (Lucro Presumido); and (b) actual profit (Lucro Real).

The Presumed Profit Regime is a simplified taxation method for determining the taxable base, whereby the law presumes a profit margin based on the taxpayer's business activity. By applying this legally presumed profit percentage to the company's gross revenue, the taxable base is determined, to which the Corporate Income Tax (IRPJ) rate is applied. *cómputo, ajustada por las adiciones, exclusiones o compensaciones prescritas o autorizadas por la ley. El producto de este cálculo generará la base de cálculo para la aplicación de las tarifas.*

On the other hand, under the Actual Profit Regime (Lucro Real), the net profit for the assessment period is calculated and adjusted by the additions, exclusions, or compensations prescribed or authorized by law. The result of this calculation constitutes the taxable base for the application of the applicable tax rates.

(b) Social Contribution on Net Profit (CSLL) – The Social Contribution on Net Profit (Contribuição Social sobre o Lucro Líquido – CSLL) is a Brazilian federal tax levied on the net income of the relevant tax period. By its nature, it is imposed solely on legal entities, and its revenues are allocated by the Federal Government to finance social security. The general rate is 9%; however, it may be increased to 15% for financial institutions and similar entities. As a general rule, it follows a significant portion of the legislation applicable to Corporate Income Tax.

(c) PIS/COFINS – PIS stands for Programa de Integração Social and COFINS for Contribuição para o Financiamento da Seguridade Social. These are federal taxes levied on companies' gross revenues, with rates varying according to the type of activity and the calculation system defined by law. As a general rule, PIS/COFINS may be levied under a cumulative regime, in which case a combined rate of 3.65% applies directly to gross revenues, without deductions. Alternatively, they may be levied under a non-cumulative regime, whereby certain credits may be deducted to determine the taxable base, which is then subject to a 9.25% rate.

(d) ICMS – The ICMS is a state tax levied on the circulation of goods. In essence, it applies to the value of transactions involving the sale of goods and is therefore the most significant tax affecting a large portion of trade. In addition to the movement of goods, ICMS also applies to certain services, such as interstate and intermunicipal transportation and communication services. Its average rate is approximately 18%, reaching up to 30% in exceptional cases.

(e) ISSQN – The Tax on Services of Any Nature (Imposto sobre Serviços de Qualquer Natureza – ISSQN) is a municipal tax levied on the provision of services by companies and independent professionals. Its rates range from a minimum of 2% to a maximum of 5%, and its taxable base is generally the value of the services rendered.

Despite the existence of other taxes, those mentioned above are the most significant from a financial and strategic perspective for both domestic and foreign investors. This brief overview is intended to provide a general understanding of the main taxes applicable in Brazil; however, a case-by-case analysis is essential to determine the specific implications of each investment, in light of the applicable legal framework.



2. MAIN CHANGES INTRODUCED BY THE TAX REFORM AND TRANSITION TIMELINE

In December 2023, Constitutional Amendment No. 132/2023 was enacted, establishing the most significant reform of the Brazilian consumption tax system since the Federal Constitution of 1988. Subsequently, Complementary Law No. 214/2025 regulated various operational aspects of the new model.

The primary objective of the reform is to simplify the tax system, reduce litigation, and establish a consumption-based taxation model grounded in full non-cumulativity and destination-based taxation.

The main changes are as follows:

(a) Replacement of existing taxes by a Dual VAT model – The following taxes shall be replaced:

- PIS and COFINS (federal);
- ICMS (state);
- ISSQN (municipal);
- IPI (with residual application in specific situations).



In its place, the following shall be established:

- CBS (Contribution on Goods and Services), of federal jurisdiction;
- IBS (Tax on Goods and Services), of shared jurisdiction between States and Municipalities;
- Selective Tax (IS), of federal jurisdiction, applicable to goods and services deemed harmful to health or the environment.

(b) Full non-cumulativity and broad financial crediting – The new model will allow the utilization of broad financial credits on virtually all acquisitions related to the taxpayer's economic activity.

(c) Destination-based taxation – IBS and CBS will be levied at the place of consumption of the good or service.

(d) Progressive elimination of tax incentives – Existing tax benefits will be gradually reduced in accordance with constitutional transition rules.

(e) Implementation of the “split payment” system – A system of fractional tax collection is envisaged at the time of financial settlement of the transaction.



TRANSITION TIMELINE AND ENFORCEABILITY

- 2026: Commencement of the testing period ("calibration phase"), with symbolic application of reduced CBS and IBS rates.
- 2027: Entry into force of the CBS, along with the extinction of PIS and COFINS. The Selective Tax also begins to be applied.
- 2027 to 2028: Progressive reduction of the IPI.
- 2029 to 2032: Transition period from ICMS and ISS to the IBS.
- 2033: Final extinction of ICMS and ISS, with full consolidation of the Dual VAT model (CBS + IBS).





Labor Regime

EMPLOYMENT CONTRACTS – TYPES

Indefinite-Term Employment Contract

- Based on the principle of continuity of the employment relationship;
- Subject to specific effects related to suspension and interruption of the contract, job stability, and indemnification;
- No predetermined end date;
- Entitles the employee to full severance indemnification in case of termination without cause.

Fixed-Term Employment Contract

- Includes a pre-established termination date;
- Maximum duration of two (2) years, subject to exceptions;
- As a general rule, allows only one renewal, provided that the maximum legal duration is respected;
- Subject to indemnification (Articles 479 and 480 of the CLT), unless a clause provides for mutual termination rights;
- Permitted exclusively in cases provided by law (services whose nature or temporary character justifies the hiring, temporary business activities, and probationary contracts).

Intermittent Employment Contract

- Discontinuous provision of services;
- Alternation between periods of activity and inactivity;
- Work assignments are made upon the employer's request;
- Remuneration proportional to the period effectively worked, with immediate payment of statutory entitlements (proportional vacation + one-third (1/3), proportional thirteenth salary, FGTS (Severance Indemnity Fund), and paid weekly rest).

Probationary Contract

- A specific type of fixed-term contract;
- Intended for mutual evaluation between the parties;
- Maximum duration of ninety (90) days, with one extension permitted within this limit.

Part-Time Employment Contract

- Up to thirty (30) hours per week, with no overtime permitted; or
- Up to twenty-six (26) hours per week, with the possibility of up to six (6) additional overtime hours;
- Remuneration proportional to the contracted hours.

Working Time Compensation System

- Possibility of a time bank (banco de horas) through individual or collective agreement;
- 12x36 work schedule, established by written individual agreement or collective bargaining;
- Remuneration for working hours in accordance with statutory limits.



- Intended for individuals aged between fourteen (14) and twenty-four (24), with no age limit for persons with disabilities;
- Fixed-term duration of up to two (2) years;
- Requires enrollment in and attendance of a technical-professional training program;
- Medium and large-sized companies are subject to compliance with statutory quota requirements.

Temporary Work (Law No. 6,019/74)

- Hiring is carried out through a temporary work agency;
- Intended to meet a temporary need, such as the replacement of permanent staff or an increased demand for services;
- Does not establish a direct employment relationship with the client company, except in cases of fraud.

Service Providers – Legal Entity

- The engagement of a legal entity for the provision of services is permitted;
- The elements that characterize an employment relationship (subordination, personal services, continuity, and remuneration) must be absent.



SALARY AND REMUNERATION

REMUNERATION = SALARY + BENEFITS ACQUIRED UNDER THE CONTRACT

Characteristics

- Irreducibility: salaries may not be reduced, except as otherwise provided in collective agreements or collective bargaining conventions;
- Non-detrimental alteration: prohibition of harmful changes to the form and method of payment;
- Non-attachability: wages are not subject to attachment, except in legally provided cases;
- Intangibility: prohibition of deductions by the employer, except in cases of salary advances, legal provisions, or collective agreements;
- Inalienability: rights are non-waivable (Article 9 of the CLT);
- Bonuses and allowances shall not be included in remuneration, provided that legal requirements are met;
- Remuneration must comply with the national minimum wage or the minimum wage established by collective agreements;
- Collective agreements and conventions may establish additional mandatory benefits.



Forms of Salary Adjustment in Hiring

- Time-based remuneration;
- Production-based remuneration;
- Task-based remuneration – based on time and/or production units.

Methods of Payment

- In cash;
- By check or legal currency;
- In-kind benefits (in natura) – limited to seventy percent (70%) (Article 82 of the CLT).

Salary payments shall not be established for periods exceeding one (1) month, except with respect to commissions, percentages, and bonuses.

Statutory Additions

The following may apply to remuneration, as applicable:

- Overtime pay (minimum of fifty percent (50%));
- Night shift differential;
- Hazard pay (for dangerous activities);
- Unhealthy conditions allowance;
- Transfer allowance (minimum of twenty-five percent (25%), where applicable).



- The following may apply to remuneration, as applicable:
 - FGTS contributions (8%);
 - Social security contributions;
 - Withholding tax;
 - Third-party contributions (the “System S”, where applicable).

Telework / Home Office

- Governed by Articles 75-A to 75-E of the CLT (Consolidação das Leis do Trabalho);
- Must be expressly established in the employment contract or in an addendum thereto;
- May or may not involve working time control, with implications for overtime entitlement;
- The contract must define responsibility for equipment and reimbursement of expenses;
- Return to on-site work may be determined through a formal contractual amendment;
- Utilities and services provided to enable telework are not considered part of remuneration;
- Permitted for apprentices and interns, subject to specific legal provisions;
- Occupational health and safety regulations remain applicable.

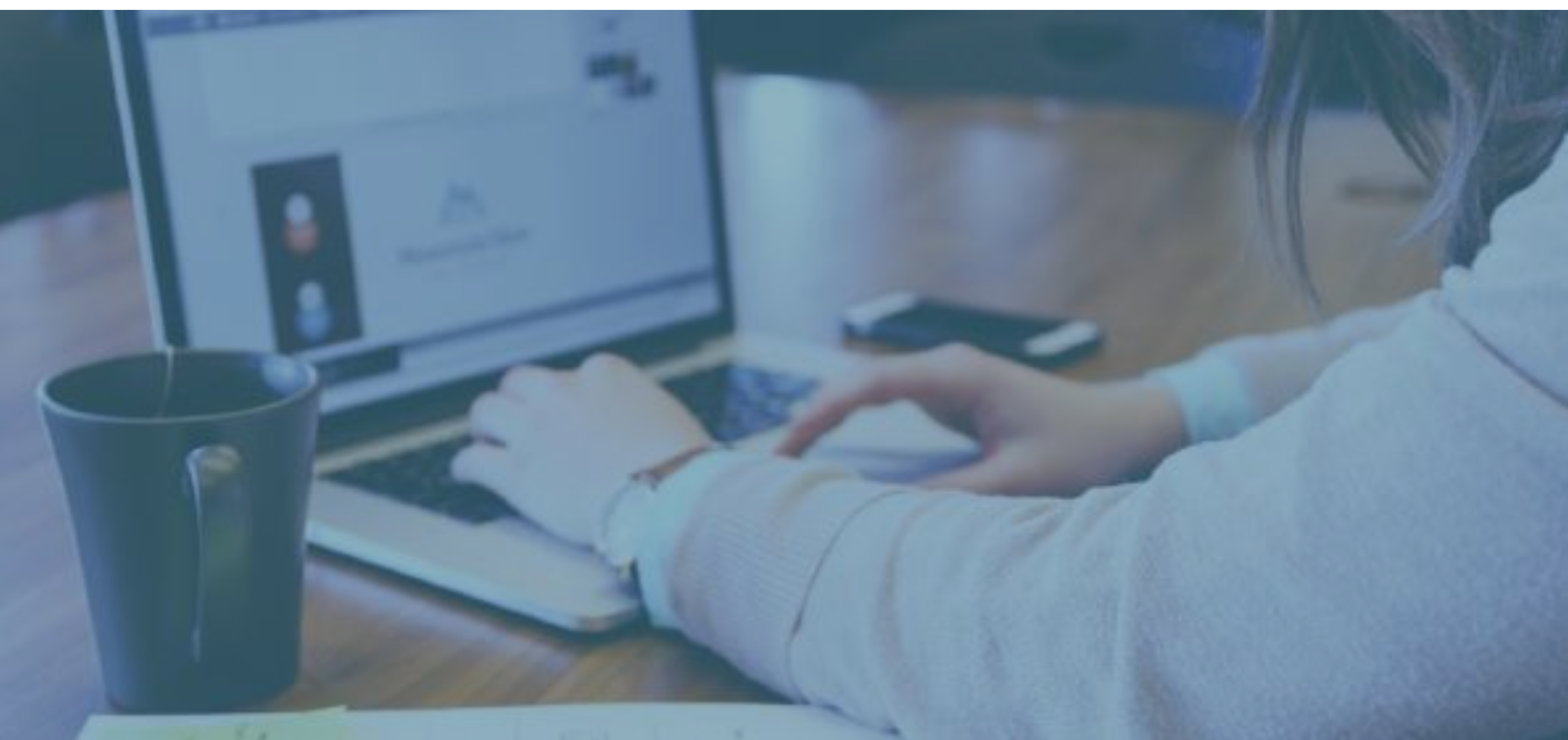
Occupational Health and Safety

- Regulatory Standards (Normas Regulamentadoras – NRs) establish mandatory technical requirements according to the company’s economic activity and risk level;
- Preparation and maintenance of technical documentation and specific reports, where applicable;
- Provision of appropriate Personal Protective Equipment (PPE), ensuring its use and replacement when necessary;
- Periodic safety training, according to the activity performed;
- Establishment of an Internal Commission for Accident Prevention (CIPA), depending on the company’s size and risk level.



Required Documentation – Occupational Health and Safety

- Risk Management Program (Programa de Gerenciamento de Riscos – PGR), in accordance with NR-01;
- Occupational Health Medical Control Program (Programa de Controle Médico de Saúde Ocupacional – PCMSO), in accordance with NR-07;
- Occupational Health Certificates (Atestado de Saúde Ocupacional – ASO), relating to pre-employment, periodic, return-to-work, job change, and termination medical examinations;
- Technical Report on Environmental Working Conditions (Laudo Técnico das Condições Ambientais do Trabalho – LTCAT), for social security purposes;
- Social Security Professional Profile (Perfil Profissiográfico Previdenciário – PPP), where applicable;
- Hazard Pay Report and Unhealthy Conditions Report, where there is exposure to risk agents;
- Ergonomic Work Analysis (Análise Ergonômica do Trabalho – AET), where required under NR-17;
- Occupational Health and Safety Work Orders, duly acknowledged by the employee;
- Records of delivery and control of Personal Protective Equipment (Equipamentos de Proteção Individual – PPE);
- Records of mandatory training, according to the activity performed and the applicable Regulatory Standard (Norma Regulamentadora – NR);
- Minutes and documentation of the Internal Commission for Accident Prevention (Comissão Interna de Prevenção de Acidentes – CIPA), where applicable;
- Work Accident Report (Comunicação de Acidente de Trabalho – CAT), in cases of workplace accidents or occupational diseases;
- Occupational Risk Inventory and Action Plan, as part of the Risk Management Program (PGR);



Termination of Employment and Severance

a) Termination without Cause (Employer's Initiative)

- Prior notice (worked or paid in lieu);
- Outstanding salary balance;
- Accrued and proportional vacation plus one-third (1/3) additional;
- Proportional thirteenth salary (13th-month salary);
- Forty percent (40%) fine on FGTS deposits;
- Release of FGTS funds and entitlement to unemployment insurance;
- Payment of severance amounts within the statutory period (up to ten (10) days from termination of the employment contract).

b) Resignation (Employee's Initiative)

- Prior notice (subject to possible deduction);
- Outstanding salary balance;
- Accrued and proportional vacation plus one-third (1/3) additional;
- Proportional thirteenth salary;
- No 40% FGTS fine;
- No entitlement to unemployment insurance.

c) Termination for Cause

- Applicable in cases of serious misconduct as set forth in Article 482 of the CLT;
- Payment limited to outstanding salary and accrued vacation plus one-third (1/3) additional;
- No prior notice, proportional thirteenth salary, FGTS fine, or unemployment insurance;
- Requires duly substantiated serious misconduct.



d) Termination by Mutual Agreement (Article 484-A of the CLT)

- Prior notice and FGTS fine reduced to fifty percent (50%) of the applicable rate;
- Possibility of withdrawing up to eighty percent (80%) of the FGTS balance;
- No entitlement to unemployment insurance.

e) Termination of a Fixed-Term Contract

- Payment of outstanding wages;
- Payment of proportional vacation plus one-third (1/3) additional;
- Proportional payment of the thirteenth salary (13th-month salary);
- Withdrawal of FGTS (without the 40% fine);
- Early termination may give rise to specific indemnification (Articles 479 and 480 of the CLT).

Union Classification and Collective Bargaining

- Defined based on the employer's predominant activity; employees belonging to differentiated categories may have their own union classification;
- Collective agreements and conventions may establish minimum wages, benefits, and specific rules;
- Collective bargaining may prevail over statutory law in matters expressly authorized;
- Assistance or bargaining contributions are subject to applicable legal and collective provisions.



- Provisions governing collective agreements and respect for the right to dissent.

Data Protection – Employment Aspects (LGPD)

- The processing of employees' personal data must comply with Law No. 13,709/2018 (Brazilian General Data Protection Law – LGPD).
- A valid legal basis is required for the collection, storage, and processing of personal data.
- Sensitive data (such as health or biometric information) require enhanced safeguards.
- Employers must adopt appropriate technical and administrative security measures.
- Non-compliance may result in administrative, civil, and reputational liabilities.
- The adoption of internal data protection policies and instruments to ensure awareness and confidentiality is recommended.

Constitutional Guarantees

- Employment relationships are protected against arbitrary or unjustified dismissal, in accordance with supplementary legislation, which shall provide for compensatory indemnification, among other rights.



- Unemployment insurance in cases of involuntary unemployment.
- Severance Indemnity Fund (Fundo de Garantia do Tempo de Serviço – FGTS).
- Minimum wage, established by law and unified at the national level.
- Irreducibility of wages, except as provided for in collective agreements or collective bargaining conventions.
- Wage guarantee, never lower than the minimum wage, for employees receiving variable remuneration.
- Thirteenth salary (13th-month salary), based on total compensation or retirement amount.
- Night work remuneration at a higher rate than daytime work.
- Protection of wages in accordance with the law, with willful withholding constituting a criminal offense.
- Profit-sharing or results-based participation, not integrated into remuneration.
- Family allowance paid in respect of dependents of low-income workers, in accordance with the law.
- Standard working hours not exceeding eight (8) hours per day and forty-four (44) hours per week, with the possibility of hour compensation and working time reduction through collective agreements.
- Six (6)-hour workday for continuous shift work, unless otherwise provided by collective bargaining.
- Paid weekly rest, preferably on Sundays.
- Overtime remuneration at least fifty percent (50%) higher than the regular rate.
- Paid annual leave with an additional payment of at least one-third above the regular salary.
- Maternity leave, without prejudice to employment and salary, for a duration of one hundred twenty (120) days.



- Prior notice proportional to length of service, with a minimum of thirty (30) days, in accordance with applicable law.
- Additional remuneration for arduous, unhealthy, or hazardous activities, as provided by law.
- Right to retirement benefits.
- Recognition of collective bargaining agreements and collective labor conventions.
- Occupational accident insurance, to be borne by the employer, without prejudice to any indemnification owed in cases of willful misconduct or negligence.
- Right of action in relation to claims arising from employment relationships, subject to a statute of limitations of five (5) years for urban and rural workers, limited to two (2) years after termination of the employment contract.
- Prohibition of detrimental changes to contractual terms, except with the employee's consent or upon duly substantiated business necessity.
- Equal rights between employees under indefinite-term contracts and temporary workers.
- Protection of the female labor market through specific incentives established by law.
- Reduction of occupational risks through health, hygiene, and safety regulations.
- Additional remuneration for unhealthy, hazardous, or strenuous activities, as provided by law.
- Provision of free childcare assistance for children and dependents from birth up to five (5) years of age, in daycare centers and preschool institutions, where established by collective agreements or specific legislation.



- Recognition of collective bargaining agreements and conventions.
- Prohibition of wage differentials, differences in functions, and hiring criteria based on sex, age, race, or marital status.
- Prohibition of wage discrimination and discriminatory hiring criteria against workers with disabilities.
- Prohibition of distinctions between manual, technical, and intellectual work, or among professionals.
- Occupational accident insurance, to be borne by the employer, without prejudice to any indemnification owed in cases of willful misconduct or negligence (which may be further detailed under civil liability provisions).
- Right of action in relation to claims arising from employment relationships, subject to the applicable statute of limitations as previously indicated.
- Prohibition of night, hazardous, or unhealthy work for individuals under 18 years of age, and prohibition of any work for individuals under 16 years of age, except as apprentices from the age of 14.
- Temporary job stability as established under constitutional and statutory provisions (including pregnant women, trade union representatives, members of the Internal Commission for Accident Prevention – CIPA, injured workers, among others), operating as practical limitations on arbitrary dismissal.





Migration Regime

Law No. 13,445/17, Decree No. 9,199/17, and the Brazilian Labor Code (Consolidação das Leis do Trabalho – CLT) govern the immigration and labor status of foreign nationals in Brazil, which are subject to analysis by the General Coordination of Immigration of the Ministry of Labor.

Pursuant to Law No. 13,445/17 and Decree No. 9,199/17, it is unlawful for an employer to hire a foreign national without prior authorization from the Brazilian Ministry of Justice. Brazilian nationals are granted priority in employment within the national territory; therefore, companies must duly justify the hiring of foreign employees.

Foreign nationals who have resided in Brazil for more than ten (10) years, as well as Portuguese nationals, are granted equal status to Brazilian workers.

The most common mechanisms for conducting business or working in Brazil are residence authorizations and work visas for foreign nationals, whether with or without an employment relationship. However, other legal pathways may apply depending on the specific circumstances. Each case requires a detailed assessment of the individual's profile and business objectives in Brazil in order to structure an efficient and viable immigration (and tax) strategy.

RN1 and RN2 VISAS

The RN1 and RN2 Visas are granted to foreign workers under a standard employment relationship. In such cases, the applicant must demonstrate academic qualifications and professional experience that justify their hiring.

There is no maximum duration for maintaining this visa classification.

Additionally, the spouse of a foreign national holding a work visa in Brazil may apply for a family reunification visa. Once granted, such authorization includes unrestricted work rights, allowing the spouse to work independently or for any employer. Children under the age of 21 are considered dependents and may also be included in the application.

VISTO RN 3

The RN3 Visa is granted to technical professionals engaged under an employment contract arising from a technical cooperation agreement between a Brazilian company and a foreign company.

In such cases, the existence of a qualifying corporate relationship between the foreign entity and the Brazilian entity is required.

RN4 VISA

The RN4 Visa is granted to qualified foreign nationals, without an employment relationship in Brazil, who intend to carry out technology transfer activities to the Brazilian State, pursuant to technical cooperation agreements or arrangements executed between the Brazilian government and a foreign company or State.

RN5 VISA

The RN5 Visa is granted to maritime workers, without an employment relationship in Brazil, who perform services aboard vessels and cruise ships operating along the Brazilian coast.

RN11 VISA

The RN11 Visa is granted to foreign nationals appointed as administrators, directors, or managers, vested with representation powers within an economic group or conglomerate, that carry out foreign direct investment in companies duly incorporated in Brazil, with potential for job creation and income generation.

RN13 VISA

The RN13 Visa is granted to foreign nationals who intend to invest, with their own foreign-sourced funds, in Brazilian companies, through projects with potential for job creation and income generation in the country.

Such visa requires proof of investment in an amount equal to or exceeding BRL 500,000.00, supported by the submission of an Investment and Business Plan.

RN19 VISA

The RN19 Visa is granted to employees of foreign companies, without an employment relationship with Brazilian entities, who are assigned to Brazil to undergo professional training in Brazilian companies belonging to the same economic group as the foreign company.

RN20 VISA

The RN20 Visa is granted to scientists, researchers, and professors who intend to carry out research activities or academic extension programs in Brazil.





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How to Do Business in Chile?

Chile has a legal framework that safeguards freedom of enterprise and the development of economic activities, subject only to specific sectors that are specially regulated, such as banking, insurance and fund management, among others.

In general, there are no restrictions on foreign investors regarding the incorporation, ownership or control of companies in Chile. This regulatory openness has positioned the country as a stable and competitive jurisdiction for foreign investment.

1. CORPORATE FRAMEWORK.

Chilean law provides several corporate structures that allow business activities to be organized according to the nature of the project, the number of investors involved and the desired level of flexibility.

- a) Corporation (Sociedad Anónima or “S.A.”): A Sociedad Anónima is a capital-based corporation that may be publicly held (open), closely held (closed) or subject to special regulation. It requires at least two shareholders. Management is entrusted to a Board of Directors, composed of at least three members in closely held corporations and five members in publicly held corporations. The share capital is divided into registered shares of equal value, unless different series are established. Shares of the same series must have identical rights and value. Shares are generally freely transferable, although shareholders may agree to certain transfer restrictions as permitted by law. The subscribed capital must be fully paid within three years from incorporation. Shareholders’ liability is limited to the amount of capital they have agreed to contribute.
- b) Simplified Stock Corporation (Sociedad por Acciones or “SpA”): The SpA is a highly flexible capital-based corporate vehicle widely used in Chile. It may be incorporated and validly exist with a single shareholder, whether an individual or a legal entity. Its governance structure is determined by the bylaws, allowing management to be vested in a board of directors, one or more managers, a general manager, or any other structure agreed upon by the shareholders. Shares are freely transferable unless the bylaws provide otherwise. Capital must be paid within the period established in the bylaws, which, if silent, defaults to five years from incorporation. Shareholders’ liability is limited to the amount of their capital contributions.

c) Limited Liability Company (Sociedad de Responsabilidad Limitada or “SRL”): An SRL is a limited liability company of a personal nature. It requires a minimum of two and a maximum of fifty partners. Its corporate name must include either the name of one or more partners or a reference to the company’s purpose, together with the word “Limitada” or its abbreviation. Ownership interests may only be transferred with the unanimous consent of all partners. Likewise, any amendment to the bylaws requires unanimous approval. Partners’ liability is limited to their agreed capital contributions.

d) Branch of a Foreign Company: A branch does not constitute a separate legal entity but rather an extension of a foreign parent company. To establish a branch in Chile, certain corporate documents of the foreign entity must be duly legalized or apostilled and translated into Spanish, and registered before a Chilean Notary Public. A local agent or representative with sufficient powers must also be appointed. The foreign parent company is fully liable for the obligations and activities carried out by the branch, without limitation to assets located in Chile.

Chile also maintains a specific legal framework governing foreign direct investment, including the establishment of the Chilean Foreign Investment Promotion Agency under Law No. 20,848.

Foreign direct investment is defined as the transfer to Chile of capital or assets owned or controlled by a foreign investor for an amount equal to or exceeding USD 5,000,000 (or its equivalent in other currencies), granting access to certain statutory rights and guarantees.

Investment may be made through freely convertible foreign currency, tangible assets, reinvested profits, capitalization of credits, capitalizable technology, or loans associated with related-party foreign investment.





TAX

Framework

Chile's tax system includes taxes on income, consumption and certain economic activities. The principal taxes applicable to investors and companies operating in Chile are outlined below.

- a) **Income Tax:** Chile applies an integrated income tax system structured around corporate-level taxation and final taxes applicable to individuals and non-residents. As a general rule, individuals and entities domiciled or resident in Chile are taxed on their worldwide income, while non-residents are taxed exclusively on Chilean-source income. Foreign individuals who establish residence in Chile are subject only to Chilean-source taxation during their first three years of residence, which may be extended in certain cases. Under the integrated system, corporate tax paid at the company level may be credited, in whole or in part depending on the applicable tax regime, against the final taxes payable by shareholders or partners.

- i) **Category Taxes:**
 - (1) **Corporate Tax:** Corporate tax is levied on business income derived from capital-based activities, including industrial, commercial, mining and real estate operations. The general regime applies a 27% rate. The Pro Pyme General regime applies a 12,5% rate, subject to statutory income thresholds. Depending on the applicable regime, corporate tax may be fully or partially creditable against shareholder-level taxation.
 - (2) **Payroll Withholding Tax:** Employment income is subject to a monthly progressive payroll withholding tax ranging from 0% to 40%, depending on income levels. This tax operates as a full credit against the individual's annual personal income tax..

ii) Final Taxes:

(1) Personal Income Tax: Residents are subject to an annual progressive personal income tax on their aggregate income, with a top marginal rate of 40%.

(2) (Additional Tax: Non-residents are subject to withholding tax on Chilean-source income. The general rate is 35%, subject to reductions or exemptions under domestic law or applicable double taxation treaties.

b) Value Added Tax (VAT): VAT is an indirect tax levied at a general rate of 19% on the sale of tangible movable and immovable goods, as well as on the provision of services and certain other specifically defined taxable events. As a general rule, all remunerated services are subject to VAT unless a specific statutory exemption applies. The tax is calculated on the value of the transaction.

c) Municipal Business License: Commercial and industrial activities are subject to an annual municipal business license in the municipality where the activity is carried out. The license fee is calculated by applying a rate ranging from 0.25% to 0.5% to the company's taxable equity ("capital propio tributario"), with a minimum annual amount of 1 UTM (approximately USD 70) and a maximum cap of 8,000 UTM (approximately USD 550,000), based on current reference values..

d) Double Tax Treaties (DTTs): Chile has entered into numerous Double Tax Treaties (DTTs), largely based on the OECD Model Convention, which are designed to prevent international double taxation and provide greater legal certainty in cross-border transactions. These treaties regulate, among other matters, the allocation of taxing rights between the contracting states and provide for reduced withholding tax rates or exemptions on certain outbound payments, including dividends, interest and royalties.

e) Real Estate Tax: Real estate located in Chile is subject to an annual property tax assessed on the basis of the tax valuation ("avalúo fiscal") determined by the relevant authority. The tax is payable in quarterly installments and varies depending on the use and valuation of the property. For commercial and industrial real estate, the effective burden may be significant, making it an important factor in structuring real estate or infrastructure projects.





LABOR Framework

In Chile, an individual employment contract is an agreement under which the employee undertakes to provide personal services under the employer's direction and subordination, in exchange for agreed remuneration.

The rendering of services under conditions of subordination and dependence gives rise to a legal presumption of the existence of an employment relationship.

Individuals over 18 years of age may be freely employed. Persons between 15 and 18 years of age may work subject to specific statutory requirements and authorizations

- **Employment Contract Requirements:** An employment contract must include, at a minimum: the employee's position and job description; compensation terms; working hours and their distribution; place of work; and duration of the contract. Employment agreements may be entered into for a fixed term, an indefinite term, or for a specific project or task.
- **Foreign workers:** At least 85% of the workforce of a single employer must be Chilean nationals. This requirement does not apply to employers with 25 or fewer employees. For purposes of this calculation, certain foreign nationals are deemed Chilean, including those whose spouse or civil partner or children are Chilean, widows or widowers of Chilean nationals, and foreigners who have resided in Chile for more than five years (excluding temporary absences).
- **Working Hours and Annual Leave:** Chile is currently implementing a progressive reduction of the statutory working week. The current general limit is 44 hours per week, distributed over no fewer than five and no more than six days. Beginning in April 2026, the limit will decrease to 42 hours per week, with a gradual reduction to 40 hours per week by April 2028. The maximum ordinary working day may not exceed 10 hours. Employees with more than one year of service are entitled to 15 working days of paid annual leave, which cannot be compensated in cash. Employees working in the Magallanes Region, the Aysén Region, and the Province of Palena are entitled to 20 working days of annual leave. Female employees are entitled to six weeks of prenatal leave and twelve weeks of postnatal leave, with full pay funded through the social security system. In addition, parental postnatal leave may be used by either parent, subject to statutory conditions. Pregnant employees enjoy special dismissal protection during pregnancy and for one year following the end of postnatal leave, unless prior authorization is obtained from a labor court.

- **Minimum wage:** As of 2026, the statutory minimum monthly wage is CLP 539,000 (approximately USD 567).
- **Trade Unions and Collective Bargaining:** The Labour Code recognizes freedom of association and the right of employees to form trade unions and engage in collective bargaining. Trade unions represent employees in the protection of their rights, promote compliance with labor and social security regulations, and seek to improve working conditions. Employees are free to join or not join a union, and more than one union may exist within the same company.
- **Social Security Contributions:** Employers are responsible for withholding and remitting employees' social security contributions, which include: 7% for health insurance; 10% for pensions, plus an "AFP" commission; 0.6% for unemployment insurance; (all borne by the employee). In addition, employers must contribute: 1.54% for disability and survivorship insurance (SIS); 2.4% for unemployment insurance; between 0.95% and 3.4% for occupational accident and disease insurance, depending on the company's risk classification. Since 2025, a gradual increase in employer pension contributions has been implemented. In 2026, this represents an additional 1% contribution, with further incremental increases scheduled in subsequent years. Certain foreign professionals or technicians may be exempt from Chilean pension contributions if they are affiliated with a foreign pension system and their employment agreement expressly reflects such affiliation.
- **Prevention of workplace harassment, sexual harassment and violence at work:** Chilean law requires employers to implement a Workplace Harassment, Sexual Harassment and Violence Prevention Protocol. Such protocol must establish preventive measures, formal reporting channels, internal investigation procedures ensuring impartiality and confidentiality, and protection mechanisms for the individuals involved. Employers are required to adopt appropriate measures to prevent harassment and workplace violence and to ensure that internal procedures comply with statutory standards of due process and protection of rights.
- **Termination of Employment and Severance:** Employment agreements may be terminated on statutory grounds established under Chilean labor law. In cases such as termination based on business needs, the employee is entitled to statutory severance equal to one month of remuneration for each year of service and fraction exceeding six months, subject to a cap of eleven months. In cases of unjustified dismissal, additional statutory surcharges may apply, in accordance with the Labour Code.

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Migratory Framework

Chile's immigration system is governed by the Migration and Foreign Nationals Law, in force since 2021, which regulates the rights and obligations of foreign nationals entering and residing in the country, promoting safe, orderly and regular migration.

The principal immigration categories include:

- Temporary Stay Permit
- Temporary Residence Permit
- Permanent Residence Permit

Entry under a Temporary Stay Permit is subject to nationality-based requirements, and in certain cases a prior consular visa may be required on grounds of national interest or reciprocity. As a general rule, temporary stay does not authorize remunerated activities, except in specifically permitted circumstances.

Holders of a Temporary Residence Permit may engage in remunerated activities in Chile, subject to the conditions set forth in their respective authorization. This category includes several subcategories, including those designed for investors, executives and qualified professionals, facilitating the implementation of business projects and the mobility of key personnel.

The legal framework also provides mechanisms for immigration control and regularization, offering legal certainty both to foreign nationals and to companies employing foreign personnel. This structure supports foreign investment and the development of specialized human capital in Chile.



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How to Do Business in China?

Choosing a Corporate Structure

When establishing a business in China, foreign investors have several entity types to choose from, each with unique characteristics, setup requirements, and operational scopes. The main options include Representative Office (RO), Wholly Foreign-Owned Enterprise (WFOE), Foreign Invested Commercial Enterprise (FICE), Joint Venture (JV), and Foreign Invested Partnership (FIP). Other market entry options include mergers and acquisitions (M&A) and variable interest entity (VIE) structures, particularly in sectors subject to foreign investment restrictions.

A Representative Office is the easiest to set up but is limited to non-profit activities such as market research and liaison. It cannot engage in direct business operations. Representative Offices are not permitted to directly hire Chinese employees and must engage a licensed labor dispatch agency for local staff; however, they may directly employ up to four foreign employees as representatives. While no registered capital is required, an RO takes at least two months to establish and is subject to taxation based on its expenses.

The Wholly Foreign-Owned Enterprise is a popular choice for foreign investors seeking full control over their operations in China. As a limited liability corporation, a WFOE can make profits, issue invoices, and directly employ local staff. It offers better autonomy and intellectual property protection compared to a Joint Venture. The setup process is more complex, taking two to nine months, and while there's no minimum capital requirement, the amount should be based on operational needs.

The establishment of a WFOE is subject to China's National and Free Trade Zone Negative Lists, and foreign investors may be restricted or prohibited from operating in certain sectors without a Chinese partner.

A Foreign Invested Commercial Enterprise, which can be set up as either a WFOE or JV, is ideal for retail, franchising, or distribution operations. It's relatively inexpensive to establish and takes four to six months to set up.

Joint Ventures are formed by foreign investors partnering with Chinese parties. They're often chosen when investing in restricted industries or to leverage a Chinese partner's local market knowledge and networks. The new Foreign Investment Law (FIL) has brought changes to JV structures, requiring existing JVs to adjust their governing structures by 2025.



TAX FRAMEWORK

Key Positions and Governance

For WFOEs and JVs, key positions include shareholders, executive director or board of directors, supervisor(s), general manager, chief financial officer, and legal representative. The 2023 Company Law, effective July 1, 2024, brings changes to corporate governance, including more flexibility in allocating powers among shareholders' meetings, boards of directors, and executives.

Foreign Investment Law and Its Impact

The Foreign Investment Law, implemented on January 1, 2020, has become the guiding document for foreign investment in China. It requires foreign-invested enterprises established before 2020 to adjust their structure and governance by January 1, 2025, to align with the Company Law.

Taxation

Understanding China's tax system is crucial for foreign investors. The main taxes affecting businesses include Corporate Income Tax (CIT), Value-Added Tax (VAT), Individual Income Tax (IIT), and Withholding Tax.

The standard Corporate Income Tax rate is 25% for both resident and non-resident enterprises with income-generating establishments in China. CIT is typically paid quarterly with annual settlements.

Value-Added Tax rates vary from 6% to 13% for general taxpayers, while small-scale taxpayers are subject to a 3% rate. VAT is a major indirect tax in China, with taxpayers categorized based on their annual taxable sales.

Individual Income Tax applies progressive rates from 3% to 45% on comprehensive income. The IIT system distinguishes between resident and non-resident taxpayers based on their duration of stay in China.

Withholding Tax, typically at a reduced rate of 10%, is levied on income of foreign enterprises without physical establishments in China but providing services to China-based businesses.



LABOR FRAMEWORK

Labor Laws and Employment

China's labor laws provide strong protection for workers. Key legislation includes the Labor Law (1995), Labor Contract Law (2008), Social Security Law, and Labor Dispute Mediation and Arbitration Law.

When hiring employees, companies have options including direct hiring, labor dispatch, and services outsourcing. Hiring foreign employees requires meeting specific criteria and obtaining proper visas and work permits.

Terminating employees in China can be challenging due to strong worker protections. Limited grounds exist for unilateral termination, with different rules applying during probation periods.

Wages and salaries in China are subject to minimum wage regulations, which vary by region. Standard work hours are 8 hours per day and 40 hours per week. Overtime pay rates differ based on the work hour system adopted.

Foreign employees may be eligible for preferential Individual Income Tax treatment on fringe benefits until end of 2027.

This guide provides a comprehensive overview of key considerations for foreign investors looking to establish and operate a business in China. It covers essential aspects of corporate structures, governance, taxation, and employment regulations. As China's legal and business environment continues to evolve, foreign investors are advised to stay informed about the latest developments and seek professional assistance when navigating the complexities of doing business in China.



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How to do Business in Costa Rica?

I. Corporate and/or Commercial Relationships:

Costa Rica offers various means for those seeking to initiate commercial relations in the country. Each entity has its own legal and fiscal characteristics, allowing interested parties to choose the one that best suits their expectations according to the objectives they may have. Among the options that best suit the needs of merchants, are the following:

Corporation: Corporations are a form of business organization, characterized by having its capital stock divided into shares, where the partners are obliged to pay their contributions in proportion to their participation in the capital stock. These shares, by their nature, may be sold, endorsed, and transferred to third parties without the prior authorization of the rest of the partners. Nonetheless, there are means to impose limitations on their transferability, if so desired by the corporation's members. For its constitution, this type of companies will require the presence of a minimum of two partners, where each one subscribes and pays at least one share. The Costa Rican legislation also allows the totality of the shares to be transferred to a single shareholder. However, the corporation must always have at least three members of the Board of Directors and a Fiscal, who may be partners or not.

Limited Liability Company: The main difference between Corporations and Limited Liability Companies is, as its name indicates, the way in which the responsibilities of the partners are limited. Therefore, the capital stock of these companies will be represented by nominative but not common shares, which means that these will be transferable, not by means of endorsement but by assignment, for which the prior and express consent of the other partners must be obtained. Said quotas may not be estimated in foreign monetary units, only in Costa Rican colones, as is allowed in the case of the Corporation. Similar to the previous case, this type of company also allows for the quotas to be held by a single partner or shareholder, but it does not have a Board of Directors, instead, it is governed through Managers or Assistant Managers.

Incorporation of Companies: The incorporation of a company in Costa Rica must be carried out in front of a Notary Public, who will detail the bylaws of the company in a public deed, including: amount and distribution of the capital stock, exact address of the corporate domicile, complete qualities of the members of the company, who is responsible for the judicial and extrajudicial representation, as well as – in cases where none of the members have domicile in the country – establishing a Resident Agent, who must be a lawyer with an open office, for notification purposes. This process has an estimated completion time of one to three (1-3) business days.

Recent Amendments: Recently, several relevant regulatory amendments concerning companies in Costa Rica have been approved and implemented. Firstly, pursuant to Circular DPJ-003-2025 issued by the Legal Entities Division of the National Registry, it has been established that companies may no longer be incorporated under a freely chosen corporate name. Instead, such entities must be registered exclusively under an automatically generated numerical designation, which also corresponds to the company's corporate identification number. Additionally, Bill No. 22,567, approved by the Legislative Assembly and published on December third, two thousand twenty-four, in the official newspaper La Gaceta, eliminates the figure of the Resident Agent in commercial companies. In its place, the reform introduces the requirement to register an official electronic mail address, which shall serve as the designated channel for the receipt of judicial and administrative notifications addressed to the company.

Company's obligations:

- i. **Payment of the Corporate Tax:** The payment of this tax must be made within the first thirty (30) calendar days following January first of each year, considering the base salary in effect for that year. At the time of incorporation, the tax must be paid proportionally to the remainder of the year. Such tax is calculated based on the income of each company, according to what it reports to the General Tax Authorities. It is important to be up to date in all payments regarding this tax in order to carry out procedures before public institutions. In the case of inactive companies, this tax is around US\$145.00 per year, legal currency of the United States of America.
 - ii. **Declaration of Beneficial Owners:** It is an obligation to declare annually the beneficial owners of each Costa Rican entity. Such declaration must be made by the legal representative of the company, or by a full power of attorney designated for the case. Whoever files the declaration must have a Costa Rican digital signature. Subsequently, every April, the structure of the beneficial owners will have to be declared, as well as when there is a modification that exceeds fifteen percent (15%) of the distribution of the capital stock of the company. This procedure has an estimated completion period of one (1) business day.
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- i. **Registration before the General Tax Authorities (D-140):** Within the first ten (10) calendar days from the registration of the company in the National Registry, all companies must register as taxpayers and detail their economic activity before the General Tax Authorities, or else declare themselves as inactive. This procedure has an estimated completion period of one to two (1-2) business days.



a) Inactive Company:

- Inactive Company Declaration before the General Tax Authorities: Inactive companies are those that do not carry out any lucrative activity in the country. Such companies must comply with this declaration requirement, by filing the annual Inactive Companies Declaration before the Ministry of Finance, in the month of April. Assets are declared, taking into consideration movable and/or immovable property, securities, and intangible assets, as well as liabilities, such as notes and accounts payable and the amount of capital stock, documenting (if any) extraordinary contributions from partners or revaluation surplus.

b) Active Company:

- Companies that are active will have tax obligations according to the activity that the company carries out.

Operating Permits:

Both, individuals and legal entities, who wish to develop commercial activities in Costa Rica, must first apply for the required operating permits before various institutions, such as the corresponding Ministry of Health and Municipality, the Costa Rican Social Security Fund (CCSS, for its acronym in Spanish), the National Insurance Institute (INS), the National Environmental Technical Secretariat (SETENA, for its acronym in Spanish), the Agency of Foreign Trade Promotion in Costa Rica (PROCOMER, for its acronym in Spanish), among others:

- i. Land Use Certificate: Document issued by the Municipality of the place where the property is located, determining the possible uses and exploitation for the land, valuing the pre-existing structures, and regulating those that may arise later.
- ii. Sanitary Operating Permit: Document issued by the Ministry of Health of the area in which the commercial establishment is located, as a prerequisite for operations to be developed in a way that reduces the impact it might have on the environment and general health.
- iii. Municipal License: Document issued by the Municipality of the area in which the property is located, by means of which individuals and/or legal entities, are authorized to develop the operation and functioning of the economic activity they wish to provide. Once granted, the patentee will be subject to the payment of a municipal tax, which contemplates a percentage of the income received annually; nonetheless, the amount varies depending on the Municipality in charge of the area.



iv. INS Risk Policy: Insurance policy issued by the National Insurance Institute for employers to protect their workers against any labor risk they might suffer as a result of the work performed. This policy is paid annually based on the rate of the economic activity carried out by the employer, which is indicated by the tariff manual in force at the time of subscription. Nonetheless, it might be paid semi-annually with a surcharge of eight percent (8%), or quarterly with a surcharge of eleven percent (11%).

v. Environmental Impact Assessment before SETENA: Administrative procedure that allows the Environmental Evaluation Department of the National Environmental Technical Secretariat to identify and predict the effects that the development of an activity or project could have on the environment, with the objective of preventing, controlling, mitigating and/or compensating said impact. However, SETENA does not have the power to approve nor reject any project, but rather its viability, by means of an environmental analysis. Those that must undergo this study are contemplated in Executive Decree number 31849-MINAE-S-MOPT-MAG-MEIC, which has been in effect since 2004.

vi. Foreign Trade Promoter of Costa Rica (PROCOMER): Institution that provides support to Costa Rican companies, and oversees that companies dedicated to the practice of exporting goods, are registered under the Register of Exporters. Likewise, if the company wishes to access one of the special export regimes, PROCOMER administers the Free Trade Zone System, which corresponds to the set of incentives and benefits that the State grants to companies that make or contribute to new investments in the country, and which specifically comply with the provisions of Law 7210; as well as the Special Drawback System, which corresponds to the customs regime that allows its contributors to obtain the refund of a percentage of the value of customs duties that have taxed importations.

Depending on the particular case and the complexity of the activity, additional permits may be required.





Tax Relationships

In regard to taxation, in addition to the aforementioned obligations, the following must be taken into account in Costa Rica:

- **Real Estate Tax:** In the event of acquiring real estate property on behalf of the company, you must comply with the payment of this tax before the Municipality of the area in which the estate is located. The amount to be paid will correspond to a percentage of 0.25% of the declared and registered value of the property, and its payment will be made on a quarterly, semi-annual, or annual basis. It is of utmost importance to remember that the owners must declare the value of their estate, as well as any modification or addition they have made onto the property, at least every five (5) years, before the corresponding Municipality. Likewise, it should be considered that, in case of not complying with this obligation, the Municipality may carry out an ex-officio appraisal and charge the respective fines, which will correspond to an amount equal to the amount not paid.
- **Solidarity Tax:** Corresponds to the Law of Solidarity Tax for the Strengthening of the Housing Program, it is also known as Tax on Luxury Houses and applies to those properties destined for housing that have a fiscal value higher than ₡143,000,000.00 colones, or approximately \$300,000.00 dollars, legal currency of the United States of America. Under this understanding, every three (3) years, the taxpayers will have the obligation to present before the General Tax Authorities, a sworn declaration that updates the fiscal value of their estate. This tax is paid annually, within the first fifteen (15) days of January and may range from 0.25% to 0.55% of the fiscal value of the property – depending on the amount declared.
- **Income Tax:** As previously mentioned, this tax applies to those taxpayers who, regardless of their nationality, domicile, or place of incorporation, maintain lucrative activities within the Costa Rican territory. This tax is calculated based on the net income, which results from deducting from the gross income, those deductible expenses contemplated in Article 8 of the Income Tax Law. At the beginning of every fiscal period, a readjustment is made in the income brackets, hence, in the present year, those incomes that do not exceed ₡918,000.00 monthly – or approximately \$1,836.00 dollars, legal currency of the United States of America -, are exempt from the payment of the present tax; on its excess and up to ₡1,347,000.00 per month – or around \$2,680.00 dollars, legal currency of the United States of America – will pay 10%; and so on, until reaching the 25% that will be charged on the incomes that exceed the amount of ₡4,727,000.00 per month – or about \$9,455.00 dollars, legal currency of the United States of America. It is also known as Single Income Tax because it is based on an annual period, counted from January first (1) to December thirty-first (31), so it is levied only once per fiscal year.
- **Value-Added Tax:** This tax corresponds to thirteen percent (13%) established on the sale of goods and the rendering of services, regardless of the means by which they have been obtained or provided, as long as it is within the Costa Rican territory. The people or entities that develop activities with the purpose of contributing to the production, distribution, commercialization, or sale of certain goods or rendering of services, will be considered taxpayers of this tax; those will have the obligation to file this declaration on the fifteenth (15th) day of each month.



Labor Relationships

Labor relations are defined as the set of interactions between employers and workers, regulated by labor legislation and collective bargaining agreements, in order to establish the working conditions, rights, and obligations of both parties. In Costa Rica, these relations are mainly supervised by the Ministry of Labor and Social Security together with the Costa Rican Social Security Fund and the courts of justice, so the following should be considered:

- Any individual or legal entity that employs one or more employee under its direction and control, assuming the legal and labor obligations that correspond to a formal employment relationship, must register as an employer before the Costa Rican Social Security Fund (CCSS). This process must take place no later than eight (8) days after starting operations, or after the acquisition of the company, and its registration has a term of one to three (1-3) business days.
- Labor relations, as indicated in Article 18 of the Labor Code of the Republic of Costa Rica, may exist by means of an individual employment contract, which may be for an indefinite term or for a definite period of time. The latter may be subject to an extension if both parties so agree. In any of these types, the employment contract is characterized by three fundamental elements:
 - a. Provision of Services: The person who signs the contract is the same person who will be obliged to perform the work, as agreed by the parties.
 - b. Salary or Remuneration: Corresponds to the sum of money agreed between the parties in exchange for the service rendered.
 - c. Subordination: The immediate dependence between the employee and the employer, where the latter exercises a position of direct leadership with powers of instruction and direction.

In the absence of these assumptions, depending on the particular conditions of each case, the existence of an employment relationship could be debated.

Costa Rica also offers professional services contracts, which are characterized by the fact that a person with unique attestations performs a service but are not subject to work schedules nor disciplinary sanctions, and the clients are not subject to the obligation to participate in the employer's obligations, such as: vacations, maternity leave, payment of disability allowance, Christmas bonus; among others.

Under this same principle, Costa Rica also offers different types of workshops, the main ones being:

- a. Ordinary day shift: Between 5:00 AM and 7:00 PM, eight (8) hours per shift, and cannot exceed forty-eight (48) hours per week.
- b. Ordinary night shift: Between 7:00 PM and 5:00 AM, six (6) hours per shift, and cannot exceed thirty-six (36) hours per week.
- c. Ordinary mixed shift: It is a workday that combines the previous two, for example, workers could have a workday from 2:00 PM to 10:00 PM. Those who operate under this type of shift will work up to seven (7) hours per day and cannot exceed forty-two (42) hours per week. Nonetheless, whenever it exceeds 3 hours past 7:00 PM, it will be considered a night shift.

Additionally, there are also special shifts, such as those considered cumulative, fractioned, reduced, among others.

Now, the item which calculates the minimum wage varies every year and depends entirely on the area in which a person works and is established according to the National Wage Council. For example, for 2026, based on an ordinary day shift, according to the worker's qualification, the following is established:

- a. Workers in unskilled occupations: These are understood to be those who perform simple tasks, mainly those that are considered physically demanding, and should receive a daily salary of ₡12,436.41 (or about \$26.00 dollars, legal currency of the United States of America).
- b. Workers in semi-skilled occupation: These are those who operate or drive internal combustion motor vehicles, understood as carriers, and receive a daily salary of ₡13,523.69 (or about \$28.00 dollars, legal currency of the United States of America).
- c. Workers in skilled occupation: Those who perform tasks of a higher degree of difficulty, whose tasks require specific knowledge of a subject acquired through studies and will receive a daily salary of ₡13,991.86 (or about \$30.00 dollars, legal currency of the United States of America).
- d. Worker in specialized occupation: Those who perform tasks that involve a high degree of difficulty and require in-depth knowledge of a specific subject, for which they receive a salary of ₡16,244.50 (or about \$34.00 dollars, legal currency of the United States of America).



Types of insurance:

- i. **Salaried Employees Insurance:** This type of insurance applies to those who work for a third party (employer), have an established salary, and a schedule to comply with. The employees' monthly contributions are based on 10.87% of their net salary, but the employer will contribute an extra 26.87%, for a total of 37.74%, of which a portion will be used for the Disability, Old Age and Death Insurance, which is what will allow workers to enjoy the benefits of retirement in the future, and the other portion will be destined to the Health Insurance, which is what will allow workers to receive treatment from the CCSS and opt for maternity leave or disability.
- ii. **Self-Employed Workers Insurance:** This will apply to those who are self-employed and generate formal income on a monthly basis. In this case, they must have an interview with CCSS officials, where they must demonstrate their monthly income and expenses, which will be the basis used to determine the amount of their contribution – this can range from 9.72% to 18.72% per month. This option will also allow them to be part of the Disability, Old Age and Death regime, as well as the Health Insurance benefits, which means that their monthly contributions will go towards their retirement, as well as allowing them the possibility of treatment with the CCSS.
- iii. **Voluntary Insurance:** Voluntary insurance is usually requested by those who do not develop an official income-generating activity, but still wish to have some type of insurance. Unlike the previous options, those insured under this modality have the right to be attended by the CCSS, but will not be enrolled in the Disability, Old Age and Death regime, nor enjoy the benefits of paid disability or maternity leave. Contributions for this insurance also range from 9.72% to 18.72%, based on monthly income. Additionally, once they are affiliated under this methodology, they will not be able to waive it until another type of insurance has been set in its place.





Migratory Relationships:

There are different immigration categories that may be applied for, depending on different factors. They could be temporary or permanent, depending on the applicant's needs.

Migratory categories:

- i. Professionals, interns, and their dependents: Those who work in the field of science, for a journalistic medium, in sports activities, or for a company registered with the General Directorate, and need to reside in Costa Rica for reasons related to their profession, may apply.
- ii. Investors and dependents: Applies to those who have invested at least \$150,000.00 dollars, legal currency of the United States of America, in a project that is of interest to the country, or in a property, as well as their dependents - who do not have to comply with this requirement but must demonstrate the marital or parental relationship they have with the applicant.
- iii. Pensioners and dependents: Those who are currently receiving their pension, as well as their dependents, are eligible to apply.
- iv. Annuitants and dependents: Those who receive a monthly income of at least \$2,500.00 (two thousand five hundred dollars, legal currency of the United States of America), as well as their dependents, may apply.
- v. Direct relationship with a Costa Rican: Any foreigner who has a real and proven relationship with a Costa Rican citizen, including: spouses, parents, minor or adult children with disabilities, and minor or adult siblings with disabilities, may apply for this Residence.
- vi. Digital Nomad: It is important to mention that this category is classified as "Special Category of Stay" and not as a residency. It is optimal for those employees who render remunerated services remotely, using telecommunication means, in favor of individuals or legal entities located abroad, and who therefore receive payment from institutions abroad.

The requirements for these procedures will vary depending on the category chosen by the applicant, however, it can be estimated that the immigration procedures in Costa Rica will entail an expense of approximately \$2,500 (two thousand five hundred dollars, legal currency of the United States of America) per applicant. This amount will be used to pay for security deposits, filing of applications, certificates of residence, among other things.



LEGAL GUIDE TO **DOING BUSINESS** IN **COLOMBIA**

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We have had the necessary capacity and infrastructure to advise and represent important local and multinational entities seeking highly personalized counsel in the market that allows for specialized solutions. Our experience and deep knowledge in the aforementioned practice areas allow us to constantly seek innovative solutions for each of our clients, resulting in greater efficiency and security in the development of their businesses.

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How to Do Business in Colombia?

1. CORPORATE MATTERS

1.1. Main aspects of Limited Liability Companies, Corporations, and Simplified Joint-Stock Companies

	LIMITED LIABILITY COMPANY	CORPORATION	SIMPLIFIED JOINT-STOCK COMPANY
Form of Incorporation	The Limited Liability Company must be incorporated by means of a public deed before a notary. The public deed must be registered with the Chamber of Commerce of the company's domicile.	The Corporation must be incorporated by means of a public deed before a notary. The public deed must be registered with the Chamber of Commerce of the company's domicile.	The Simplified Joint-Stock Company may be incorporated through a private document (unless real estate assets are contributed at the time of the company's incorporation, in which case it must be recorded in a public deed before a notary). The private incorporation document must be registered with the Chamber of Commerce.

	LIMITED LIABILITY COMPANY	CORPORATION	SIMPLIFIED JOINT-STOCK COMPANY
Corporate Purpose	The company's bylaws must contain a specific list of the activities that the company may carry out, included within its corporate purpose.	The company's bylaws must contain a specific list of the activities that the company may carry out, included within its corporate purpose.	Contrary to other types of companies, Simplified Joint-Stock Companies may establish any commercial or civil activity without any restriction, provided that they are lawful activities.
Minimum number of partners/ shareholders	2 partners	5 shareholders	1 shareholder
Maximum number of partners/ shareholders	25 shareholders	Unlimited number of shareholders.	Unlimited number of shareholders.
Liability of Partners / Shareholders	General Rule: Liability is limited to the total amount of their capital contribution. Exceptions: (i) If the bylaws establish additional liability. (ii) Labor obligations. (iii) Tax obligations pro-rata to their ownership percentage. (iv) When the initials ("Ltda." or "Limitada") are not used correctly.	General Rule: Liability is limited to the total amount of their capital contribution. Exceptions: (i) If the bylaws establish additional liability. (ii) If the shareholders have used the company to carry out illicit active actions or to cause damages to third parties. (iii) The shareholder who abuses their voting right will be liable for the damages caused. (iv) In reorganization (bankruptcy) or judicial liquidation proceedings.	General Rule: Liability is limited to the total amount of their capital contribution. Exceptions: (i) If the shareholders have used the company to carry out illicit active actions or to cause damages to third parties. (ii) The shareholder who abuses their voting right will be liable for the damages caused. (iii) In reorganization (bankruptcy) or judicial liquidation proceedings, in which case they may be secondarily liable for the company's obligations.

	LIMITED LIABILITY COMPANY	CORPORATION	SIMPLIFIED JOINT-STOCK COMPANY
Method of paying up capital	The capital must be paid in full at the time of incorporation of the company and each time a capitalization is carried out.	At the time of incorporation, at least 50% of the authorized capital must be subscribed and at least one-third of the par value of each of the subscribed shares must be paid.	There is no requirement to pay a minimum percentage at the time of incorporation. Notwithstanding the foregoing, the subscribed capital must be paid in full within 2 years following the registration of the incorporation document with the Chamber of Commerce.





Tax Regime

TAX MATTERS APPLICABLE TO COMPANIES

This section explains certain very general tax matters when determining how the Company can receive resources from its shareholders. It should be clarified that the information in this section includes certain reforms to the Colombian tax regime introduced by Law 2277 of December 13, 2022, whose provisions came into effect as of January 1, 2023.

2.1. Debt Funding

The main tax considerations to be taken into account when providing resources to the Company through debt are as follows:

2.1.1. Deduction of interest and foreign exchange differential losses

According to Article 260-8 of the Colombian Tax Statute (the "TS"), interest and foreign exchange difference losses paid or derived from loans granted by foreign entities are deductible provided that transfer pricing rules are complied with and the entity can demonstrate that the interest is at market rate.

An additional requirement for the deduction of interest payable on loans acquired with related (or unrelated) parties from abroad is that an income tax withholding must be carried out when applicable.

2.1.2. Thin Capitalization Rules

According to Article 118-1 of the TS, only interest paid to related parties on loans that, on average during a fiscal year, do not exceed twice the Company's net equity from the previous year, are deductible from income tax. Therefore, the portion of interest paid on the excess of the aforementioned limit is neither deductible nor capitalizable. To calculate this portion, only interest-bearing loans are taken into account.

2.1.3. Income Tax Withholding (Withholding Tax)

Interest accrued in favor of (or paid to) foreign lenders is subject to a general withholding tax rate of 15%, provided that the loan term is equal to or greater than one year. If the loan term is less than one year, the applicable withholding rate is 20%. However, special (more favorable) rates may apply when the lender is domiciled in a country that has entered into double taxation treaties ("DT Treaties") with Colombia.

2.2. Equity Funding

Distributed dividends may derive from profits that were taxed at the Company level or that, for some reason (e.g., use of accumulated losses), were not taxed at its level. According to Article 49 of the TS, to calculate the maximum dividend that can be distributed as taxed at the Company level, the applicable income tax and capital gains tax are subtracted from the taxable income and capital gains.

Dividends paid to foreign shareholders, with the exceptions provided for by DT Treaties, are taxed as follows:

- (i) Derived from profits that did not pay taxes at the distributing company level (dividends taxed at the shareholder level): The general income tax rate applicable to legal entities (35%) applies, plus a dividend tax (20%) on the value of the dividends after deducting the income tax.
- (ii) Derived from profits that did pay taxes at the distributing company level (dividends not taxed at the shareholder level): Dividend tax (20%) on the value of the dividends after deducting the income tax.





LEGAL GUIDE TO **DOING BUSINESS** IN **ECUADOR**



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DE FIRMAS DE ABOGADOS

CEVALLOS CASALS BALSECA & BILBAO ABOGADOS



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We have extensive experience working with major companies in the private sector as well as with companies and institutions in the public sector. Our current client portfolio includes international and multinational companies from countries such as the United States, China, Israel, Spain, and several Latin American countries, operating in various industries including Technology, Media and Telecommunications, Automotive, Retail, Education, Non-Governmental Organizations, Energy, Civil Works, Construction, and Pharmaceuticals.

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1. How to do Business in Ecuador?

In Ecuador, investors have different ways to conduct business. Our regulation recognizes the freedom to adopt the corporate form of your choosing. The Companies Law regulates the different types of companies that may be used, being the following company forms the most used:

- The Sociedad Anónima (Corporation) is company whose capital, divided into negotiable outstanding stocks, is made up by the shareholders contributions, who are liable only up to the amount of their stocks. The Sociedad anónima could be incorporated by unilateral act by a single shareholder/member. There is no maximum limit in the number of stockholders. This type of company is incorporated through a public deed executed before a Notary Public or Private Document and is endowed with legal personality from the date of its registration in the Mercantile Registry. The minimum stock capital amount is the equivalent to USD \$800,00.
- The Compañía de Responsabilidad Limitada (Limited Liability Company) is a company divided into shares, it is made up by the contribution of its partners that are solely liable up to the amount of their contribution. The transfer of shares requires the unanimous approval of the General Shareholder's Meeting. The limited liability could be incorporated by unilateral act by a single shareholder. shareholder (partner). The maximum number of shareholders (partners) is fifteen. This type of company is incorporated through a public deed executed before a Notary Public or Private Document and is endowed with legal personality from the date of its registration in the Mercantile Registry. The minimum share capital amount is the equivalent to USD \$400,00.

- The Sociedad por Acciones Simplificadas SAS (Simplified Joint Stock Company) is a company whose capital, divided into negotiable outstanding stocks, is made up by the shareholders contributions, who are liable only up to the amount of their stocks. The Sociedad por acciones simplificada can be incorporated with one stockholder. There is no limit in the number of stockholders. This type of company is incorporated through a private document and is endowed with legal personality from the date of its registration in the Mercantile Registry. The minimum stock capital is the equivalent to USD \$1.
- Foreign Branches domiciled in Ecuador are foreign companies that domicile a branch in the country, through an administrative procedure known as “Domiciliation”. This process involves the approval of documents of the foreign company granted abroad, as sufficient to act as a company in the country. The branches act through a general attorney-in-fact whose power of attorney is approved by the Superintendence of Companies, Securities, and Insurance. The minimum capital is USD \$ 2000.00. It is endowed with legal personality from the date of registration of the approval resolution granted by the Superintendence in the Mercantile Registry.

These types of companies are subject to control by the Superintendence of Companies, Securities, and Insurance. On an annual basis they must submit to this institution financial and corporate information.





TAX REGIME

The main taxes of a national nature in Ecuador, administered by the Internal Revenue Service, are the following: (i) Income Tax, (ii) Value Added Tax, (iii) Overseas Remittance Tax, and (iv) Tax on Special Consumptions. .

- **Income Tax:**

Ecuadorian and foreign domiciled companies are subject to income tax, regarding its taxable profit. The tax base is made up the totality of ordinary and extraordinary income levied with the tax, minus refunds, costs, expenses and deductions, attributable to income. The general Income Tax rate for companies is 25%.

- **Value Added Tax VAT:**

It is a tax that levies the value of the transfer of titles or the import of corporal movable property, in all stages of its commercialization, as well as on copyright, industrial property rights and related rights; and on the value of services provided. The tax rates are 0% in basic food products, medications, books, agricultural products, health services, among others; and, 15% in the case of purchase of goods and provision of services, exports, among others.

- **Overseas Remittance Tax:**

It is a tax that levies the transfer or movement of currency abroad in cash or through writing of checks, transfers, remittance, withdrawals, or payments of any nature made with or without the intermediation of institutions of the national financial system. The tax rate is 5%. The tax rate will be 0% - 2.50% for payments of some imported products.

- **Tax on Special Consumptions:**

This tax levies the consumption of determined local and imported goods, as well as determined services. The products levied with the tax on special consumptions with are tobacco, alcoholic beverages, sodas, beers, perfumed, video games, among others.

Treaties to avoid double taxation:

Ecuador has in force treaties to avoid double taxation with Germany, Belarus, Belgium, Brazil, Canada, Chile, China, South Korea, Arab Emirates, Spain, France, Italy, Japan, Mexico, Qatar, Rumania, Russia, United Kingdom, Singapore, Switzerland, member countries of the Andean Community made up of Colombia, Bolivia, and Ecuador. Currently, the application of the Treaties to Avoid Double Taxation is automatic, and does not require the prior determination of the Tax Administration.

Municipal Taxes:

The Ecuadorian legislation, besides taxes of a national nature, contemplates other taxes of a municipal nature that are paid to the Municipality where the economic activity takes place. These taxes are the following: i) Annual Municipal License Tax; and ii) Tax of 1.5 Per Thousand on Total Assets.

- Annual Municipal License Tax

Every natural or legal person that performs permanent commercial or industrial activities is required to pay the annual license tax to the Municipality of the jurisdiction where the activities were conducted. For the purpose of the calculation of the tax, the equity declared by the company at the close of the previous tax year shall be considered. The rate of this tax is determined by each Municipality.

- Tax of 1.5 Per Thousand on Total Assets

Every legal person is obliged to pay the Municipality where it conducts its economic activity, a tax of 1.5 per thousand over the total assets of the company. The tax base is made up of the total assets minus the obligations of up to a period of one year and the contingent liabilities, which are contained in the statement of financial position at the close of the immediately preceding fiscal year. The tax rate is 1.5 per thousand on total assets.





EMPLOYMENT REGIME

There are two main laws that govern labor matters for private companies in Ecuador: 1. The Labor Code; 2. Social Security Law.

There is ample protection provided to employees in Ecuadorian law, and a basic principle called *indubio pro operario* is applied, which means that in case of doubt the authorities shall apply the most favorable conditions for the employee.

It is important to note that all payroll employees must be registered before the Social Security Service (IESS) from the first day of the labor relationship, regardless of the type of contract.

According to the Labor Code, foreign employees have the same rights and obligation as local employees; the only additional condition is that foreigners need to have a visa that allows them to perform work activities in Ecuador.

Furthermore, the Labor Ministry every year defines the minimum wage to be paid to employees. For the year 2026, the minimum wage is USD \$482. Likewise, the Ministry issues a list of the minimum wages to be paid depending on the sector of the employer and position of the employee, which must be used as reference for the setting of the wage.

Besides the monthly salary, the other legal benefits to be paid to employee are as follows:

Concept	Description	Amount
13th salary	Additional salary to be received until December 24th of each year.	Equivalent to the 12th part of the total income received by the employee during the period between December 1st and November 30th of the year of payment.
14th Salary	In the Coastal Region and Galápagos, it must be paid by March 15th of each year. - In the Andean and Oriental Regions, it must be paid August 15th of each year.	Equivalent to the 12th part of one basic salary (US\$ 482 for year 2026) per month. The period is calculated as follows: - From March 1st to the last day of February of each year for the Coastal Region and Galápagos. - From August 1st to the last day of July for Andean and Oriental Regions.
Reserve Funds	Every worker who provides services for more than one year is entitled to receive from their employer a sum equivalent to one month's salary for each full year of service after the first. The employee may decide either to receive it monthly or to save it with the Social Security.	8.33% of the employee's salary.
Social Security	Monthly contribution, payable to the Ecuadorian Social Security Institute.	The total monthly contribution to be paid to IESS is 20.6% of the monthly salary of the employee, distributed as follows: - 9,45% payable by the employee (deducted from his/her salary) - 11,15% payable by the employer There are two taxes that employers pay on a monthly basis together with the contribution to IESS: - 0,5% for the Ecuadorian Institute of Educational Credit (IECE) - 0,5% for Ecuadorian Service for Professional Training (SECAP)

There are several types of contracts; however, the most used are the following:

(i) Indefinite-term contract: The indefinite-term contract is the typical model for stable or permanent labor relationship. It can only be terminated with cause established in the law, or by mutual agreement of the parties (resignation), the termination without causes could be considered untimely dismissal. It is possible to include under this type of contract 90 days of probation period, during which either party may terminate the labor relationship without any compensation. Under this arrangement, the parties may agree on a permanent part-time working day.

(ii) Contract for specific work: When the employer and the worker agree to maintain an employment relationship only for a defined time and for a specific work. Once the work and the term end, the contract is terminated without compensation.

(iii) Eventual contract: This contract is used in case of an increase of the production of the company, to attend circumstantial needs, or replacements. The term of the contract may be up to 180 continuous or non-continuous days during a period of 365 days. For this contract, the employer must pay a surcharge of 35% over the minimum wage.

(iv) Special Emergent Contract: As a result of the Covid-19 pandemic, there is a new type of contract named the special emergent contract, which serves for a defined period, held for the sustainability of production in emergency situations, or for new investments or lines of business, products, or services. The contract term is for one (1) year and may be renewed for one additional year.





IMMIGRATION REGIME

Foreigners that enter Ecuador to conduct different activities on a temporary or permanent basis in the country are subject to requesting to the Foreign Relationships and Human Mobility Ministry different immigration categories or statuses. Each one of these statutes have a different type of visa that will regulate the permanence or residence of foreigners in Ecuador.

Below, we detail some of the immigration categories contained in the Organic Human Mobility Law:

- **Temporary residence work visa.** . It is the authorization granted by the Ecuadorian State to foreign nationals who want to carry out labor activities under a dependent work relationship in the private or public sector, or independently of professional, civil, or consulting services in favor of legal or natural persons, national or foreign, legally established in Ecuador.
- **Temporary residence rentier visa.** It is an authorization granted by the Ecuadorian State to foreign nationals who have their own resources brought from abroad, with the income that those produce or any other legal foreign source income or has funds from an Ecuadorian source. The foreign national must present the documents that certify the monthly legal income for him or herself abroad or in Ecuadorian territory, such as rent contracts, investment securities or similar, equal to or higher than three (3) Unified Basic Wage of a worker in general. (US\$1.446,00)
- **Temporary residence remote work rentier visa.** The residence visa to conduct remote work will be granted to foreign nationals who have their own company or that work for one or several legal or natural persons with domicile abroad, to perform professional or service activities of at least three (3) Unified Basic Wage per month of the three (3) months prior to the visa request or have a total of thirty-six (36) Unified Basic Salary for each year. Furthermore, documents that prove that the visa petitioner works or provides his/her services to an employer, client, or foreign company, domiciled abroad, to perform independent or dependent professional activities in a remote, digital or telework manner must be provided. It applies also for cases where the applicant shows that he/she is the owner of the company registered and domiciled abroad.

- **Temporary residence retiree visa.** It is the authorization granted by the Ecuadorian State to foreign nationals that receive a pension from a foreign source, whose amount allows the retiree to cover the expenses of his/her stay. An official support document that accredits the retiree category granted by the competent authority abroad, which certifies the monthly payment of the foreign source pension, in favor of the petitioner, equal to or greater than three Unified Basic Wage of the worker in general, must be presented. (US \$1.446,00)
- **Temporary residence investment visa.** It is the authorization granted by the Ecuadorian State to foreign national that have property and financial resources from a legal source to conduct productive or commercial activities in Ecuador. Within this category, legal representatives, attorneys-in-fact, commercial representatives, or similar positions, of national or foreign companies, and in general, those who enter the country to conduct commercial or productive activities or develop businesses in Ecuador are covered. The investment amount is minimum one hundred (100) Unified Basic Wage of the worker in general; in other words, US\$48.200,00. This may be proven through a deed of purchase of a property, certificate of deposit with a duration of at least 730 days, document that accredits the holding of stocks or shares of a company. In the case of attorneys-in-fact or legal representative, a company that has a share capital of at least \$48.200 is required.
- **Temporary residence Scientist, researcher, or scholar visa.** It is the authorization granted by the Ecuadorian State to foreign nationals who dedicate themselves to scientific, research or academic activities, hired by public or private entities, or that form part of programs of the Ecuadorian educational system to performs works in their field.
- **Temporary residence Treaty visa.** It is the authorization granted by the Ecuadorian State to foreign nationals from countries with which Ecuador has signed international agreements to remain in Ecuadorian territory for the period specified in the text of the international agreement.
- **Temporary residence protection visa.** It is the authorization granted by the Ecuadorian State to foreign nationals that are children and spouses or partners in a legally recognized common-law relationship of the holder of an immigration category provided, whose validity period of the visa may not exceed the validity period of the visa holder.

It is important to clarify that foreign nationals must first obtain a temporary residence visa of two years, which may be renewed again with a temporary visa or with an indefinite permanent visa. Only under specific circumstances the foreign national may directly request a permanent residence visa without having first obtained a temporary visa (foreign nationals that accredit a marital or common-law relationship with an Ecuadorian or a foreign national who holds an indefinite visa, and foreign nationals that accredit being relatives in the second degree of consanguinity or affinity with an Ecuadorian citizen or of a foreign citizen with permanent residence in Ecuador).



10



LEGAL GUIDE TO **DOING BUSINESS** IN **SPAIN**



ALL
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In 1984, EJASO (Estudio Jurídico y Asociados) was founded as a law firm with the ambition to grow and become a multidisciplinary practice capable of providing clients with legal advice across all areas of law.

Over four decades, EJASO has expanded its services with top-tier professionals, with the objective of becoming a leading national firm in business law and a benchmark in Spain for the middle market.

The firm has always been committed to talent, and firmly believes that unity creates strength. Today, EJASO has more than 250 professionals, including highly prestigious experts such as former judges of the Constitutional Court, former State Attorneys, and former senior government officials.

Thanks to this work and the trust of our clients, EJASO is now ranked among the top 20 national law firms by revenue and has offices in A Coruña, Barcelona, Córdoba, Lisbon, Madrid, Seville, Valencia, Vigo, and Zaragoza, as well as a strong and carefully selected network of partner law firms across Asia, Europe, and Latin America.

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How to Do Business in Spain?

1. CORPORATE REGIME

Depending on their profile and specific needs, foreign investors have different alternatives available to conduct business in Spain. First, as an alternative to operating as a sole entrepreneur, an investor may establish a business under any of the main types of companies in Spain: the public limited company (Sociedad Anónima), the limited liability company (Sociedad Limitada), as well as general partnerships and limited partnerships.

Below, we will focus on the alternatives that, due to their advantages and characteristics, may be of greatest interest to foreign investors: [a] the Limited Liability Company ("SL"), [b] the Public Limited Company ("SA"), [c] Cooperatives, and [d] the Limited Liability Entrepreneur ("ERL").

Additionally, in other scenarios it may also be attractive for foreign investors to invest in Spain through: [e] the acquisition of shares or equity interests in already established companies; [f] the formation of a joint venture with one or more already established entrepreneurs; or [g] the creation of a branch office.

These alternatives are also explained below.

A) Incorporation of a Limited Liability Company ("SL")

Among the companies regulated by the Spanish Companies Act (LSC), the Limited Liability Company (SL) is unquestionably the most common type of company used to conduct business in Spain.

This can be seen from statistics published by Statista, which conclude that among active companies in Spain (2022), 1,161,848 companies operate as limited liability companies, 58,860 as public limited companies, while the other two legal forms mentioned at the beginning of this document do not even reach 1% of the companies currently operating in Spain.

Figures published by the National Statistics Institute (INE) reach the same conclusion. During 2022, only 433 companies were incorporated as public limited companies and 18 as general or limited partnerships, compared with 98,616 companies incorporated as limited liability companies.

Its share capital is divided into equity interests (quotas). In order to reduce incorporation costs and promote the creation of companies, the requirement of a minimum share capital of €3,000 has recently been eliminated. As a result, limited liability companies (SLs) can now be established with a minimum share capital of €1, although certain specific safeguards have been introduced to offset the effects of such a low capital threshold. Regardless of the amount, the share capital must be fully subscribed and paid in.

These are closely held companies, which is reflected in the legal regime governing the transfer of their equity interests. Unless otherwise provided in the company's bylaws, there are restrictions on the entry of new partners, such as pre-emptive acquisition and subscription rights in favor of existing partners.

Their incorporation requires formalities, meaning that the partners must execute a public deed, which typically includes: (i) the identity of the partners; (ii) each partner's capital contribution and the corresponding allocation of equity interests; (iii) the company's bylaws; (iv) the identity of the individuals responsible for the administration of the company; and (v) the negative certificate of company name reservation issued by the Central Mercantile Registry.

To streamline the incorporation process, Law 14/2013 of September 27, on support for entrepreneurs and their internationalization (the "Entrepreneurs' Law"), introduced a specific framework for the online incorporation of SLs, both with and without standardized bylaws. More recently, the Create and Grow Law has further strengthened this system by significantly reducing the timeframes and costs associated with company formation.

These companies cannot access capital markets, and the individuals holding the position of company director/administrator are appointed for the period determined by the shareholders' meeting, which may even establish an indefinite term.

B) Incorporation of a Public Limited Company ("SA")

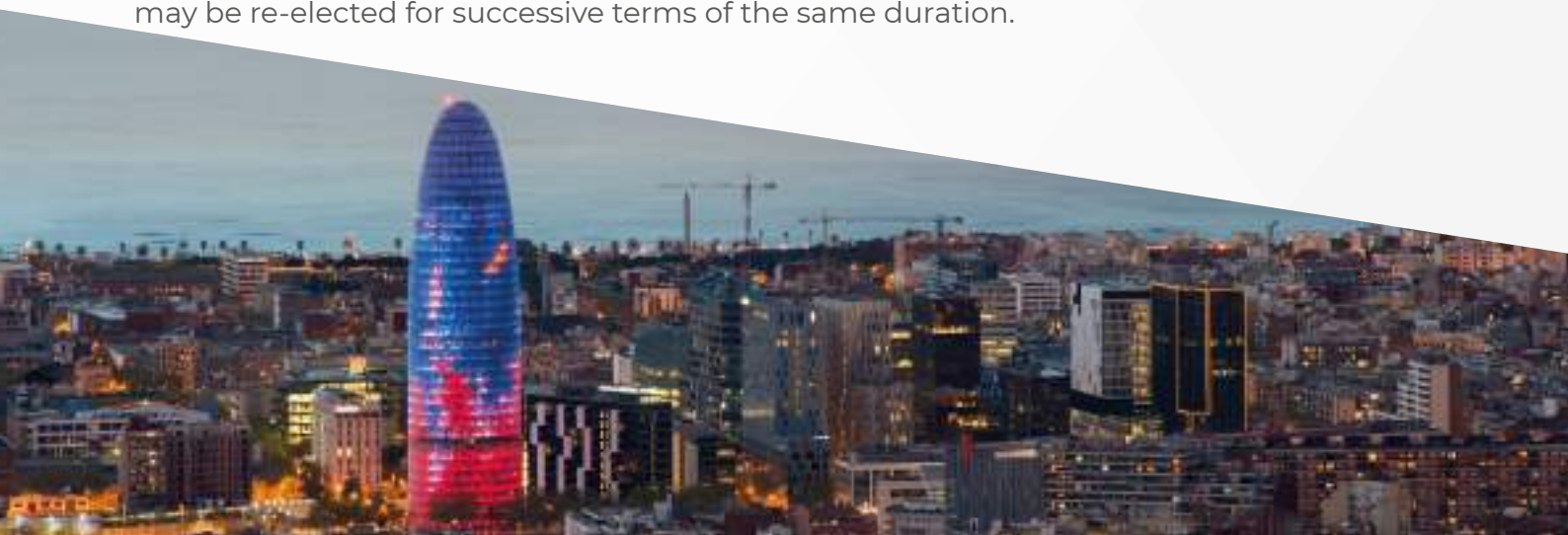
Alongside the SL, the Public Limited Company (SA) is also one of the most commonly used corporate structures for doing business in Spain.

In this case, the share capital is divided into shares, and like SLs, its capital is composed of contributions made by all shareholders, who are not personally liable for the company's debts.

The SA shares many similarities with the SL, such as having its own legal personality. For explanatory purposes, the SA can best be understood by highlighting its differences from the limited liability company.

Four of the most relevant differences include:

Open structure: Unlike the SL, the SA is considered an open company, where the legal framework does not impose restrictions on the entry of new shareholders, allowing the free transfer and acquisition of shares. Minimum share capital: The SA requires a minimum share capital of €60,000, of which at least 25% of the nominal value of each share must be paid in at the time of incorporation or during a capital increase. Term of the management body: The position within the board of directors or management body cannot be held indefinitely; it is limited to a maximum term of six years, although directors may be re-elected for successive terms of the same duration.



C) Cooperatives

Business activities in Spain may also be carried out through a cooperative. This is defined as a company formed by individuals who associate freely, with voluntary membership and withdrawal, to carry out business activities aimed at satisfying their economic and social needs and aspirations, operating under a democratic structure and governance. In other words, the operation of the company is oriented toward meeting the individual and collective needs of each of its members.

Cooperative companies in Spain are regulated by Law 27/1999 on Cooperatives and may be established in any area of economic activity, ranging from the production and commercialization of goods and services to the promotion of cultural, educational, or leisure activities.

Among the characteristics of cooperatives in Spain are the limitation of members' liability to the capital contributed, the principle of one vote per member in cooperative decisions, the distribution of economic surpluses according to the level of activity carried out by members within the cooperative, and the promotion of education and training for members to support the development of the cooperative enterprise.

For their formal establishment, a public deed of incorporation is required, and the company name must include the words "Sociedad Cooperativa" or "S. Coop."

D) Limited Liability Entrepreneur ("ERL")

If, despite the reduction in the costs of incorporating a commercial company, an investor decides to conduct business without using a corporate vehicle, they would have to operate as an individual entrepreneur, commonly known as a self-employed person ("autónomo").

This is the form that requires the fewest formalities and procedures to carry out business activities, since it does not require any process for acquiring legal personality (registration in the Mercantile Registry is optional). However, the main characteristic of an individual entrepreneur is unlimited liability, meaning that they are responsible for their obligations "with all their present and future assets" if they are unable to meet their financial obligations at any given time.

Furthermore, if the individual entrepreneur is married, the marital community property, if applicable, acquired through the results of the business may also be liable for the entrepreneur's business obligations.





For this reason, when choosing this route, the figure of the Limited Liability Entrepreneur becomes particularly relevant. This represents an exception to the individual entrepreneur model described above, protecting the entrepreneur in certain cases from payment obligations by allowing the individual entrepreneur “to limit liability for debts arising from the exercise of their business or professional activity by assuming the status of ‘Limited Liability Entrepreneur’.”

However, this exception does not imply a total limitation of liability for the Limited Liability Entrepreneur. Instead, it excludes from the scope of liability:

(i) the entrepreneur’s primary residence, provided that its value does not exceed €300,000, and (ii) productive equipment assets used in the business activity, provided that they do not exceed the limit of the aggregate turnover for the previous two financial years.

In order to benefit from this exemption from liability, the status of Limited Liability Entrepreneur must be formally recorded in the file opened for the Individual Entrepreneur in the Mercantile Registry corresponding to their place of residence, through a declaration made in a notarial deed. In addition, for the limitation of liability to apply, the exemption of the primary residence and productive assets must also be registered in the Property Registry and the Movable Property Registry.

The Limited Liability Entrepreneur must identify themselves as such by adding the initials “ERL” to all documentation, or by indicating their registry details.

E) Acquisition of Shares or Equity Interests

As an alternative to incorporating a company, a foreign investor may consider acquiring equity interests (in the case of an SL) or shares (in the case of an SA) in an already existing company.

Along with the closed nature (SL) or open nature (SA) typical of these companies, the legal procedures required to formalize such a transfer must also be considered. The transfer of equity interests in an SL requires the intervention of a public notary and must be executed through a public deed. In the case of an SA, the intervention of a public notary will be required whenever Spanish regulations or the company’s bylaws require it, or when the parties have agreed to it.

The sale of equity interests (SL) or shares (SA), regardless of whether the entire stake or only a portion is transferred, is subject to but exempt from the payment of the Transfer Tax (ITP).

F) Creation of a Joint Venture

As mentioned in the introduction, a foreign investor may partner with one or more entrepreneurs already established in Spain in order to conduct business in the country. The idea is to collaborate commercially (whether in the short, medium, or long term), sharing resources and risks, as well as synergies and experience, and potentially benefiting from the other party's support to facilitate entry into the Spanish market.

It should be noted that Spanish law does not expressly regulate this figure, so it is considered an atypical contract, based on the principle of freedom of contract established in Article 1255 of the Spanish Civil Code.

In practice, two types of joint ventures are recognized:

- The contractual joint venture (unincorporated joint venture), in which the parties regulate in detail the terms and basis of their collaboration; and The corporate joint venture (incorporated joint venture), which is organized through a company with a corporate structure.
- Creation of a Temporary Business Association (UTE – Unión Temporal de Empresas).
- UTEs do not have their own legal personality and are formalized through a public deed executed by the member companies. They represent agreements in which two or more companies with a common interest join together to carry out a project or provide a specific service, temporarily forming a single vehicle for the duration of that project or service. It is possible that the corporate purpose of the UTE does not necessarily coincide with that of the member companies. The duration must match that of the project or service that constitutes its purpose and may not exceed 25 years. Since it lacks legal personality, its members are jointly and severally liable to third parties for its acts and operations.
- Creation of an Economic Interest Grouping (AIE – Agrupación de Interés Económico). This associative structure may carry out any auxiliary activity linked to the activities of its members, without necessarily being identical to those already carried out by them. As with the UTE, members are personally liable for the debts of the AIE.

G) Creation of a Branch

Although a foreign investor may consider establishing a subsidiary—that is, a commercial company incorporated under Spanish law and wholly or partially owned by a foreign legal



In contrast to a subsidiary, a branch does not have its own legal personality, but instead depends on the foreign parent company, operating under its direction and control. As such, the foreign parent company bears the ultimate responsibility for all operations of the branch. Although it does not have its own governing bodies, the branch appoints a legal representative in Spain, who acts on behalf of the parent company and is responsible for making business decisions.

The branch has an independent financial structure and must maintain its own accounting records, which must be filed with the Mercantile Registry. However, Royal Decree 1784/1996, approving the Regulations of the Mercantile Registry, provides for two different scenarios: The first scenario occurs when the foreign parent company is required to file its annual accounts in its country of residence. In this case, if the accounts have already been filed with the registry of the foreign company, the review carried out by the Spanish registrar will be limited to verifying that this requirement has been fulfilled. The second scenario applies when the foreign parent company is not required to prepare annual accounts or prepares them in a manner not equivalent to Spanish legislation. In this case, the parent company must prepare accounts related to the activities of the branch and file them with the Mercantile Registry where the branch is registered. Despite these differences, it should be noted that the formal procedures and costs of establishing a branch are ultimately very similar to those involved in incorporating a subsidiary. 11. Royal Decree of July 24, 1889, publishing the Civil Code

FORMAL MATTERS OF INTEREST FOR FOREIGN INVESTORS

Foreigner Identification Number (N.I.E.)

The NIE is a personal, unique, and exclusive number that all foreigners must obtain for identification purposes when, due to their economic, professional, or social interests, they have dealings with Spain (Art. 209 of Royal Decree 557/2011 of April 20, approving the Regulation of Organic Law 4/2000 on the rights and freedoms of foreigners in Spain and their social integration).

For this reason, all foreigners who wish to conduct business in Spain must apply for and obtain one, even if they do not reside or intend to reside in the country. This requirement therefore applies to foreigners who will act as shareholders and/or directors of a Spanish company, including those who will be partners in branches or permanent establishments located in Spain of a foreign company.

Obtaining the NIE depends on where the investor is located: either in Spain, by visiting one of the Immigration Offices, or at the consular office in the investor's country of residence. The application is made by appointment, and the applicant must submit, together with the payment of the corresponding fee, the documentation required for this procedure (completed Form EX-15, a copy of the passport, and a supporting document justifying the transaction or economic activity to be carried out by the foreigner).

It should be noted that the system for obtaining the NIE in Spain has recently been improved when the application is related to foreign investment in start-ups. In such cases, the requirements have been simplified and the electronic application and issuance of the NIE has been facilitated (Art. 9 of Law 28/2022 of December 21, promoting the ecosystem of emerging companies).



FORMAL MATTERS OF INTEREST FOR FOREIGN INVESTORS (II)

Declaration of Financial Investments in Spain

Royal Decree 1816/91, on economic transactions abroad, although establishing a general principle of freedom in business dealings between residents and non-residents, provides that foreign investors who make investments in Spain, with certain exceptions, are required to submit a declaration of foreign investment. This declaration is limited to administrative and statistical reporting purposes.

The deadline for submitting the declaration(s) is one month from the date the investment was made, and it must be filed with the Ministry of Industry, Trade and Tourism. Submission is carried out by completing and electronically filing the standardized forms (Resolution of July 27, 2016, of the Directorate-General for International Trade).





TAX REGIME

1. Introduction to the Tax Regime

1.1 The Spanish Tax System

The Spanish tax system is established in the Spanish Constitution as a system governed by the principles of economic capacity, fairness, equality, progressivity, and non-confiscation.

The taxes that make up this tax system include: taxes (direct and indirect), fees, and special contributions. Fees and special contributions are quantitatively lower than taxes and are charged in return for the provision of services or for the benefits obtained as a result of public works or public services.

Territorially, there are three levels of taxation in Spain: state, regional, and local.

In addition, Spain has two applicable tax regimes: a common regime applicable in most of the territory (with certain particularities in the Canary Islands, Ceuta, and Melilla) and a foral regime applicable in the foral territories (the autonomous communities of the Basque Country and Navarre). These territories have the authority to issue their own tax regulations and collect their taxes, although they must maintain a structure and tax rates similar to those of the common regime.

This guide focuses only on the taxes established by the State.

2. Main Taxes

2.1 Direct Taxation

2.1.1 Personal Income Tax (IRPF)

Nature: A tax levied on the worldwide income obtained by the taxpayer.

Tax rate: Income is taxed progressively, depending on the type of income involved.

With regard to general income, such as employment income and income from economic activities, the tax rate is established on a progressive scale ranging from 19% to 49%*.

IRPF Brackets 2025 in €	Applicable Rate
From €0 to €12,449	24 %
From €12,450 to €20,199	19 %
From €20,200 to €35,199	30 %
From €35,200 to €59,999	37 %
From €60,000 to €299,999	45 %
From €300,000	49 %



*These rates are the sum of the state and regional rates applicable to non-resident taxpayers in Spain. The rates applicable to Spanish residents vary depending on the scale approved by the Autonomous Community in which the tax return must be filed.

Regarding savings income, such as dividends, interest, capital gains, etc., the tax rate is established on a progressive scale ranging from 19% to 28%.



IRPF Brackets 2025 (in €)	Applicable Rate
Up to €6,000	19 %
From €6,000 to €50,000	21 %
From €50,000 to €200,000	23 %
From €200,000 to €300,000	27 %
More than €300,000	30 %

• Tax Residence in Spain:

- If a person is considered a tax resident in Spain, they are subject to taxation on their worldwide income, which means they must declare and pay taxes on all sources of income, both within and outside the country.
- This regime is governed by the Personal Income Tax (IRPF), whose taxable base includes the total income obtained during the calendar year.

Accordingly, an individual is considered a tax resident in Spain when any of the following circumstances apply:

- They remain in Spanish territory for more than 183 days during the calendar year. To determine this period of stay in Spain, sporadic absences will be counted, unless the taxpayer proves tax residence in another country. In the case of countries or territories classified as non-cooperative jurisdictions, the tax authorities may require proof that the individual stayed there for 183 days during the calendar year.
- The main center or base of their activities or economic interests is located in Spain, either directly or indirectly.

Special Regime for Workers Relocated to Spain:

Known as the inbound expatriate regime (“impatriate regime”), it applies to workers relocated to Spain as a result of an employment contract, remote work arrangements, entrepreneurial activities, or as directors of companies classified as emerging companies (startups), or highly qualified professionals providing services to such companies, provided that the following conditions are met:

- a. They have not been tax residents in Spain during the five tax periods prior to the one in which their relocation to Spain takes place.
- b. The relocation to Spain occurs, either in the first year of application of the regime or in the previous year, as a result of one of the following circumstances: As a result of an employment contract or the acquisition of the status of director of a company; As a result of carrying out in Spain an economic activity classified as entrepreneurial; or Provided that they do not obtain income that would be considered as obtained through a permanent establishment located in Spain.

This regime may also apply to the taxpayer’s spouse and children under twenty-five years of age, or children of any age in case of disability, or, in the absence of a marital relationship, the parent of such children, provided that certain conditions are met.



This regime applies for the tax year in which the relocation to Spain takes place and for the following five years, applying the following tax rates:

IRPF Brackets 2025 (in €)	Applicable Rate
Up to €600,000	24 %
From €600,000.01 onwards	47 %

For its application, workers relocated to Spain must not have been Spanish tax residents during the five years prior to their relocation to Spain.

2.1.2 Corporate Income Tax (CIT)

- Nature:

It is a direct tax levied on the worldwide income of companies resident in Spain.

- Tax rate:

The general tax rate is 25%, although there are other special rates, such as 30% for credit institutions.

Corporate Income Tax in Spain establishes different tax rates. The most relevant practical development for small and medium-sized enterprises (SMEs) is the continuation of the transitional regime for reduced tax rates for certain taxpayers, with an additional step in 2026, according to the following scheme:



Fiscal Year	General Rate (Art. 29.1 CIT Law)	Microenterprises (Net Turnover < €1M)	Small-Sized Entities (Art. 101 CIT Law)
2025 (DT 44ª.1)	25%	0–50.000 € → 21% Resto → 22%	24%
2026 (DT 44ª.2)	25%	0–50.000 € → 19% Resto → 21%	23%
2027 (DT 44ª.3)	25%	(Régimen art. 29 salvo cambio normativo)	22%
2028 (DT 44ª.4)	25%	(Régimen art. 29 salvo cambio normativo)	21%
Régimen definitivo art. 29 LIS	25%	0–50.000 € → 17% Resto → 20%	20%

- Residence:

Companies are considered resident in Spain if they are incorporated under Spanish law, if their registered office is located in Spanish territory, or if their place of effective management is in Spain.

- Dividends and capital gains:

They are taxed under the general regime, unless the participation exemption to avoid double taxation applies. This exemption applies to 95% of dividends, meaning that only 5% is effectively taxed.

The exemption requires a minimum shareholding of 5% in the capital of the company, which must be held uninterrupted for at least one year. In the case of foreign entities, it is required that the subsidiary has been subject to a tax similar to Corporate Income Tax with a minimum rate of 10%, or that it is resident in a jurisdiction that has a Double Taxation Treaty with Spain.

Therefore, for tax periods beginning on or after January 1, 2021, the exemption generally applies to 95% of dividends or profit distributions received, as 5% is deemed to correspond to management expenses related to the participation.

- Offsetting of negative taxable bases (NOLs):

Offsetting of negative taxable bases (NOLs):

Losses accumulated in previous years may be offset without a time limit, subject to a general limit of 70% of the taxable base, except in certain cases. In any event, up to €1 million may be offset in each fiscal year.

These limits aim to prevent abusive use of tax losses for tax reduction purposes, thereby ensuring the fairness and integrity of the tax system..

- Transfer pricing regulations, based on OECD principles:

Transactions carried out between related parties must be valued at market value, meaning the value that would have been agreed upon between independent parties under arm's length conditions.

Examples of related parties include a company and: its shareholders, its directors or administrators, family members related to the above persons, another entity within the same corporate group, another entity in which there is at least a 25% shareholding, among others.

When certain requirements are met, it is necessary to prepare the corresponding transfer pricing documentation to justify related-party transactions.



Therefore, the regulation expressly defines what constitutes related parties or related entities, and it is important to take this into account in order to determine when the obligation to value transactions at market value applies.

- Applicable Reductions
- Capitalization Reserve Reduction
 - Concept: The capitalization reserve is an incentive under the Corporate Income Tax that allows companies to reduce their taxable base if they increase their equity and allocate an unavailable reserve.

Its purpose is to encourage financing through own resources, strengthen the company's solvency, and bring the tax treatment of equity financing closer to that of debt financing.

- Changes: The capitalization reserve incentive has been strengthened by recent regulatory amendments, which will have full practical relevance in 2026, both due to the increase in the reduction percentage and its link to employment growth.

As a general rule, the reduction increases to 20% of the increase in equity for taxpayers subject to the tax rates established in Articles 29.1 or 29.6 of the Corporate Income Tax Law, provided that the required conditions are met.

In addition, higher reduction percentages are available if an increase in the average workforce is demonstrated, with rates of 23%, 26.5%, and 30% depending on the level of employment growth, together with the obligation to maintain the increased workforce for three years. Accordingly, the reduction percentage scheme is structured as follows:

Situation	Increase in Average Total Workforce (vs. previous period)	% Reduction on the Increase in Equity	Employment Maintenance Requirement
Régimen general	No aplica tramo de empleo (0 < 2%)	20%	—
Tramo empleo 1	≥ 2% y ≤ 5%	23%	Si, 3 años
Tramo empleo 2	> 5% y ≤ 10%	26,50%	Si, 3 años
Tramo empleo 3	> 10%	30%	Si, 3 años



Additionally, the maximum limit of the reduction is generally increased to 20% of the positive taxable base, calculated prior to the application of the reduction itself, certain adjustments, and the offsetting of tax losses (NOLs). For taxpayers with net turnover (INCEN) below €1 million, a specific limit of 25% is established.

- Applicable Deductions
- Deductions for investment in certain activities:
 - Research, Development and Innovation (R&D&I): A deduction of 25% (or 42% in certain cases) applies to expenses incurred during the period, as well as 8% of investments in fixed tangible and intangible assets used for research and development activities. For technological innovation investments, a 12% deduction is available on certain expenses related to the development of such activities.
 - Production and exhibition of live performing arts and musical shows: A deduction of 20% applies to direct artistic, technical, and promotional costs necessary for the production.
 - Audiovisual productions: Investments in Spanish cinematographic and audiovisual productions entitle the producer to a tax deduction of 25% on the first €1 million of the deduction base and 20% on the excess amount, with a maximum deduction of €3 million per production.

The Spanish Tax Authority has approved the possibility of channeling the above deductions through an Economic Interest Grouping (EIG) in which investors participate. In this structure, the tax deductions generated by the activities are allocated to the investors, allowing them to obtain a tax-efficient return.

2.2. Indirect Taxation

2.2.1 Value Added Tax (VAT)

Nature: VAT is an indirect tax levied on the supply of services and the consumption of goods. It is neutral for businesses, which act only as collectors of the tax, while the final consumer bears the tax burden. It applies only within mainland Spanish territory.

The territorial scope of VAT in Spain includes the Peninsula and the Balearic Islands. In the Canary Islands, the Canary Islands General Indirect Tax (IGIC) applies, which is very similar to VAT, and in Ceuta and Melilla the Tax on Production, Services and Imports is applied.



- Tax Rates: The general VAT rate is 21%

The reduced rates currently in force are 10%, 4%, and 0%. The 0% rate applies to donations of certain goods to entities benefiting from patronage activities, intended for purposes of general interest as defined in Article 2 of Law 49/2002 of December 23 (including food, certain medical supplies, books, water supply, and solar panels).

- Exemptions: Exempt domestic transactions (limited exemption: input VAT related to these operations cannot be deducted) include: Healthcare services, Educational activities, Social assistance, Cultural activities, Sports activities, Financial and insurance operations, Certain real estate transactions.
- External transactions (full exemption: input VAT related to these operations can be deducted) include: Exports: supplies of goods transported outside the European Union, Intra-Community supplies of goods: supplies of goods to a business customer with transport to another EU Member State
- Transactions not subject to VAT: Transfers of goods carried out by persons who are not considered entrepreneurs or professionals are not subject to VAT, but instead are subject to the Transfer Tax on Onerous Transactions (TPO). This tax cannot be recovered and is applied at rates that vary by Autonomous Community, generally between 1% and 11%.
- Other transactions not subject to VAT include: Services provided under an employment or administrative relationship: Work performed by employees for a company. Employee salaries are not subject to VAT. Operations carried out by non-commercial Public Administrations: Public services provided by the government, such as waste collection, financed through taxes. Free goods and services provided for promotional purposes: For example, samples or promotional gifts such as perfume samples in magazines that do not have commercial value. Certain self-consumption transactions: Internal consumption of goods or services within the same company for internal use. Transfer of an independent economic unit of a business: When a company sells a part of its business (e.g., a factory) capable of operating independently. Certain administrative concessions and authorizations: For example, public infrastructure concessions, except in specific cases such as leases of real estate in airports. Services provided to worker cooperatives: Services provided by members of worker cooperatives, as well as activities carried out by one cooperative for another, are not subject to VAT.





LABOR REGIME

In Spain, the provision of personal, subordinate, and remunerated services results in the existence of an employment contract, which may be temporary or indefinite, and either full-time or part-time.

Hiring employees does not require major prior conditions, except that the individual must have reached the age of majority, which in Spain is 18 years old. Minors between 16 and 18 years old require permission from their parents or legal guardians, as well as authorization from the Ministry of Labor, in order to work. The legal probation period may last up to six (6) months, depending on the Professional Group.

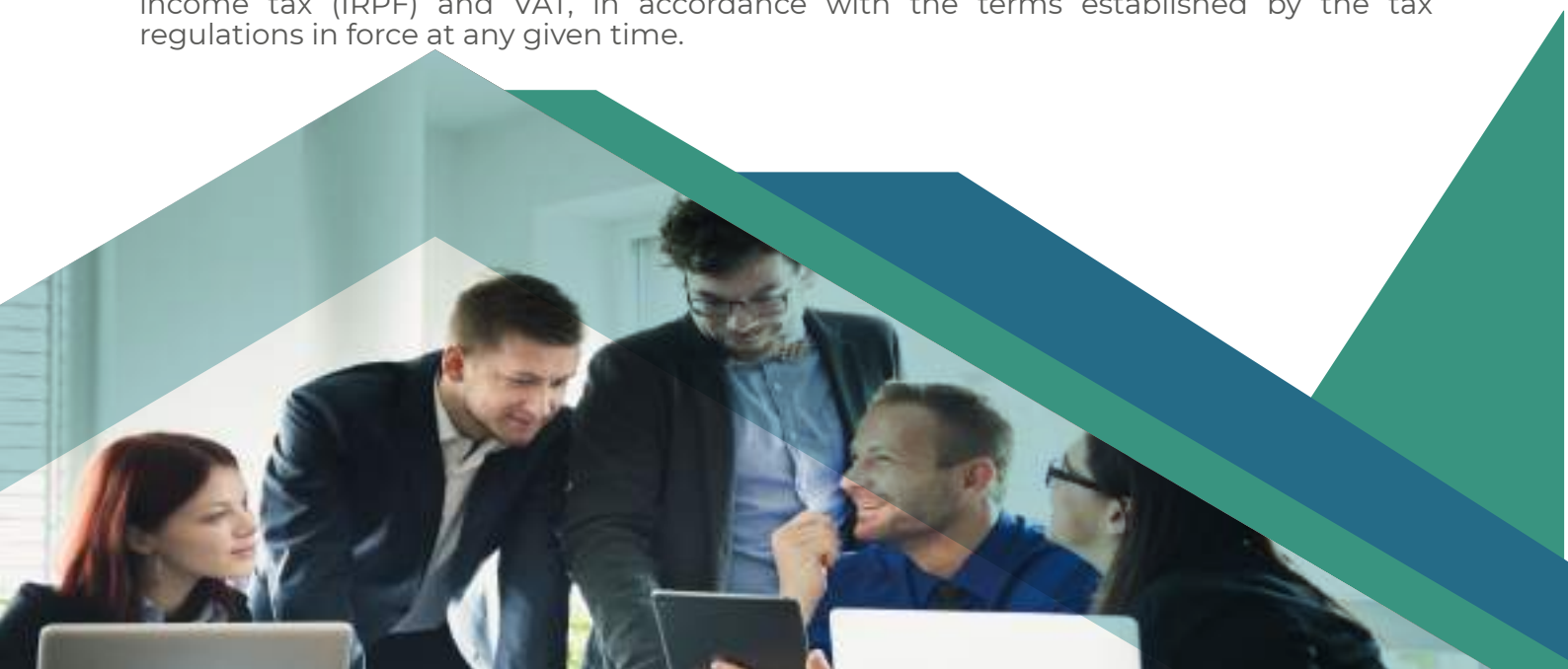
Employees are entitled to various rights, including:

- Minimum annual salary of €17,094 (gross) for the 2026 fiscal year, for a 40-hour weekly working schedule.
- Maximum working hours of eight hours per day or forty hours per week.
- Mandatory weekly rest period of one and a half days.
- 14 public holidays per year.
- Annual leave of 30 calendar days for each full year of service.
- Severance compensation in the event of unfair dismissal.
- Reinstatement to the position if the dismissal is declared null.
- Paid leave for personal circumstances, including maternity leave, paternity leave, adoption leave, and leave for serious illness or accidents of close relatives. Collective rights, such as the right to collective bargaining, trade union membership, and the right to strike.

Taking into consideration the benefits and contributions mentioned above, the approximate monthly cost structure for a company or employer hiring an employee is as follows:

Concept	Employer	Employee
Remuneration	100%	
Social Security	30–35% of the contribution base	
Social Security Contributions	Minimum base €1,381.20 – Maximum base	
Vacation	€5,101.20	
Bonuses		
Seniority	30 calendar days	
Personal Income Tax (IRPF)		

Likewise, in Spain the provision of services may also be carried out by the commonly known self-employed workers: “natural persons who regularly, personally, and directly carry out an economic or professional activity for profit on their own account and outside the scope of the management and organizational authority of another person, whether or not they employ workers.” The conditions applicable to this group will be established in the service provision agreement to be signed with the company. The social security contribution rate is 31.40% of the contribution base. For 2026, the minimum contribution base is €653.59 per month and the maximum base is €4,909.50 per month, depending on the actual net income earned by the self-employed worker. Self-employed workers receive their remuneration through the issuance of an invoice, which will be subject to personal income tax (IRPF) and VAT, in accordance with the terms established by the tax regulations in force at any given time.





MIGRATION REGIME

Foreign citizens who intend to enter Spain for the purpose of carrying out activities on a temporary or permanent basis in the country are required to apply to the State Secretariat for Migration, under the Ministry of Inclusion, Social Security and Migration, for a Temporary Residence and Work Authorization (either as an employee or as a self-employed worker) under different migration categories or statuses. Each of these classifications grants a different type of permit that regulates the stay or residence of foreign nationals in the country.

Below are the different migration categories established in Organic Law 4/2000 of January 11, on the rights and freedoms of foreigners in Spain:

- Employment (Work as an Employee): A temporary residence and work permit requested by an employer or business owner in order to hire a foreign worker who is not currently in or residing in Spain.
- Self-Employment: A temporary residence and work authorization granted to a foreign national who is not residing in Spain in order to carry out a profitable activity on a self-employed basis.
- Mobility of foreign nationals admitted as researchers in Member States of the European Union.
- Residence and work authorization for Highly Qualified Professionals.
- Mobility of workers holding an EU Blue Card.
- Residence with exemption from work authorization.
- Temporary residence and work in Spain for managerial or highly qualified personnel.
- Temporary residence and work of fixed duration, including: Seasonal or campaign work, Specific project or service, Senior management personnel, athletes, or performing artists in public shows, Training and professional internships.
- Professional Athletes (permanent or fixed-term).
- Cross-border Workers.
- Convicted persons (productive workshops, open regime, or conditional release).
- Residence Card for a Family Member of an EU Citizen: Family members of a Spanish citizen or a citizen of another European state may obtain a Residence Card, which grants them full rights to reside and work in Spain.

To hire foreign personnel, it is necessary to enter into a written employment contract with certain formalities and limitations. Employment contracts must comply with the regulations in force established by the Ministry of Labour and Social Economy.

There are also cases in which the national employment situation allows the hiring of foreign citizens who are not residents in Spain.

To hire foreign personnel, it is necessary to enter into a written employment contract subject to certain formalities and limitations. Employment contracts must comply with the regulations in force established by the Ministry of Labour and Social Economy.

Cases in which the national employment situation allows the hiring of foreign citizens who are not residents in Spain:

- When the occupation is included in the Catalogue of Hard-to-Fill Occupations, published quarterly by the Public Employment Service (SEPE)
- When it is assessed favorably by the Immigration Office, based on certification issued by the Public Employment Service (SEPE).
- When the hiring is directed at nationals of countries with which Spain has signed International Agreements (such as Chile and Peru).
- Reunited family members of working age, or the spouse or child of a foreign national.
- Workers required for the installation or renewal of productive facilities or equipment.
- Foreign nationals with ascendants or descendants of Spanish nationality, including children or grandchildren of Spanish citizens.

Special mention should be made of the recent changes to Spain's immigration regime, which have focused on two main areas:

1. The reform of the Immigration Regulation in May 2025; and
2. The migration regularization process planned for April 2026.

In this regard, the main developments in immigration matters include:

- The required period of residence to access "arraigo" (social integration residency permits) has been reduced from three years to two years.
- The different types of "arraigo" permits have been reorganized, namely:
 - Social arraigo
 - Socio-labour arraigo (new)



- **More flexible work permits:** Foreign nationals are allowed to work from the beginning of the permit. It is also possible to combine employment and self-employment activities. Hiring in sectors with labor shortages is facilitated.
- **Simplification of procedures:** Less bureaucracy and fewer duplicate documents. Procedures are clearer and faster, with greater digitalization of the system.
- **Changes in permits for students:** Students may work up to 30 hours per week. It is easier to combine studies and employment, and there are more options to remain in Spain after completing their studies.

An important point regarding immigration under Law 14/2013 (Support for Entrepreneurs and their Internationalization) is that in January 2025 the definitive suspension of the Residence by Investment program, created in 2013 and commonly known as the Golden Visa, was ordered.

Another development in this area is the introduction of the Residence Authorization for International Remote Workers (Digital Nomads). This authorization allows foreign nationals who work for a company located abroad (for more than three months prior to the application) and whose activities can be performed through electronic or digital means to apply for a work and residence permit in Spain, both for the foreign worker and their family members.

Extraordinary Regularization (2026 Project)

This is currently the most significant new development. The Government has initiated a process to regularize hundreds of thousands of foreign nationals already living in Spain. The measure is aimed at individuals who were in Spain before December 31, 2025, who can prove at least five months of residence, and who do not have a criminal record. If the permit is granted, applicants will receive a one-year residence and work authorization, valid throughout the entire Spanish territory, with the possibility of later integrating into the ordinary immigration regime. Applications may be submitted between April and June 2026.

Spanish Nationality: As a general rule, Spanish nationality may be acquired through residence, letter of naturalization, by origin, possession of status, or by option. Spanish legislation provides an exception regarding the acquisition of Spanish citizenship by residence for citizens of Ibero-American origin. In these cases, the required period of residence is reduced to two (2) years of legal and continuous residence in Spain in order to be eligible to apply for citizenship.





LEGAL GUIDE TO **DOING BUSINESS** IN **UNITED STATES**



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A background image showing the Statue of Liberty and the New York City skyline, including the Freedom Tower, under a clear blue sky. A diagonal green and blue graphic element cuts across the image from the top left towards the bottom right.

How to Do Business in the United States?

I. Introduction

The United States continues to be one of the most attractive destinations for foreign investment. It offers a stable legal environment, sophisticated financial markets, strong contract enforcement, and access to one of the largest consumer markets in the world. Businesses from Latin America, Europe, and other regions frequently use the United States as a platform for international expansion or as a gateway to the North American market.

The U.S. operates under a federal system of government. As a result, certain areas of law are governed at the federal level while others fall under the authority of individual states. Immigration, federal taxation, and securities regulation are primarily federal matters, while the formation of business entities and many commercial regulations are handled at the state level.

For purposes of this overview, references are made to federal law together with examples from the State of Florida. Florida, and particularly the city of Miami, has become a major gateway for international investment into the United States. The state's strategic geographic location, international financial sector, and strong commercial ties with Latin America make it an attractive jurisdiction for foreign investors establishing U.S. operations.

II. Corporate Regime

Foreign investors typically enter the U.S. market by forming a local business entity that will conduct their operations in the country.

The most common approaches include:

- Forming a U.S. subsidiary company
- Registering a branch of a foreign company
- Forming a joint venture or partnership with U.S. partners

While a foreign company may operate through a branch or a joint venture with local partners, the most common approach is the creation of a separate U.S. subsidiary, typically a corporation or limited liability company. This structure generally provides greater operational flexibility and helps isolate liabilities from the foreign parent company.

In Florida, business entities are formed by filing the appropriate formation documents with the Florida Department of State, Division of Corporations. The process is relatively straightforward and can often be completed within a few business days once the necessary documentation is prepared.

Common Business Structures

The most commonly used corporate forms in the United States are:

Entity Type	Description	Typical Use
Limited Liability Company (LLC)	Flexible business structure offering limited liability protection and pass-through taxation by default.	Frequently used by privately held companies and foreign-owned subsidiaries.
Corporation (C-Corporation)	A separate legal entity owned by shareholders and managed by directors and officers.	Often used by companies seeking outside investment or planning significant expansion.

Forming a company in Florida typically requires selecting an available company name, filing articles of incorporation or organization, appointing a registered agent located in the state, and obtaining a federal Employer Identification Number (EIN) from the Internal Revenue Service. Depending on the nature of the business, additional regulatory licenses or registrations may also be required.

Additional steps may include opening a bank account, registering for state taxes, and obtaining required licenses.

Formation can typically be completed within a few days to a few weeks, depending on processing time.





TAX REGIME

The United States has a multi-layered tax system that includes federal, state, and sometimes local taxation. Businesses operating in the country may be subject to corporate income taxes, payroll taxes, and sales or use taxes depending on the type of activities they conduct.

Key taxes affecting businesses typically include:

- Federal income tax
- State income tax (depending on the state)
- Sales and use taxes
- Payroll taxes and employment contributions

Tax obligations vary depending on whether the entity is treated as a corporation or pass-through entity for tax purposes.

Main Taxes Affecting Businesses:

Federal Corporate Income Tax. Corporations are subject to federal income tax on their taxable income. The current federal corporate tax rate is 21%. Limited liability companies (LLCs) are generally treated as pass-through entities for tax purposes unless they elect corporate taxation.

State Corporate Income Tax. Many states impose corporate income tax. Florida currently applies a corporate income tax of approximately 5.5%.

Sales and Use Tax. Sales tax applies to certain goods and services. In Florida, the state sales tax rate is 6%, and additional local surtaxes may apply.

Payroll Taxes: Employers must also contribute to payroll-related taxes, including:

- Social Security
- Medicare
- Federal and state unemployment insurance

Special Tax Regimes and Incentives:

Various federal and state programs may provide tax incentives to businesses, particularly in sectors such as technology, manufacturing, or real estate development. Examples include:

- Research and development tax credits
- Opportunity Zone investment incentives
- State and local economic development programs

Eligibility and benefits vary depending on the nature of the investment and the jurisdiction.

Double Taxation Treaties:

The United States maintains tax treaties with numerous countries designed to prevent double taxation and facilitate international investment. These treaties generally address:

- Allocation of taxing rights between countries
- Reduced withholding taxes on dividends, interest, and royalties
- Determination of whether a foreign company has a permanent establishment in the United States

Tax Considerations for Foreign Owners:

For foreign investors, the ownership structure used to hold U.S. investments can have significant tax implications. When a foreign individual owns an interest in a U.S. pass-through entity, such as a partnership or an LLC taxed as a partnership, that investor may be treated as directly engaged in a U.S. trade or business. In such cases, the investor may be required to obtain a U.S. taxpayer identification number, file U.S. tax returns, and pay tax on income effectively connected with U.S. business activities.



For these reasons, foreign investors commonly use holding structures or “blocker” entities to manage tax and estate planning considerations. Proper structuring should be evaluated with qualified U.S. legal and tax advisors before making an investment. Estate tax considerations may also arise when non-resident individuals hold certain U.S. assets directly. For this reason, cross-border investors often evaluate holding structures or intermediary entities as part of their broader tax and estate planning.

In addition, certain companies formed in the United States may be subject to beneficial ownership reporting requirements under the Corporate Transparency Act. These rules require many entities to report information about their ultimate beneficial owners to the Financial Crimes Enforcement Network (FinCEN).

Real Estate Investments by Foreign Investors (FIRPTA):

Foreign investors acquiring interests in U.S. real estate may be subject to special tax rules under the Foreign Investment in Real Property Tax Act (FIRPTA). Under FIRPTA, gains realized by foreign persons from the sale of certain U.S. real property interests may be subject to U.S. taxation, and withholding obligations may apply at the time of sale. Proper structuring of real estate investments can help manage these tax implications.





LABOR REGIME

Employment relationships in the United States are generally governed by the principle of 'employment at will'. This means that either the employer or the employee may terminate the employment relationship at any time, subject to applicable laws and contractual obligations.

The Fair Labor Standards Act establishes federal standards for minimum wage, overtime pay, and recordkeeping. Employees who work more than forty hours in a workweek are generally entitled to overtime compensation at one-and-a-half times their regular rate of pay unless they qualify for an exemption.



IMMIGRATION REGIME

The U.S. immigration system is governed primarily by federal law, particularly the Immigration and Nationality Act (INA). Immigration policies and visa administration are handled by several federal agencies, including the Department of Homeland Security (DHS), U.S. Citizenship and Immigration Services (USCIS), the U.S. Department of State, and U.S. Customs and Border Protection (CBP).

Foreign nationals who wish to live, work, or invest in the United States must obtain the appropriate immigration status or visa. Depending on the visa category, applications may be processed through U.S. consulates abroad or through petitions filed within the United States.

Common visa options used by investors and international companies include:

Visa	General Purpose
E-2 Treaty Investor	Allows nationals of treaty countries to invest in and manage a U.S. business.
L-1 Intracompany Transfer	Permits multinational companies to transfer executives or managers to the U.S.
H-1B Specialty Occupation	Used for professionals working in specialized fields.
EB-5 Investor Program	Investment-based program that may lead to U.S. permanent

The appropriate visa category will depend on factors such as the nationality of the investor, the structure of the U.S. business, the level of investment, and the role the foreign national will perform within the company. Processing times may vary depending on the category and the government agency involved, and in some cases expedited processing may be available.

VI. Practical Considerations for Foreign Investors

In addition to legal formation and regulatory requirements, foreign investors should also consider several practical factors when entering the U.S. market. Opening U.S. bank accounts often requires corporate documentation and compliance with anti-money laundering regulations.

Careful planning of the corporate and tax structure before making an investment can significantly affect long-term tax exposure and operational efficiency. Investors should also evaluate licensing requirements and regulatory compliance obligations that may apply to their particular industry.

Working with experienced legal, tax, and accounting professionals can help foreign investors navigate the U.S. regulatory environment and structure their investments in a manner that aligns with their commercial and strategic objectives.

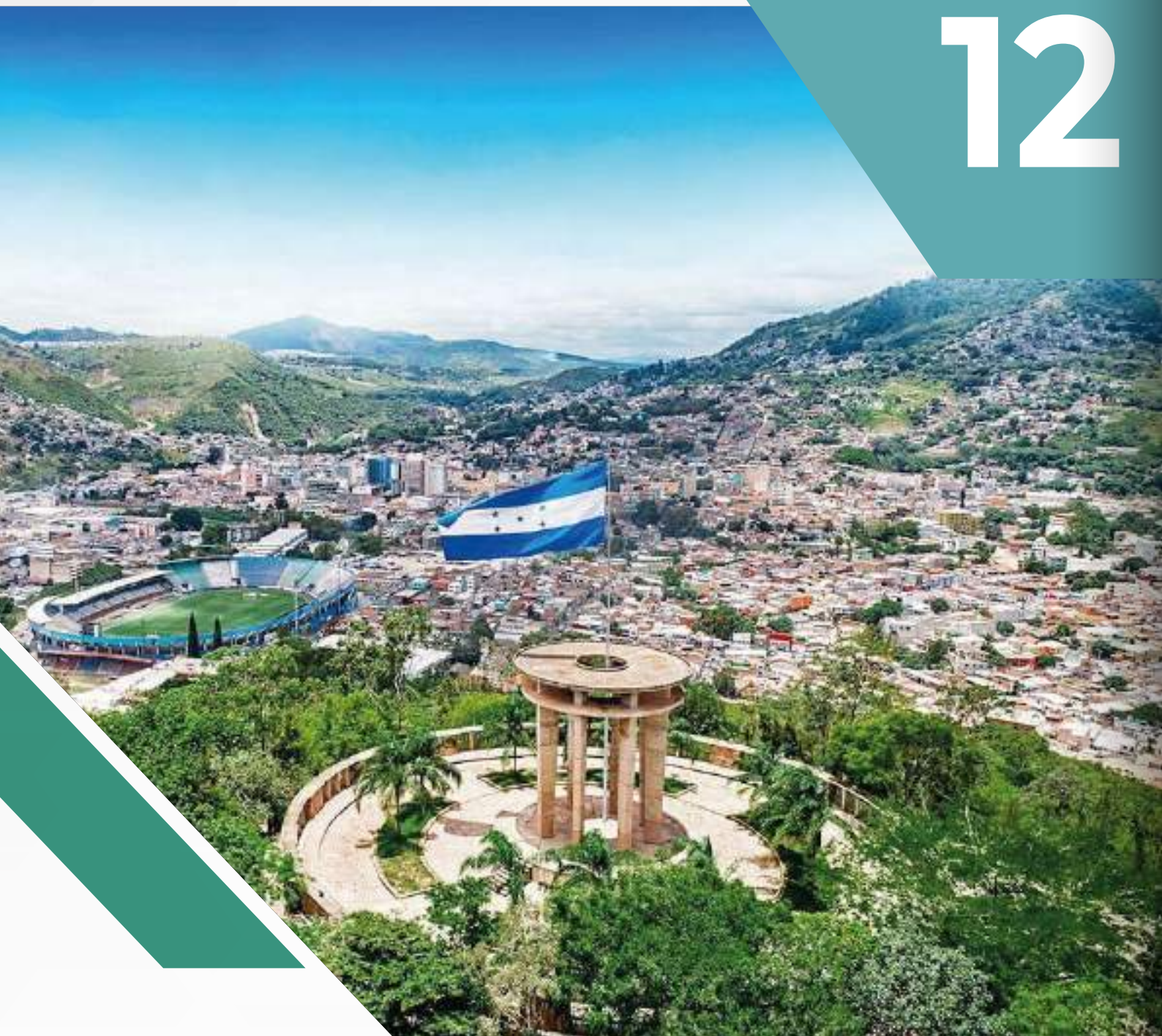
Disclaimer

This document provides a general overview of certain legal considerations relevant to doing business in the United States. It is intended for informational purposes only and does not constitute legal or tax advice.

About the Saltiel Law Group, international member of EJASO

Saltiel Law Group is a boutique business law firm located in Miami, Florida, and an international member of a Spanish-based law firm, EJASO, that advises domestic and international clients in corporate law, cross-border investments, tax planning, mergers and acquisitions, estate planning, intellectual property, and commercial litigation and arbitration.





LEGAL GUIDE TO **DOING BUSINESS** IN **HONDURAS**



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ADV LAW FIRM



ADV Law Firm is a Honduran law firm founded in 2007 by attorneys Cristian R. Stefan and German Salgado, with its main offices located in Tegucigalpa, M.D.C., Honduras, and regional offices in San Pedro Sula, Comayagua, and La Ceiba. Our work and professionalism are recognized by our clients—particularly multinational corporations, banking institutions, as well as individuals and legal entities—who have entrusted their businesses for many years to our experienced lawyers and associates.

The firm specializes in matters related to Banking Law, Corporate Transactions, Labor Law, Telecommunications, International Financial Operations, Litigation, Intellectual Property, and Notarial Services.

ADV Law Firm has a team of lawyers specially trained to advise on business matters and to resolve conflicts that may arise with private parties and, in particular, with various public agencies.

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How To Do Business in Honduras?

Business operations in Honduras are legally governed by the Constitution of the Republic, the Code of Commerce and various special laws that have been created specifically for the various industries, sectors or areas of economic activity, such as: Tourism Incentives Law, Investment Law, ZOLITUR and the Free Zone laws.

The establishment of a national person as a business entity in Honduras can be done in two ways:

- a) By means of the declaration of Individual Merchant, or
- b) By means of the Incorporation of a Mercantile Company.

Foreign individuals and/or legal entities may carry out their economic activities in the Republic of Honduras in the following ways:

- a) Maintaining its status as a foreign company (more common when it wishes to carry out isolated operations or businesses);
- b) Through the authorization of a branch, which allows the foreign company to obtain its authorization to exercise commercial acts in the Republic of Honduras, on a permanent basis, always maintaining a direct relationship with its parent company.
- c) Through the incorporation of a Honduran corporation, which allows it to maintain permanent operations under a structure isolated or separate from its parent company.

Honduran legislation currently allows the incorporation of the following types of corporations:

- Corporation (either sole proprietorship or with two or more partners);
- Limited Liability Company (whether sole proprietorship or with two or more partners);
- General Partnership or;
- Limited Partnership

The requirements for each of these companies are as follows:

- Complete the list of information provided by the ALL firm.
- Contribution of a capital stock that varies between \$250 to \$1,100, depending on the type of company to be incorporated.
- As well as copy of the incorporation documents when the partners are individuals or legal entities and copies of the passports for foreigners or the national identification document for national individuals.

In order to exercise their commercial activity, merchants operating in the Republic of Honduras must obtain:

1. Its registration in the corresponding Commercial Registry.
2. Its national tax registration and online service adhesion agreement.
3. Its operating permit granted by the municipality of the jurisdiction where its operation is located.
4. And in special cases for specific sectors or industries, specific environmental licenses and registrations or permits for specialized establishments may be required.





TAX REGIME

The Honduran tax system is mainly based on Sales Tax, Income Tax, Net Assets Tax and Solidarity Contribution.

Corporations incorporated in Honduras are subject to an income tax of 25% calculated on the taxable base, constituted by the gross income minus the deductions allowed by law; additionally, corporations except those included in certain special tax regimes will pay in addition to the income tax a solidarity contribution of 5% that is applied on the excess of the net taxable income exceeding one million lempiras. Persons domiciled in Honduras will be taxed at a rate of 1% on the value of their net assets less the deductions allowed by law.

Honduras maintains a general sales tax rate equivalent to VAT of 15% on the value of the taxable base of imports or the sale of goods and services subject to it, which must be paid within the first 10 days of the month following the withholding to the FISCO.

As part of its strategy to attract foreign investment, Honduras maintains different special regimes for the productive sectors, the main ones being the following: Free Trade Zone (ZOLI) oriented to companies engaged in exports and through which they are exempted from the payment of internal consumption tariff taxes and other taxes that may be levied on the goods in the Free Trade Zone.

Temporary Importation Regime (RIT)

The purpose of this regime is to encourage exports in the case of companies that do not benefit from any other law.

Among the benefits of this regime are the suspension of customs duties and other import taxes related to raw materials and samples. Also, the payment of income tax related to profits from the export of goods to non-Central American countries is exempted.

Tourism Incentive Law (LIT)

As a measure to encourage investment in the tourism sector, Honduras approved the Tourism Incentives Law, which grants companies included in this category the benefit of exemption from income tax, net assets and solidarity contribution for a period of 15 years; exemption from sales tax on local goods and services related to the investment being made; benefits in the importation of machinery and all equipment necessary for the development of the project, as well as exemption from import customs duties for a period of up to 10 years.



LABOR REGIME

In Honduras, the rendering of personal services to another person under a continuous dependency or subordination and for remuneration is considered a relationship under the individual employment contract. There are three types of employment contracts in Honduras.

- Contract of employment for a definite term
- Contract of employment for an indefinite term;
- Contract for specific work and services.

The probationary period of the labor contract is 60 calendar days.

Workers in Honduras maintain the following benefits or rights by law: 1. Right to a minimum wage ranging from L. 9,053.43 to L. 18,036.19 (depending on the employer's industry and number of employees), 2. Access to social security, 6. Creation of a labor reserve fund constituted by the employer.

The income of workers is subject to income tax. In this case, withholding will be applied for those individuals who have received income in a fiscal period for an amount higher than L. 228,324.32. The applicable rate will depend on a progressive scale, for which rates from 15% to 25% may be applied.



MIGRATORY REGIME

Foreigners interested in entering the Republic of Honduras, with the purpose of performing economic activities either temporarily or permanently in the country must apply for their stay and/or visa before the General Directorate of Migration and Aliens.

The different migratory statuses for foreign migrants interested in carrying out economic activities in the country, contained in Decree No. 208-2003 are as follows:

- a. Rentiers: Those foreigners who receive legal and stable permanent income generated abroad or in the national territory of no less than \$2,500 per month may acquire this migratory status.
- b. Pensioners: Foreigners who reside in the country and who obtain a minimum income of \$1,500 from a foreign source may acquire this migratory status.
- c. Investors: Foreigners who invest their capital in any branch of the economic activity licit in Honduras may acquire this migratory quality.
- d. Special Permit to Stay: The General Directorate of Migration and Alien Affairs may grant special permits to stay in the country for a maximum of 5 years to foreigners who justifiably request it. Among them: migrant workers, foreigners in commercial or public entertainment activities, foreigners hired as temporary employees by companies, international organizations or governmental institutions. Scientists, professionals and/or specialized technical personnel hired by individuals or legal entities in the country. Entrepreneurs, management personnel of national or foreign commercial companies authorized to engage in commercial activities in the country, among others.
- e. Immigrant Residents: This migratory category is acquired by those foreigners who have resided in the country consecutively for a period of 5 or more years.

In Honduras it is free to hire foreigners by national companies through the execution of a written employment contract, such contracts must be registered with the secretary of labor and social security. Notwithstanding the foregoing, employers are prohibited from employing more than 10% of the payroll with foreign workers and from paying them more than 15% of the total wages earned by such employer.



LEGAL GUIDE TO **DOING BUSINESS** IN **ITALY**



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CARNELUTTI LAW FIRM

Founded in 1898, Carnelutti is an independent Italian law firm specializing in all areas of commercial law, with a strong international focus. With more than 100 experts in national, EU, and international law and tax matters, the firm is recognized as a leading player in the legal field by clients and peers, and is regularly included in the rankings of major legal directories such as Chambers Global and Europe, The Legal 500 EMEA, International Tax Review, and WTR.

Our integrated teams of professionals work closely with clients, with a full understanding of their business needs, to design the most innovative and cutting-edge solutions. We always adopt a client-tailored approach and maintain a sharp focus on delivering comprehensive yet cost-effective legal services. The firm's main practice areas serving clients include Corporate/Mergers and Acquisitions (M&A), Litigation and Arbitration, Tax, Banking and Finance, Restructuring and Insolvency, Intellectual Property, Labor, and Administrative Law.

For more information, visit: <https://www.carnelutti.com/>.





How To Do Business in Italia?

There are undoubtedly different ways to do business in Italy.

Over the years, several reforms have been introduced to streamline and simplify the procedures required to establish and manage a company in Italy (for example, by reducing minimum capital requirements and paid-in capital, as well as speeding up registration procedures). A business may operate as a sole proprietorship or as a company. Both entities are governed by the Italian Civil Code. An individual may carry out business activities either as a natural person or by creating a new company or acquiring shares in an existing one.

First, it is possible to establish a representative office in Italy (local office) or an Italian branch of a foreign company.

An Italian branch does not have its own legal personality; therefore, the parent company is responsible for its operations. However, the branch is subject to taxation in the country where the economic activity is carried out.

Establishing an Italian company is the best way to create a business in Italy.

Italy offers a wide range of legal structures for establishing companies, depending on the company's organizational model, business objectives, the amount of capital committed, the scope of liability, and the tax and accounting implications.

1. Types of companies

Basically, under Italian law, companies are divided into two main types:

- Partnerships ("Società di persone"), which are characterized by the unlimited liability of partners for the company's obligations; and
- Corporations ("Società di capitali"), which are limited liability companies in which shareholders' liability is limited to their contribution, or to the unpaid amount of such contribution to the company.

Partnerships:

A partnership is characterized by the personal commitment of each individual partner as a whole within the company. Individual partners are personally liable for the obligations of the partnership (including with their personal assets), and each individual acts on behalf of the entire company. The liability of individual partners is not limited.

The main types are:

- Società semplice ("S.S." – simple partnership)
- Società in nome collettivo ("S.n.c." – general partnership)
- Società in accomandita semplice ("S.a.s." – limited partnership)

Innovative Start-ups:

In addition to the traditional models, it is possible to establish an innovative start-up, a new type of company with a high technological content, which represents one of the key pillars of Italy's industrial policy. Italian legislation has introduced specific measures to support the creation and growth of companies under one of the corporate forms described above.

The status of an innovative start-up allows companies to benefit from advantages in the corporate, tax, and social security fields, as well as to raise equity funding through crowdfunding.

Acquisition of an Existing Business:

As an alternative to the options mentioned above, a foreign company may acquire an existing company or asset. The purchase of a business involves a set of assets (tangible and intangible, such as movable and immovable property, equipment, trademarks, patents, etc.) that are functionally related and capable of being used as a tool to carry out business activities.

The purchase of a business is generally a one-time transaction and may only be carried out through a public deed or a private agreement certified by a notary.





TAX REGIME

From a tax perspective, business activities in Italy can primarily be carried out through a branch/permanent establishment or through a corporation (S.p.A. or S.r.l.).

From a legal standpoint, it should be noted that companies are directly responsible for their own obligations, while parent companies inherit all legal obligations and duties of their branches. Branches themselves are not independently liable.

In general terms, both companies and branches of foreign companies are subject to the same taxation in Italy.

Branches do not have their own legal personality (while companies do), but they are subject to taxation in Italy where the business activity is carried out. They represent a permanent establishment of the foreign company and are generally treated as independent entities for tax purposes, with their own fiscal identity and accounting autonomy.

Branches must be registered with the VAT and income tax authorities and are required to maintain certain accounting records and books in accordance with applicable tax and VAT regulations.

The two most common types of companies in Italy are the S.p.A. (Società per Azioni – joint-stock company) and the S.r.l. (Società a responsabilità limitata – limited liability company).

Profits earned by a company, if distributed to shareholders, are subject to withholding tax on dividends, where applicable, while the transfer abroad of profits earned by a branch is not subject to withholding tax.

Limited liability companies and branches of foreign companies conducting commercial activities in Italy are essentially subject to the same tax burdens. Both companies and branches of non-resident companies are subject to the following corporate taxes:

- Italian Corporate Income Tax ("IRES" – Imposta sul Reddito delle Società), set at a rate of 24%.
- Italian Regional Tax on Productive Activities ("IRAP" – Imposta Regionale sulle Attività Produttive), set at a specific rate depending on the region where the company or branch has its registered office (for example, in Lombardy the rate is 3.9%).

Companies and branches are also subject to the same tax compliance requirements. In particular, an Italian S.p.A. or a branch must maintain the following books:

- General ledger, where all transactions are recorded;
- VAT registers, where all issued and received invoices are recorded;
- Fixed assets register, where all tangible assets and the corresponding depreciation are recorded;
- Inventory book, where details of assets and liabilities are reported.

Companies and branches are subject to transfer pricing rules with respect to transactions with other foreign entities belonging to the same corporate group.

In addition, an Italian S.p.A. or a branch must prepare and electronically submit the following tax returns to the Italian tax authorities:

- Corporate income tax return;
- Regional income tax return;
- Withholding tax return;
- VAT return.

Corporate income tax, regional income tax, and withholding tax returns must be submitted electronically no later than 11 months after the end of the fiscal year. VAT returns, on the other hand, must be filed before April 30 of the following calendar year.





LABOR REGIME

Italian Labor Law is mainly regulated by the following sources: the provisions of the Italian Civil Code, Italian Special Laws, and Collective Bargaining Agreements.

1. Provisions of the Italian Civil Code

This set of rules mainly regulates the following matters:

- The employer's power to unilaterally modify job duties and the workplace;
- Protection of employees' rights in the event of the transfer of a company or part of a company;
- Non-compete agreements following the termination of a standard employment relationship;
- The distinction between dependent employment and self-employment.

2. Provisions of Italian Special Laws

This group of rules mainly regulates the following matters:

- Remedies in cases of unfair dismissal;
- Anti-discrimination regulations;
- Maternity and paternity leave;
- Remote work and whistleblowing policies;
- Trade union rights and prerogatives;
- Remote monitoring of employees.

3. Provisions of Collective Agreements

This group of rules mainly regulates the following matters:

- Variable remuneration schemes aimed at reducing costs;
- Employee welfare and benefits plans.



Labor Regime

Legal analysis of labor aspects

Types of Employment Contracts

Following our previous recommendation, below you will find the types of employment contracts provided for in our regulations:

(i) Indefinite-term employment contract: This is the contractual modality that implies greater stability, since its duration is not conditioned to a specific event or a definite time, so it must be understood that the expectation of permanence is one of its main characteristics.

It represents the "general rule" of employment contracts, to the point that it is legally presumed that, if no contract is executed, the relationship is governed by this modality.

This employment contract may be terminated by the employer at any time without just cause, in which case they must pay the worker 30 days of salary for the first year of service and 20 days of salary for subsequent years (if they earn less than 10 current legal monthly minimum wages) or 20 days of salary for the first year of service and 15 days of salary for subsequent years (if they earn more than 10 current legal monthly minimum wages).

(ii) Fixed-term employment contract: Regardless of whether the causes that give rise to the employment contract persist, it is perfectly viable for the employer to agree with the worker, from the beginning of the employment relationship, on a defined duration. In Colombia, this modality has two ways of being agreed upon according to its duration: (i) Less than one year and (ii) More than one year, up to 3 years.

In both cases, the employment contract must be agreed upon in writing to be considered valid, and it will be understood to be extended for the same initially agreed term if the parties do not notify the other in writing, at least 30 days in advance, of their decision not to renew it.

Now, for employment contracts of less than one year, the following rules apply:

- a) The contract may be extended up to 3 times, and from the fourth extension onwards, the contract automatically converts to a one-year term.
- b) The parties may agree on shorter extensions, never exceeding the initially agreed term.
- c) If the contract ends without just cause before the fulfillment of the term agreed upon by the parties, the worker must be compensated with an amount equivalent to the salaries corresponding to the time remaining to complete the stipulated term. This could represent an economic risk, insofar as the compensation could, in most cases, be higher than that provided for in an indefinite-term employment contract.

(iii) Contract for specific work or task: Article 45 of the Substantive Labor Code establishes: (...) "the employment contract may be entered into for a fixed term, for the duration of the completion of a specific work or task, for an indefinite term, or to execute occasional, accidental, or transient work." Hence, it is viable to sign an employment contract with workers whose duration is subject to the specific completion of a work or task.

Such work or task must be determined, so that the parties can know from the beginning the condition that will determine the employment contract. In this regard, the Constitutional Court indicated that by determining the work, it allows that the continuity of the contract is not common, as it is not faced with a continuous provision of services (Judgment T-1083/07).





Inmigration Regime

Types of Visas in Colombia

- **Visitor Visa (Type V):** Document applicable to a Foreigner who wants to visit Colombia once or several times, or intends to temporarily stay in the country without establishing themselves permanently.

This Visa is granted for carrying out the following activities: airport transit, tourism, business negotiations, academic exchange and studies in arts or trades and postgraduate degrees, medical treatment, administrative and/or judicial procedures, crew member of a vessel or on a coastal platform, participation in events, internship or practicum, volunteering, audiovisual and/or digital production, journalistic coverage, temporary service provider, intra-corporate personnel transfer within the framework of current international instruments, official or commercial representative of a foreign government, work-holiday program, and courtesy.

- Resident Visa (Type R): Provided for Foreigners who aspire to establish themselves or fix their permanent domicile in Colombia due to: (i) having renounced Colombian nationality; (ii) being a parent of a Colombian national by birth; (iii) accumulated time of stay; and (iv) foreign direct investment.
- Migrant Visa (Type M): Applicable to a Foreigner who wishes to enter or remain in the national territory with the intention of establishing themselves, and does not meet the conditions to apply for a "Type R" visa.

This Visa may be applied for by persons in the following conditions: (i) spouse or permanent partner of a Colombian national; (ii) parent or child of a Colombian national by adoption; (iii) migrant under the Mercosur Agreement; (iv) refugee; (v) work; (vi) entrepreneur; (vii) exercising a profession or independent activity; (viii) religious worker; (ix) primary, secondary, middle, and undergraduate students; (x) real estate investor; and (xi) retiree or rentier.

14



LEGAL GUIDE TO **DOING BUSINESS** IN **MEXICO**



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TAVARES & TAVARES LAW FIRM



Tavares & Tavares Law Firm is a Mexican legal firm focused on comprehensive business advisory services. The Firm acts as a strategic legal partner for national and international companies, offering legal solutions aligned with business objectives, regulatory risk mitigation, and operational efficiency.

Main Practice Areas:

- Corporate law and corporate structuring
- Labor law and regulatory compliance
- Corporate governance
- Data protection and information technology
- Immigration
- Intellectual property
- Strategic and administrative litigation

Learn more about Tavares & Tavares at: <https://tavares.com.mx/>.





How to Do Business in Mexico?

Mexico has established itself as one of the main destinations for foreign investment in Latin America, driven by the regionalization of production chains in North America, the strengthening of the USMCA, and its strategic position within global supply chains. This guide provides a comprehensive overview of the legal and regulatory framework applicable to foreign companies interested in establishing operations or expanding their business in Mexico.

I. ECONOMIC AND REGULATORY ENVIRONMENT

Mexico maintains an open economy, an extensive network of trade agreements, and a well-established industrial ecosystem. The country offers significant competitive advantages for international investors, including competitive labor costs, geographic proximity to the United States, and preferential access to multiple global markets.

Key Investment Drivers:

- Trade integration under the USMCA.
- Broad network of free trade agreements.
- Logistics and manufacturing infrastructure.
- Skilled workforce in manufacturing and technology services.
- Sustained growth driven by nearshoring trends.

II. CORPORATE STRUCTURES AND INVESTMENT VEHICLES

Stock Corporation (Sociedad Anónima – S.A.)

A traditional corporate structure limiting shareholders' liability to the amount of their capital contributions. Widely used by international corporations and suitable for structured corporate governance schemes.

Investment Promotion Corporation (Sociedad Anónima Promotora de Inversión – SAPI)

Designed to facilitate private equity and venture capital investment. Allows differentiated share classes, special shareholder rights, and complex shareholder agreements.

The incorporation of both entities requires notarization before a public notary and registration with the Public Registry of Commerce. The average incorporation timeline ranges from 20 to 40 business days.

III. FOREIGN INVESTMENT AND REGULATORY RESTRICTIONS

The Foreign Investment Law establishes activities that are open, restricted, or reserved to the Mexican State. Certain sectors require specific authorizations or impose foreign ownership limitations..

Examples of regulated sectors:

- Domestic land transportation.
- Broadcasting services.
- Strategic energy-related activities.





TAX FRAMEWORK

Main Corporate Taxes:

Corporate Income Tax (ISR – 30%): The primary corporate tax in Mexico, applicable to net taxable income earned by resident entities at a general rate of 30%. The system operates through monthly advance payments credited against the annual tax liability and allows deductions related to business operations, aligned with international tax principles and OECD standards.

Value Added Tax (VAT – 16%): An indirect creditable tax applicable to goods and services.

Special Tax on Production and Services (IEPS): Applicable to specific products such as fuels, alcohol, and flavored beverages.

Mexico maintains more than 60 double taxation treaties, facilitating international structuring and efficient profit repatriation.



LABOR FRAMEWORK AND EMPLOYMENT COSTS

Mexican labor legislation provides significant employee protections and establishes substantial employer obligations.

Mandatory Benefits:

- Minimum 12 vacation days during the first year of employment.
- Minimum 25% vacation premium.
- Mandatory Christmas bonus equivalent to at least 15 days of salary.
- Profit sharing (PTU) equivalent to 10% of taxable profits.
- Mandatory social security contributions.

Minimum Wage – 2026:

- General Zone: MXN \$315.04 per day.
- Northern Border Free Zone: MXN \$440.87 per day

A gradual reduction of the statutory workweek toward a 40-hour schedule is currently under legislative discussion and should be considered in strategic workforce planning.



IMMIGRATION MATTERS

Foreign investors and employees may obtain temporary residency through employment offers, proof of economic solvency, or investment activities. Companies must obtain employer registration before the National Immigration Institute prior to hiring foreign personnel.

NEARSHORING AND SECTOR OPPORTUNITIES

Nearshoring trends have accelerated the relocation of supply chains to Mexico. Key sectors include automotive, advanced manufacturing, technology, logistics, and shared service centers.

Proper legal planning enables optimization of corporate structures, labor compliance, and tax efficiency.

HOW TAVARES & TAVARES SUPPORTS INVESTORS

- Corporate incorporation and structuring.
- M&A.
- Heritage Protection.
- Legal audits and regulatory compliance.
- Compliance program implementation.
- Personal data protection advisory.
- Ongoing legal advisory under corporate retainer models.

15



LEGAL GUIDE TO **DOING BUSINESS** IN **PANAMÁ**



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ILH LAW -INTERNATIONAL LEGAL HUB



ILH - International Legal Hub, a legal, accounting, and fiduciary group with over 15 years of corporate experience, headquartered in Panama with global correspondent offices, offers legal and accounting solutions (both Panamanian and international) for the benefit of its clients.

At ILH Law, you will find a team of over 40 dynamic professionals whose philosophy is based on service and responsiveness. Lawyers, accountants, and business and financial advisors provide the tools for functional and centralized operations at competitive rates.

Our highlighted services focus on asset, wealth, and family protection.

Learn more about ILH Law at: <https://ilhlaw.com/>





How to Do Business in Panamá?

Start Your Business in 7 Steps:

1. Incorporation of the Company: Although it is possible to start a business as a sole proprietorship, we recommend doing so through a legal entity or corporation. Depending on the type of operation you wish to develop, you may choose a corporation, partnership, or civil company.
2. Registration with the Unique Taxpayer Registry (Registro Único de Contribuyentes) at the General Directorate of Revenue (DGI) and obtaining the Tax Identification Number (NIT).
3. Obtaining the Operating Notice through the “Panama Emprende” platform.
4. Registration with the relevant Municipality for the payment of municipal taxes.
5. Enrollment in the Social Security Fund (CSS) to obtain an employer registration number. All transactions and relationships with the CSS are conducted and recorded under this number.
6. Health Operation Permit, if the business involves food and/or beverages. This permit is issued by the Ministry of Health (MINSa). Each employee (and the owners) must also obtain a medical and dental certificate issued by a public hospital, in addition to the permit granted after attending a health and safety course.
7. Fumigation Certificate, which is issued by the Municipality after presenting the receipt from the company hired to fumigate the premises every four months.



TAX FRAMEWORK

International Features of ILH

1. The headquarters is located in Panama, in the heart of the Americas.
2. Panama has air connections to at least 40 countries and 100 destinations.
3. The official currency in Panama has historically been the U.S. dollar, formally adopted in 1904 with the construction of the Panama Canal.
4. Similar to Chile, Uruguay, and Costa Rica, it has the highest GDP per capita in Latin America.
5. Panama's banking system has no technological connection with the tax authorities.
6. ILH holds its own licenses for the incorporation of companies, private interest foundations, trusts, and ship registries in Panama, BVI, Belize, Anguilla, Seychelles, Samoa, Marshall Islands, United States, Hong Kong, and other jurisdictions.
7. ILH deploys support personnel in international agencies or branches in Guatemala, Miami, Luxembourg, England, Paris, Geneva, Singapore, and New Zealand.

Offshore Corporations (and Limited Liability Entities for Their Owners) from Panama and Governed from Panama

Primary Zero-Tax Jurisdictions:

- | | |
|--------------|--------------------|
| - Panama | - Marshall Islands |
| - BVI | - United States |
| - Anguilla | - Washington DC |
| - Seychelles | - Puerto Rico |
| - Samoa | - United Kingdom |
| - Costa Rica | - Barbados |

Key Features of Offshore Companies

1. Quick incorporation and administration.
2. The client does not need to appear in the jurisdiction of incorporation.
3. They can conduct activities, own property and rights, and open accounts outside their place of incorporation.
4. Client collections, for payment to ILH, are received in Panama for all jurisdictions.
5. Directors and officers can be “nominated” and located in Panama.
6. No requirement for periodic annual meetings.
7. No annual income tax filings are required.
8. No tax obligations, except for the payment of an annual existence fee or license.
9. Compliance and due diligence rules must be followed, with understandable complexity.
10. New requirements are manageable: Unique Register of Beneficial Owners, Accounting Records / Supporting Documentation, and Economic Substance.

Primary Jurisdictions for Offshore Private Interest Foundations:

- Panama
- New Hampshire
- Belice
- Anguilla
- Seychelles



Key Features of Offshore Private Interest Foundations

1. Quick incorporation and administration.
2. The client does not need to appear in the jurisdiction of incorporation.
3. They can conduct activities, own property and rights, and open accounts in their place of creation.
4. Client collections are received in Panama for all jurisdictions.
5. Members of the Foundation Council and officers can be “nominated” in Panama.
6. No requirement for periodic annual meetings.
7. No annual income tax filings are required.
8. No tax obligations, except for the payment of an annual existence fee or license.
9. Compliance and due diligence rules must be followed, with understandable complexity.
10. New requirements are manageable: Unique Register of Beneficial Owners, Accounting Records/Supporting Documentation.
11. No need to demonstrate Economic Substance in any of the listed jurisdictions.

Tax Regime for Companies and Private Interest Foundations

Companies and private interest foundations incorporated in Panama do not pay taxes on income generated outside the territory of the Republic of Panama.

Article 694 of the Fiscal Code states:

"Income sourced from any location within the territory of the Republic of Panama is subject to income tax, regardless of where it is received."

Consequently, all income generated outside Panamanian territory is not considered Panamanian-sourced and therefore is not subject to income tax in Panama.

Important Tax Considerations

Panama has signed several international agreements for the exchange of tax information.

The country is a signatory to the Common Reporting Standard (CRS) for the automatic exchange of financial information, promoted by the OECD.



Panamanian financial institutions are required to identify reportable accounts belonging to tax residents of participating jurisdictions and report this information to the competent Panamanian authority, which will, in turn, exchange it with the tax authority of the corresponding country. Panama also complies with FATCA (Foreign Account Tax Compliance Act) regulations regarding U.S. citizens or tax residents.

Bank and Investment Accounts

ILH assists its clients in opening bank and investment accounts in various jurisdictions, including Panama, Puerto Rico, the United States, and other international financial centers.

The process is subject to each financial institution's due diligence policies and compliance with international anti-money laundering regulations.

Account opening will require information on the beneficial owner, source of funds, and the corresponding supporting documentation.





IMMIGRATION REGIME

Migration Classifications:

- Permanent Resident:

- For Economic Reasons
 - Macro-Enterprise Investor
 - Financial Solvency via Fixed-Term Deposit
 - Financial Solvency via Real Estate Investment
 - Financial Solvency via Mixed Investment (Fixed-Term Deposit and Real Estate)
- Special Policies:
 - Retired Pensioner
 - Retired Income Earner
 - Forestry Investor
 - Investor in Export Processing Zones
 - Investor in Call Center Operations for Export Purposes
- Demographic Reasons:
 - Family Reunification as a Dependent of a Permanent Resident
 - Family Reunification as Spouse of a National
 - Family Reunification as a Foreigner with Panamanian Children
- Special Laws:
 - Treaty of Friendship, Commerce, and Navigation between the Republic of Panama and the Republic of Italy.
 - As a Foreign Professional.

- **TEMPORARY RESIDENT**

- **Work-Related Reasons:**

- Foreigner employed by companies under a contract with the Government.
- Executive of companies in the Colón Free Zone.
- Foreigner remunerated from abroad without diplomatic status.
- Foreign personnel employed by private companies within 10% of the regular staff.
- Expert or technician within 15% of the regular staff.
- Personnel employed as correspondents for international print, radio, or television media, and remunerated.

ILH International Services

1. Registration of trademarks, copyrights, and patents in Panama and any other jurisdiction worldwide.
2. Registration of merchant vessels and yachts in Panama and other flag-of-convenience jurisdictions.
3. Specialized trust services for structured financing or family inheritance assets, from Panama, Belize, and other jurisdictions.



16



LEGAL GUIDE TO **DOING BUSINESS** IN **PARAGUAY**



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PARQUET & ASOC. ABOGADOS

Founded in 1960, Parquet & Asociados is a law firm with more than six decades of experience in the Paraguayan market. Recognized for its leadership in Administrative Law, the firm has built a specialized practice in public procurement, economic regulation, public administration, and infrastructure projects.

In addition, the firm carries out work in corporate, banking, financial, and capital markets law, establishing itself as a multidisciplinary firm.

Its growth has been driven by the experience and continuous professional development of its lawyers, as well as the incorporation of new professionals, enabling it to maintain a solid and constantly evolving legal service.

Learn more about Parquet & Asociados Abogados at:
<https://www.parquet.com.py/>





How to Do Business in Paraguay?

Paraguay has consolidated itself as an attractive destination for foreign investment in the region. Its macroeconomic stability, low level of public debt, conservative fiscal policy, and competitive tax system have created a reliable environment for investors. In recent years, the country has maintained stable growth rates, even in the face of adverse regional scenarios, positioning it as a predictable economy within the Southern Cone.

The Paraguayan legal framework guarantees equal treatment for both national and foreign investors, who enjoy the same rights and guarantees, including the free repatriation of capital and profits. The National Constitution, together with corporate, tax, commercial, and labor regulations, provides a set of tools that facilitate business development.

Corporate forms for doing business

The Paraguayan corporate regime is characterized by its flexibility and adaptability to different business structures. There are multiple legal forms, but the most commonly used are the Corporation (Sociedad Anónima - S.A.) and the Limited Liability Company (Sociedad de Responsabilidad Limitada - S.R.L.).

The Corporation is suitable for large-scale projects, those with regional expansion plans, or those seeking financing in the capital markets. Its capital is divided into shares, facilitating the entry or exit of investors. Additionally, it requires deliberative and administrative bodies, which grant greater formality and transparency in management.

The Limited Liability Company, on the other hand, is mainly used for medium-sized and family businesses. It limits partners' liability to their contributions and maintains simple administration, although it cannot exceed 25 partners. This structure is efficient for activities that do not require access to public financing.

The process of incorporating companies in Paraguay includes drafting and notarizing the bylaws, registering them with the Public Registry of Commerce, obtaining the Taxpayer Identification Number (RUC), and completing additional registrations with the Municipality and the Social Security Institute (IPS). The average timeframe for completing these procedures ranges between six and ten weeks, depending on the project's complexity.

Additionally, companies must comply with ongoing post-incorporation formal obligations, such as the mandatory maintenance of corporate books (including shareholders' meeting minutes, board of directors' minutes, and share or quota registry books), the preparation and retention of annual financial statements, and the periodic updating of information before the tax authorities and the Administrative Registry of Legal Entities and Ultimate Beneficial Owners.

Current regulations require the identification and reporting of ultimate beneficial owners, when applicable, in line with international standards of corporate transparency. Proper compliance with these requirements enables companies to operate with legal certainty and to avoid administrative contingencies.

Foreign companies may operate in Paraguay either by incorporating a local entity or by establishing a branch. A branch does not constitute a legal entity separate from its parent company; however, it must be registered with the Public Registry of Commerce and must appoint a legal representative with permanent residence in the country. In practice, many investors choose to incorporate a local company due to the limitation of liability and greater operational flexibility.





Tax Regime

Paraguay's tax system is one of the country's main competitive advantages. Its simplicity and low rates create an attractive fiscal environment for businesses.

The Corporate Income Tax (IRE) applies a general rate of 10% on the net income of companies and branches. The Value Added Tax (VAT), also with a general rate of 10%, applies to most goods and services, with a reduced rate of 5% on certain items such as medicines, basic foods, and specific real estate transactions. The Personal Income Tax (IRP) applies to resident individuals whose income exceeds the legal threshold, with effective progressive rates ranging from 8% to 10%.

The distribution of profits is subject to the Dividend and Profit Tax (IDU), applied to both residents and non-residents at rates between 8% and 15%, depending on the beneficiary's status. Paraguay also has double taxation treaties that reduce the fiscal burden on international transactions.

The country offers special investment promotion regimes, such as the Maquila Regime, which allows companies to import inputs duty-free for processing and re-export, applying only a 1% tax on national value added. Law 60/90 on Investment Incentives grants tax and customs exemptions to projects declared of national interest, especially in industrial, agricultural, and infrastructure sectors. In addition, Free Trade Zones allow companies to operate free of internal taxes, paying only a 0.5% fee on the added value, making it an attractive regime for logistics and international service activities.



Labor Regime

Paraguayan labor legislation is mainly governed by the Labor Code (Law No. 213/93), complemented by the National Constitution and regulatory norms. Its purpose is to guarantee workers' rights, regulate labor relations, and establish duties for employers and employees.

The maximum working day is 8 hours per day and 48 per week. For night work, the maximum is 7 hours per day and 42 per week, while in mixed shifts up to 7.5 hours per day and 45 per week are allowed. The minimum wage is set by the Executive Branch and reviewed annually based on the cost of living, and compliance is mandatory. The legislation also recognizes the payment of overtime, annual bonus (aguinaldo), vacation, and social security contributions.

Workers acquire the right to paid vacation after one year of service, ranging from 12 to 30 days depending on seniority. Contributions to the social security system are divided between the worker (9%) and the employer (16.5%), totaling 25.5% of the monthly salary. This system covers health (medical care, maternity, accidents, and occupational diseases), subsidies (sick leave and maternity leave), pensions, and retirement (disability, old age, and survivorship).

Fundamental rights include relative stability (which limits unjustified dismissals after 10 years of service), freedom of association, collective bargaining, protection against child and forced labor, and equality in employment. Employers, in turn, must respect contractual conditions, guarantee occupational safety and hygiene, make social security contributions, and ensure timely payment of wages and benefits.

The most common employment contracts are indefinite-term contracts, which provide relative stability and can be terminated by resignation, justified dismissal, unjustified dismissal, mutual agreement, or legal causes. Fixed-term or specific-work contracts are also allowed when the nature of the job requires it. Special contracts also exist, such as apprenticeship, domestic work, rural work, and those in the transportation sector. Child labor under the age of 15 is prohibited, and there are specific protections for women in terms of maternity and breastfeeding, granting them special stability.

Foreign workers enjoy the same rights as nationals, although to formalize their contracts they must hold temporary residence.

The new Maquila Law in Paraguay, updated through Law No. 7547/25, introduces key labor-related provisions aimed at adapting the regime to new forms of work and ensuring employee protection. It formally recognizes service-based maquila activities, thereby allowing companies operating in areas such as information technology, technical support, or consulting services to benefit from the regime, fostering job creation in intangible service sectors.

The regulation modernizes the framework to enable maquila industries to implement telework or remote work schemes. Although maquila companies operate under a special tax regime (single tax), they must strictly comply, in labor matters, with the Labor Code and Social Security regulations.





Migration Regime

Law No. 6984/2022 on Migration introduced a modern, human-rights-based framework for migration management in Paraguay, under the authority of the National Migration Directorate (DNM). This law regulates the entry and exit of foreigners, the granting, renewal, and cancellation of residency permits, and international cooperation on migration matters.

Entry into the country may require a visa depending on the applicant's nationality, with the updated list available on the official Migration portal (<https://migraciones.gov.py/informacion-sobre-visas/>). There are different types of residency: the Spontaneous or Occasional Residence, valid for up to 90 days for tourism or business; the Precautionary Residence, granted for 90 days while a longer-term residency is being processed, which authorizes the migrant to live, study, and work legally in the country during the procedure; the Temporary Residence, granted to those who wish to settle in Paraguay for a fixed period, with an initial validity of 2 years and renewable up to 6 depending on the case, which enables working studying, and accessing social services; and the Permanent Residence, which allows foreigners to live and work in Paraguay, valid for 10 years and renewable upon expiration, and accessible after having completed the temporary residence stage.

Paraguay also applies a simplified procedure for citizens of MERCOSUR member and associated states, who may obtain temporary residence for 2 years through an agile and simplified process. In addition, refugee status is contemplated for foreigners persecuted for political reasons, with the National Refugee Commission (CONARE) responsible for guaranteeing legal protection, non-refoulement, and access to work, healthcare, legal and social assistance, public education, and family unity.

Foreign investors, shareholders, and directors who intend to perform managerial or legal representative functions in Paraguayan companies must obtain the appropriate immigration status. In particular, to assume the position of legal representative, permanent residence is required.

Temporary residence allows foreign nationals to work and conduct commercial activities while processing their definitive status. Once permanent residence is granted, they may fully exercise civil and commercial rights under the same conditions as Paraguayan nationals.

Finally, Paraguay does not require a specific minimum investment amount to obtain residency; however, the applicant must demonstrate economic solvency through documentation evidencing commercial or professional activity, or another lawful source of income.

FINAL CONSIDERATIONS

Paraguay combines macroeconomic stability, a simple tax system, competitive operating costs, and a legal framework that guarantees equality between nationals and foreigners. These factors, together with exchange freedom, ease of capital repatriation, availability of young labor, and investment incentive regimes, make it a highly attractive destination for projects in industrial, agribusiness, commercial, and service sectors.





LEGAL GUIDE TO **DOING BUSINESS** IN **PERU**



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TyTL Abogados



Torres y Torres Lara Abogados was established in Lima in 1968 by its founder, Dr. Carlos Torres y Torres Lara.

For more than five decades, we have built significant experience in the legal, economic, and administrative fields, placing it at the service of our clients-both individuals and legal entities-so they can carry out their activities across various sectors of goods and services production.

Currently, we have a team of 50 lawyers and more than 100 highly qualified professionals, dedicated to providing a comprehensive, high-quality service tailored to the diverse needs of our clients.

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¿Cómo hacer negocios en Perú?

Régimen Societario y Estructuras Empresariales (2026)

I. Modalidades para Invertir en el Perú

El inversionista extranjero o nacional cuenta con tres principales mecanismos para desarrollar actividades empresariales en el Perú:

1. Constitución de una sociedad (filial o subsidiaria) con personalidad jurídica propia.
2. Establecimiento de una sucursal, como extensión de una empresa extranjera.
3. Celebración de contratos de colaboración empresarial, tales como joint ventures, franquicias o contratos de distribución.

El marco legal peruano reconoce plenamente la capacidad jurídica de personas naturales y jurídicas extranjeras para realizar inversiones en el país, sujetándose a la normativa local.

II. Estructuras Societarias

La normativa societaria peruana se encuentra regulada por la Ley General de Sociedades. Como regla general, los inversionistas pueden elegir libremente el tipo societario que mejor se adapte a su modelo de negocio, salvo en sectores específicos (financiero, seguros, AFP, minería, entre otros), donde la ley exige una forma societaria determinada.

Las formas más utilizadas son:

1. Sociedad Anónima (S.A.)

Existen tres modalidades:

- Sociedad Anónima Ordinaria (S.A.)
- Sociedad Anónima Cerrada (S.A.C.)
- Sociedad Anónima Abierta (S.A.A.)

Características principales:

- Mínimo 2 accionistas.
- Responsabilidad limitada al monto aportado.
- Capital representado en acciones.
- No existe capital mínimo general (salvo sectores regulados).
- Puede haber distintas clases de acciones.
- Distribución de utilidades según participación accionarial.
- Obligación de constituir reserva legal (10% de utilidades hasta 20% del capital).

En la S.A. Ordinaria y la S.A.A. es obligatorio contar con Directorio. En la S.A.C. el Directorio es opcional.

La Junta General de Accionistas es el órgano supremo de la sociedad.



3. Cooperatives

Cooperatives are non-profit associations based on democratic management and joint ownership. They are governed by a specific law.

Main characteristics:

- Minimum of 11 members (25 in agricultural cooperatives).
- No maximum limit.
- One member = one vote.
- There are no profits; surpluses are distributed as cooperative returns.
- Limited liability.
- They have a General Assembly, Board of Directors, and Management.

Agricultural and savings and credit cooperatives are common.

III. Procedure for Establishing a Company

The general procedure for incorporating a company in Peru includes:

- I. Choosing the type of company.
- II. Reserving the company name with the Public Registry.
- III. Drafting the incorporation document (articles of association and bylaws).
- IV. Execution of the public deed.
- V. Registration with the Public Registry.
- VI. Obtaining the Taxpayer Identification Number (RUC) from SUNAT.
- VII. The process may take approximately 10 to 20 business days.



IV. Branch of a Foreign Company

A foreign company may establish a branch in Peru by means of a public deed registered with the Public Registries.

Main requirements:

- Certificate of existence and good standing of the parent company.
- Copy of the bylaws.
- Branch establishment agreement.
- Appointment of a legal representative domiciled in Peru.
- Consular legalization or apostille (as applicable).

The branch does not have legal personality separate from the parent company, but must comply with tax and legal obligations in the country.

V. Business Collaboration Contracts

Peruvian law recognizes broad contractual freedom. Among the most commonly used contracts are:

- Consortia (joint ventures).
- Joint venture agreements (asociación en participación).
- Franchises.
- Trademark licenses.
- Distribution and dealership contracts.

These mechanisms allow investors to enter the Peruvian market without needing to incorporate a new company.





Tax Regime

Main Aspects of the Tax Regime (2026)

I. Tax Structure in Peru

The Peruvian tax system consists of national taxes, municipal taxes, and specific contributions. The main taxes applicable to companies and individuals with business activities are:

- Income Tax (IR)
- General Sales Tax (IGV)
- Selective Consumption Tax (ISC)
- Temporary Tax on Net Assets (ITAN)
- Financial Transactions Tax (ITF)
- Municipal Taxes (Property Tax, Alcabala Tax, Vehicle Tax)

II. Single Taxpayer Registry (RUC)

Every company incorporated in Peru, branch, or permanent establishment of non-residents must register with SUNAT and obtain their RUC.

The legal representative must be Peruvian or a foreigner with a foreigner's ID card (carné de extranjería) or a document that allows them to carry out income-generating activities in the country.

III. Income Tax (IR)

1. Domiciled Individuals

They are taxed on income from Peruvian and foreign sources.

Capital Income:

Includes rentals, interest, dividends, and capital gains.

Effective rate: 5%.

Earned Income (dependent and independent):

A progressive cumulative scale is applied:

- Up to 5 UIT: 8%
- From more than 5 up to 20 UIT: 14%
- From more than 20 up to 35 UIT: 17%
- From more than 35 up to 45 UIT: 20%
- More than 45 UIT: 30%

A deduction of 7 UIT is automatically allowed, and up to an additional 3 UIT for certain personal expenses.

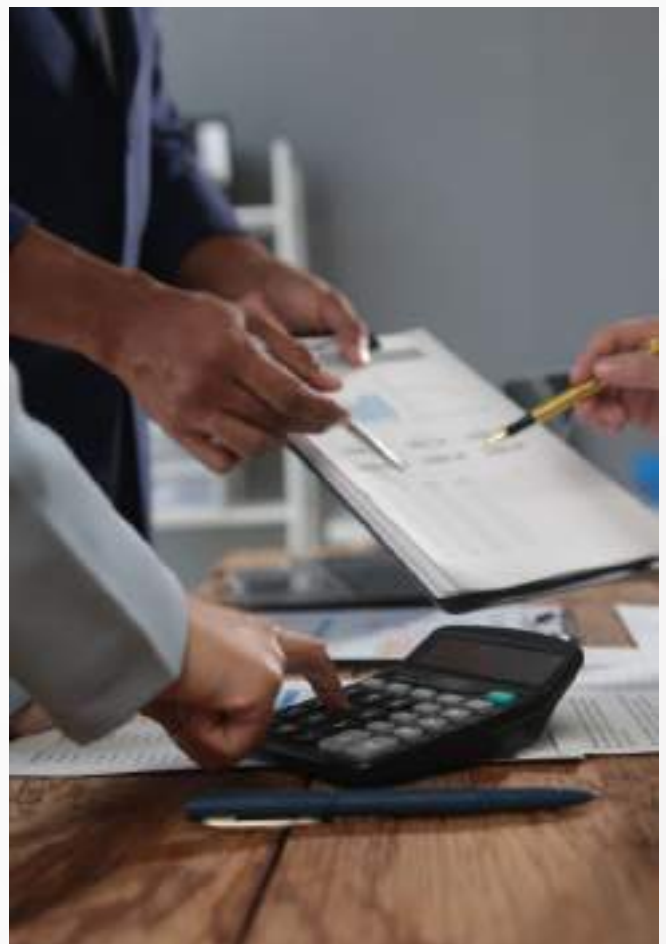
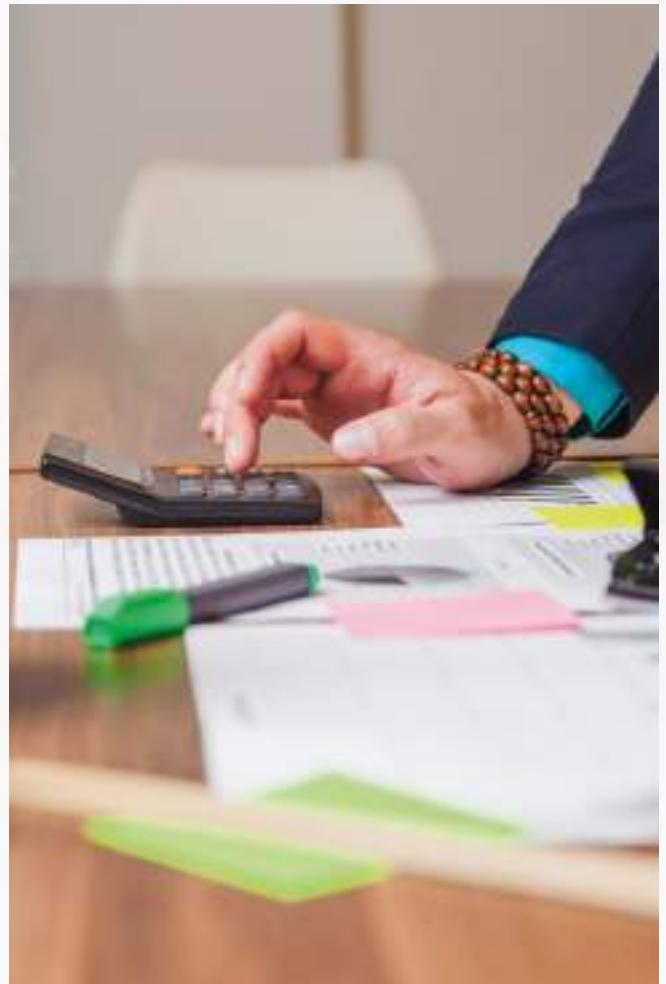
2. Non-Domiciled Individuals

They are taxed only on income from Peruvian sources.

Main rates:

- Independent work: 24%
- Dependent work: 30%
- Dividends: 5%
- Royalties: 30%
- Interest (foreign loans meeting requirements): 4.99%
- Capital gains on the Lima Stock Exchange: 5%
- Other income: 30%

The employer must withhold the tax monthly.



3. Domiciled Legal Entities

They are taxed on income from Peruvian and foreign sources.

Main characteristics:

- Fiscal year: January 1 to December 31.
- Annual return: March-April.
- Monthly advance payments.
- Necessary expenses to generate income are deductible.
- Losses can be carried forward for up to 4 years or offset under an alternative system.
- Dividends between domiciled legal entities are not taxed.

4. Non-Domiciled Legal Entities

They are taxed only on income from Peruvian sources.

General withholding rate: 30%.

Special rates:

- Dividends: 5%
- Interest on foreign loans (meeting requirements): 4.99%
- Technical assistance: 15%
- Rental of ships and aircraft: 10%
- Digital services and others: 30%

IV. General Sales Tax (IGV)

Equivalent to VAT.

It taxes:

- Sale of goods in the country
- Provision or use of services
- Construction contracts
- First sale of real estate by the builder
- Importation of goods

Rate: 18% (includes 2% Municipal Promotion Tax).

IGV paid on acquisitions can be used as a tax credit if it meets formal and substantial requirements.

Exports of goods are not subject to IGV. The export of services is exempt if it meets legal requirements.



V. Impuesto Selectivo al Consumo (ISC)

It taxes specific products such as:

- Fuels
- Alcoholic beverages
- Cigarettes
- Gambling
- Casinos and slot machines

It is applied in addition to the General Sales Tax (IGV).

VI. Municipal Taxes

Alcabala Tax:

3% on real estate transfers (exemption for the first 10 UIT).

Property Tax:

Progressive scale between 0.2% and 1% per year.

Vehicle Asset Tax:

1% on the value of the vehicle (first 3 years).

VII. Financial Transactions Tax (ITF)

2026 Rate: 0.005%.

It is deductible for Income Tax (IR) purposes.

VIII. Bankarization

Payments exceeding S/ 2,000 or US\$ 500 must be made through bank payment methods to be tax-deductible.

For transfers of real estate, vehicles, or equity interests, bankarization is required from 3 UIT onwards.



IX. Temporary Tax on Net Assets (ITAN)

Applies to companies under the General Regime.

- Taxes net assets as of December 31st.
- Rate: 0.4% on the excess of S/1,000,000.
- Can be used as a credit against Income Tax (IR).

X. Double Taxation Avoidance Agreements in Force

Currently, Peru has international agreements in force with the following countries and blocs:

1. Chile - Treaty in force since January 1, 2004.
2. Canada - Treaty in force since January 1, 2004.
3. Andean Community of Nations (CAN) - Multilateral agreement applicable with Bolivia, Colombia, and Ecuador.
4. Brazil - Treaty in force since January 1, 2010.
5. Mexico (United Mexican States) - Treaty in force since January 1, 2015.
6. South Korea (Republic of Korea) - Treaty in force since January 1, 2015.
7. Switzerland (Swiss Confederation) - Treaty in force since January 1, 2015.
8. Portugal (Portuguese Republic) - Treaty in force since January 1, 2015.
9. Japan - Treaty in force since January 1, 2022 (with information exchange applicable since January 2021).
10. United Kingdom of Great Britain and Northern Ireland - Agreement signed in 2025 and entered into force on January 21, 2026; its application is expected from 2026-2027 depending on tax periods.

Additionally, Peru is part of Andean Community Decision 578: a multilateral double taxation mechanism among the CAN member countries (Bolivia, Colombia, Ecuador, and Peru).





Labor Regime

In Peru, the provision of services of a personal, subordinate, and remunerated nature gives rise to the existence of an indefinite-term employment contract. Hiring personnel does not require major prior conditions, except for the age of majority, which in Peru is reached at 18 years old. Minors between 14 and 17 years old require parental permission to work (except for prohibited activities), as well as approval from the Ministry of Labor and Employment Promotion.

There are various types of employment contracts, such as indefinite-term contracts, part-time regime contracts, and fixed-term contracts, which can only be entered into exceptionally. The legal probation period is 3 months, after which the worker gains protection against arbitrary dismissal. In certain cases, the probation period can be extended; up to 6 months for qualified and trusted personnel and up to 12 months for management personnel.

Workers have various rights such as the minimum wage of S/. 1,130 Soles, an eight-hour workday or forty-eight hour workweek, a mandatory 24-hour weekly rest, national holidays, annual vacation of 30 calendar days for each full year of service, compensation for arbitrary dismissal, compensation for length of service, legal bonuses, sharing in company profits, overtime pay, mandatory social health insurance, mandatory life insurance, family allowance, pensions, sick leave, maternity leave, paternity leave, adoption leave, leave for serious illnesses or accidents of direct family members, leave for family member deaths, as well as collective rights such as collective bargaining, unionization, and the right to strike.

Taking into consideration the aforementioned benefits and contributions, the approximate monthly cost structure for a company or employer hiring a worker is as follows:

Employer

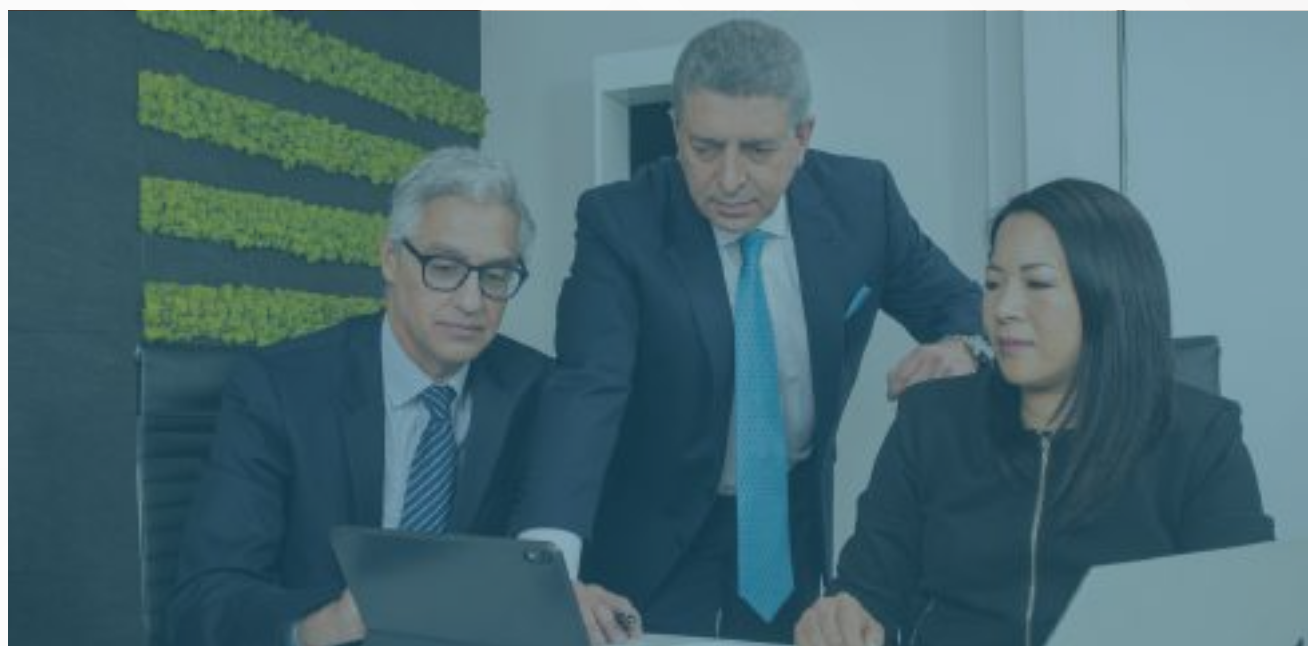
- Remuneration: 100%
- ESSALUD (Social Health Insurance): 9%
- Vacations: 8.33%
- Bonuses (Gratificaciones): 16.66%
- Compensation for Length of Service (CTS): 9.72%

Worker

- Income Tax: According to scale
- AFP (Pension Fund): 13% (approx.)

Concept	Employer	Worker
Remuneration	100%	
ESSALUD	9%	
Vacations	8.33%	
Bonuses (Gratificaciones)	16.66%	
Compensation for Length of Service (CTS)	9.72%	
Income Tax		According to scale
AFP (Pension Fund)		13% (approx.)

Without prejudice to the foregoing, Peruvian legislation establishes a special regime for workers employed in micro and small enterprises, granting them the right to certain labor benefits that reduce labor costs by 20% to 40%. This regime only applies to companies with annual sales of up to US\$ 206,000 (micro) and US\$ 2,334,666 (small), respectively.





Inmigration Regime

Foreigners entering Peru to carry out various activities temporarily or permanently in the country are required to apply for different categories or immigration statuses from the National Superintendency of Migration. Each of these classifications has a different type of visa that will regulate the stay or residence of foreigners in the country.

Below are the different immigration statuses provided for in Legislative Decree No. 1350 for foreigners in Peru:

- TBD Designated. This immigration category allows the foreigner to carry out work activities in the national territory consisting of performing a specific task or function, a job requiring specialized professional, commercial, or technical knowledge, sent by a foreign employer. Its term is 365 days.
- INV or Investor. This immigration category allows the foreigner to establish, develop, or manage one or more investments within the framework of Peruvian legislation. The minimum investment amount is S/. 500,000.00. The foreigner can only act as Manager or Director of their company.
- NEG or Business. This immigration category allows the foreigner, without intention of residence, to carry out activities of a business, legal, contractual, specialized technical assistance nature, or similar. It is granted by the Ministry of Foreign Affairs through Peruvian Consulates in the country of origin. There are some countries with which Peru has signed visa waiver agreements; depending on nationality, there may be an exemption from the business visa.
- PMT or Permanent. This immigration category allows the foreigner indefinite residence after 3 years as a legal resident. The term of stay is indefinite.
- RTA or Rentier. This immigration category is for those foreigners who come to Peru to live off their income, for which they must prove that they receive a permanent, lifelong income from abroad or within the country.

- TBJ or Worker. Through this immigration category, foreigners entering the country to carry out work activities must have an employment contract approved by or registered with the Administrative Labor Authority and may receive a resident or temporary visa and remain in the country for the duration of the employment contract.
- For hiring foreign personnel as workers of a company, the general rule is to enter into a written contract with certain formalities and limitations. Contracts must be approved by the Ministry of Labor and Employment Promotion. The number of foreign workers must not exceed 20% of the total workforce and their remuneration must not exceed 30% of the payroll.
- For persons entering from Associated countries or part of the MERCOSUR Agreement, processing the Mercosur Resident Visa allows them to work legally in Peru for up to 2 years, as an employee or self-employed worker.

Processing any visa takes approximately 60 business days to obtain.

Note that for all visas or immigration statuses requested for one year, foreigners must obtain a criminal record certificate from their previous country of residence, duly apostilled, with an issuance date no older than 90 days.



18



LEGAL GUIDE TO **DOING BUSINESS** IN **POLAND**



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MDDP



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How to Do Business in Poland?

Key Strategies for Doing Business in Poland 2024/2025

What do you need to be aware of in terms of legal, tax and accounting when setting up and running a business in Poland?

Due to economic and business conditions, Poland is an attractive country for business, which attracts many foreign investors.

However, it is worth bearing in mind that setting up and running a business in Poland is quite a challenge. This is primarily a consequence of the large number of legal acts and the complexity of regulations that need to be taken into account when considering setting up and running a business in Poland.

In the publication Key Strategies for Doing Business in Poland, which was prepared by experts from the tax advisory firm MDDP, the international law firm Osborne Clarke and the accounting, HR and payroll outsourcing company MDDP Outsourcing, we answer a number of questions in the legal, tax and accounting areas regarding setting up and running a business in Poland.

The honorary patronage of 'Key Strategies for Doing Business in Poland' was taken by the Polish Investment and Trade Agency (PAIH).

Fragment

Corporate Law in Poland

Setting up business

Foreigners can set up business in Poland in many ways. Running a business activity by foreign persons (natural persons without Polish citizenship or organizational units based outside Poland) depends mostly on the country of origin of the investor who intends to start doing business in Poland.

Foreign persons from Member States of the European Union, or the European Free Trade Association (EFTA) - party to the Agreement on the European Economic Area (Iceland, Liechtenstein, Norway, Switzerland) may take up and pursue economic activity in the territory of the Republic of Poland on the same principles as Polish citizens.

Citizens of the United States may also establish their own business in Poland, including any type of commercial company, as well as a branch or a representative office.

Foreigners from outside of European Economic Area must comply with a number of additional requirements such as having a permanent or temporary residence permit or a Pole's Card.

When starting a business in Poland, the entrepreneurs may choose from a registered individual entrepreneurship, or incorporating partnerships or companies, in particular:

- civil law partnership;
- registered partnership;
- partnership;
- limited partnership;
- limited joint-stock partnership;
- limited liability company;
- joint-stock company;
- simple joint-stock company;
- branch office of foreign entrepreneur.

Moreover, foreign entrepreneurs may wish to open a representative office, which requires an entry in the register of representative offices of foreign entrepreneurs. In doing so, it should be borne in mind that representative offices may only carry out advertising and promotional activities.



Additionally, foreign entrepreneurs may wish to open a representative office, which requires registration in the register of representative offices of foreign entrepreneurs. When doing so, it should be noted that representative offices may only carry out advertising and promotional activities.

In partnerships, day-to-day business is conducted by the partners the owners of the company. In contrast, in corporations, business activity is carried out by the members of the management board.

Members of the management board are appointed by resolution of the shareholders, unless the company's articles of association provide otherwise. Only natural persons (individuals) may be appointed as members of the management board, regardless of their nationality.

The mere appointment of a foreigner as a member of the management board does not entitle them to reside in Polish territory. To stay legally, the foreigner must have a national visa, a Schengen visa from another country, be visa-exempt (applies to Ukrainian citizens), or obtain a work permit.

Some companies have a supervisory board that oversees the activities of the management board. This corporate body provides additional protection against illegal actions by management board members.

Shareholder resolutions may be adopted at a shareholders' meeting, or without holding shareholders' meetings (if all shareholders agree) or by means of distance communication, such as Skype or MS Teams.

Furthermore, natural persons cannot be appointed as members of the management board if they have been convicted of the crimes specified in Article 18 § 2 of the Commercial Companies Code (i.e., crimes against the safety of economic transactions or against the activities of state and local government institutions).

Please note that, regardless of which of the above business forms is most suitable for you, the registered office must be located in Polish territory.



Depending on the type of business selected, to carry out business activity, entrepreneurs must:

- draft a deed of incorporation or articles of association before a notary or via electronic application (only if they have a PESEL number);
- register the company in the National Court Register or in the Central Register and Information on Economic Activity;
- open a bank account for the company;
- register employees with the Social Security Office (ZUS);
- open accounting books and initiate regulatory information activities, such as the uniform control file (JPK);
- pay up the share capital (only in corporations) or make contributions (only in partnerships);
- complete an application for the Register of Beneficial Owners;
- establish the necessary corporate bodies, for example, the management board in limited liability companies or the supervisory board in joint-stock companies.

In practice, registering a company takes a few weeks and involves submitting forms to the relevant authorities. Due to the level of complexity of the required forms, entrepreneurs often rely on advice from legal advisors, who help them select the best possible solutions for the start-up company.





Tax Regime

Tax System in Poland

Overview

Tax administration in Poland is managed by two types of authorities:

- government authorities (corporate income tax, personal income tax, VAT, customs, excise tax)
- local administrations (for example: real estate tax, civil transactions tax, means of transport tax).

Tax authorities also include: (i) the Head of the National Revenue Administration, whose competences include matters related to tax evasion, including advance safeguard tax rulings, and concluding advance pricing agreements, (ii) the Director of the National Revenue Information System, responsible for issuing individual advance tax rulings, and (iii) the Minister of Finance, responsible for issuing general advance tax rulings.

Special Tax Offices

In Poland there are 20 special tax offices dedicated to specific entities. 19 of them assist taxpayers such as:

- entities (including foreign companies) with annual revenues between EUR 3 and 100 million in the previous year;
- branches and representative offices of foreign entities;
- universities, independent public healthcare institutions, cooperative banks, or local government units.

Special Tax Agency for Major Taxpayers

Additionally, there is a special tax office in Warsaw (First Masovian Tax Office in Warsaw) for:

- the largest entities whose annual revenues in the previous tax year amounted to at least EUR 50 million, or
- entities operating as, for example, capital tax groups, banks, or insurance companies, or
- taxpayers who have concluded a cooperation agreement with the Head of the National Revenue Administration.

Relations with Tax Authorities

All correspondence will be delivered (to both an entity and the authorities) in person, electronically, or via the Polish postal service. As a rule, correspondence with offices and courts is conducted through an electronic platform. To meet a given deadline for any activity (i.e., submitting an application, filing an appeal, etc.), documents must be delivered to the relevant authority in person within this deadline or sent via the Polish Post Office. The deadline will also be considered met if, before its expiration, the letter is sent to the post office of the operator providing the universal postal service in another EU member state.



Documents sent by courier should be sent well in advance so that they can be delivered to the Tax Authority within the deadline.

All correspondence, contacts, applications, appeals, and complaints must be prepared in Polish. Consequently, all documents submitted to tax authorities in a foreign language must be accompanied by their translation.

Tax Procedure in Poland

The amount of tax will be determined in the tax return filed by the taxpayer or in a decision issued by the tax authority. The payment terms are specified in the law.

A taxpayer who is not satisfied with the first-instance decision may file an appeal to the second instance.

As a rule, the appeal will suspend the execution of the decision, but it will not prevent the accrual of interest on late tax payments.

The final decision issued by the second-instance authority that is unfavorable to an entity may be challenged before the District Administrative Court and, subsequently, before the Supreme Court. The aforementioned procedures, being administrative, are also governed by a two-instance system.

Advance Tax Rulings

In the Polish tax system, there are two types of advance tax rulings. General advance tax rulings, addressed to all taxpayers, are issued by the Minister of Finance.

Individual advance tax rulings are issued by the Director of the National Tax Information System.

An application for an individual advance tax ruling may be submitted by any entity requiring information on the tax consequences of its activities (currently and in the future), as well as by shareholders, potential investors, or a foreign entity intending to open a representative office in Poland.

An individual advance tax ruling may refer to both past and future transactions; however, the scope of protection granted by obtaining a ruling differs in each of the aforementioned situations.

If the ruling concerns a future transaction (i.e., the tax implications of the transaction occur after the ruling is issued), the taxpayer will benefit from full protection, meaning they will not be obliged to pay any back taxes. In the event that the ruling concerns a past transaction, any back taxes must be paid.

An unfavorable individual advance tax ruling may be appealed to the District Administrative Court and subsequently to the Supreme Court.

The application for a binding tax ruling is subject to a fee of PLN 40 per question.



Advance Tax Rulings GAAR

In Poland, the General Anti-Avoidance Rule (GAAR) is in force. According to its provisions, any transaction carried out primarily for the purpose of obtaining a tax advantage, challenging in certain circumstances the object and purpose of a tax act, will not result in a tax advantage if the taxpayer's course of action was artificial.

Taxpayers wishing to protect themselves against the possibility of the general anti-avoidance rule being applied to them may apply for a so-called advance (safeguard) tax ruling. The refusal to issue it and the safeguard tax ruling may be appealed to the administrative courts.

Tax Cooperation Agreement

A taxpayer may sign an investment agreement with the tax authority. The agreement aims to ensure tax security for a taxpayer making a new investment in the territory of Poland (it defines the tax consequences of the investment).

Signing of the Tax Return by an Authorized Representative

Tax returns may be signed both by taxpayers (tax remitters) and by their authorized representatives. By granting the power of attorney, the taxpayer is exempt from signing the tax return.



The power of attorney to sign the tax return must be granted by each of the persons who will sign the tax return in question.

The power of attorney must be sent to the competent tax office and must be granted separately for each type of return.

Online Declarations

Most tax returns must be submitted online.

Electronic filing requires possession of an electronic signature (officially accepted in the EU).

Tax returns are filed through a special online system.

It is possible to file the tax return through a representative. To do so, it is necessary to register a power of attorney authorizing representation of the taxpayer in the online system (form UPL-1).

Accounting System in Poland

Who must keep accounting records in Poland?

Commercial companies (partnerships and corporations, including companies in organization, e.g., limited liability company, limited partnership, joint-stock company) and natural persons and private partnerships, civil law partnerships of natural persons, civil law partnerships of natural persons and the business in inheritance, general partnerships of natural persons, professional partnerships, as well as businesses in inheritance (if their net revenue from the sale of goods and products in the previous tax year amounted to at least the Polish currency equivalent of EUR 2.5 million).

Organizational units operating under banking law, regulations on securities trading, regulations on providing crowdfunding services for economic businesses, regulations on investment funds and management of alternative investment funds, regulations on insurance and reinsurance activities, regulations on savings and credit unions, or regulations on the organization and operation of pension funds, regardless of the amount of revenue.

Branches and representative offices of foreign entrepreneurs.

Other entities, not specified above, if they receive donations or subsidies from the state budget, local government budgets, or special funds for carrying out assigned tasks, from the beginning of the tax year in which such donations or subsidies were granted.



General information on bookkeeping in Poland

Books must be maintained in accordance with the conditions set out in the Accounting Act. Entities that prepare financial statements may apply IFRS if they issue securities admitted to trading on a regulated market or if they intend to apply for such admission.

Entities that are part of a group in which the parent company prepares consolidated financial statements in accordance with IFRS may also apply IFRS.

Branches of a foreign entrepreneur may also apply IFRS, provided that the entrepreneur prepares its financial statements in accordance with IFRS.

In practice, accounting is carried out exclusively using IT systems that allow clear information to be obtained regarding entries recorded in the accounting records, either through printouts or by storing data on electronic media.

Additionally, in accordance with specific tax regulations, from 2025 taxpayers who keep their accounting books using IT systems will be required to submit them to the tax authorities in a structured logical format (Standard Audit File for Tax - SAF-T) within the deadlines established by law.

This obligation will be introduced progressively and will cover the majority of entities before the end of 2027.





LEGAL GUIDE TO **DOING BUSINESS** IN **PORTUGAL**



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How to Do Business in Portugal?

PORTUGAL AS AN INVESTMENT DESTINATION

Portugal offers a high level of security and an excellent quality of life, making it an increasingly attractive destination for international investors and expatriates. The country benefits from political stability, strong democratic institutions, and a welcoming, inclusive society.

This stable and secure environment, combined with a high standard of living, modern infrastructure, and openness to international communities, reinforces Portugal's position as a safe and reliable jurisdiction for investment.

CORPORATE STRUCTURES AND MARKET ENTRY

Investors wishing to establish an economic activity in Portugal may do so through various forms of corporate and contractual organization. When the investor intends to develop its activity in a direct and lasting way, it is more common to establish a branch or a commercial company.

Commercial Companies

The most commonly used corporate vehicles are:

- Private Limited Company by Quotas (Lda.)
- Sole Shareholder Private Limited Company
- Public Limited Company (SA)

Private Limited Company (Lda.)

- Minimum capital: €1 per quota
- Flexible management structure
- No mandatory supervisory body (unless thresholds exceeded)
- Limited liability

Public Limited Company (SA)

- Minimum capital: €50,000
- More complex governance models
- Appropriate for larger investments or capital markets access

Branch

Portuguese law permits the establishment of a branch or permanent representation in Portugal by foreign companies. A company that does not have its effective seat in Portugal but intends to carry out business in the country for more than one year must establish a permanent representation.





TAX REGIME

TAXATION

Corporate Income Tax (IRC)

The rate (in mainland Portugal) is made up of:

- Normal rate: 19% (in 2026), 18% (in 2027) and 17% (in 2028)
- Special regime: in the case of taxpayers who directly and primarily engage in economic activities of an agricultural, commercial, or industrial nature, and who are classified as small or medium-sized enterprises or small-to-medium-sized companies (Small Mid Cap), the corporate income tax rate applicable to the first €50,000 of taxable income is 15%, with the normal rate applying to the excess.
 - The tax rate can be reduced to 12,5% in case the company is considered a startup, according to Law no 21/2023, and some inland areas.

Archipelagos:

- Madeira: normal rate of 13.3%
 - SMEs: special rate of 10.5% in the first €50,000 of taxable income.
 - Inland regions: special rate of 8.75%.
- Azores: normal rate of 13.3% (in 2026), 12,6% (in 2027) and 11,9% (in 2028).
 - SMEs: special rate of 8,75%.

Personal Income Tax (IRS)

The personal income tax (IRS) applies to the income of citizens living in Portuguese territory and of non-residents who obtain income in Portugal.

Residents in Portugal for tax purposes are taxed on their worldwide income (i.e., income obtained in Portugal and abroad) at (normally) progressive tax rates varying from 14,5% to 48% considering the deductions foreseen by law (e.g., education or health expenses).

Non-residents in Portugal for tax purposes are liable to income tax only on Portuguese-source income. Tax Rates for Non-residents are, generally, taxed at a flat tax rate of 25% or 28%, depending on the type of income.

IFICI Regime

The Tax Incentive for Scientific Research and Innovation regime (IFICI), aims to attract highly qualified and specialized professionals to Portugal and to promote scientific research and innovation activities in strategic sectors in the country, in an attempt to replace the revoked Non-Habitual Resident (NHR) regime, making Portugal more competitive and appealing by offering more advantageous tax treatment to individuals.

Subjective Scope:

Intended for individuals who become residents in Portuguese territory and who have not been residents here in any of the previous five years and who are engaged in:

- Teaching in higher education and scientific research.
- Skilled jobs and members of corporate bodies within the scope of contractual benefits for productive investment.
- Highly qualified professions

Tax Benefit:

- Personal income taxation (IRS) at the special rate of 20% on net income from categories A and B earned within the scope of the aforementioned activities.



- Exemption on income obtained abroad in categories A, B, E, F and G, which must be included for the purposes of determining the rate to be applied to income taxed in Portugal;
- Benefit applicable for a period of 10 consecutive years from the year of registration as a resident in Portuguese territory, without prejudice to the option of aggregation.

Conclusion

Portugal presents a comprehensive and investor-oriented legal, tax and immigration framework, combining political stability, regulatory certainty and economic competitiveness within the European Union. Its diversified residence regimes allow investors, entrepreneurs, multinational groups and highly qualified professionals to establish themselves in the country through flexible and strategically designed pathways.

At the corporate level, Portugal offers modern and adaptable business structures suitable for both SMEs and large-scale operations, supported by a clear incorporation process and predictable regulatory environment. The labour framework ensures balanced protection and flexibility, while the tax system — including competitive corporate rates, regional incentives and the IFICI regime for highly qualified individuals — reinforces the country's attractiveness for innovation-driven and international projects. Overall, Portugal positions itself as a secure, structured and forward-looking jurisdiction for investment, talent relocation and long-term business development.





EMPLOYMENT REGIME

Types of Employment Contracts

The main types of employment contracts are:

- Permanent contract – without a fixed end date, for permanent company needs.
- Fixed-term contract – for temporary needs, with a maximum duration of two years and up to three renewals.
- Uncertain-term contract – for temporary needs without a defined end date, limited to four years.
- Part-time contract – working hours shorter than full-time.
- Very short-term contract – up to 35 days for seasonal activities.
- Temporary agency work contract – concluded with a temporary work agency.
- Professional internships and self-employed service provision, when there is no legal subordination.

Working Time and Employment Benefits

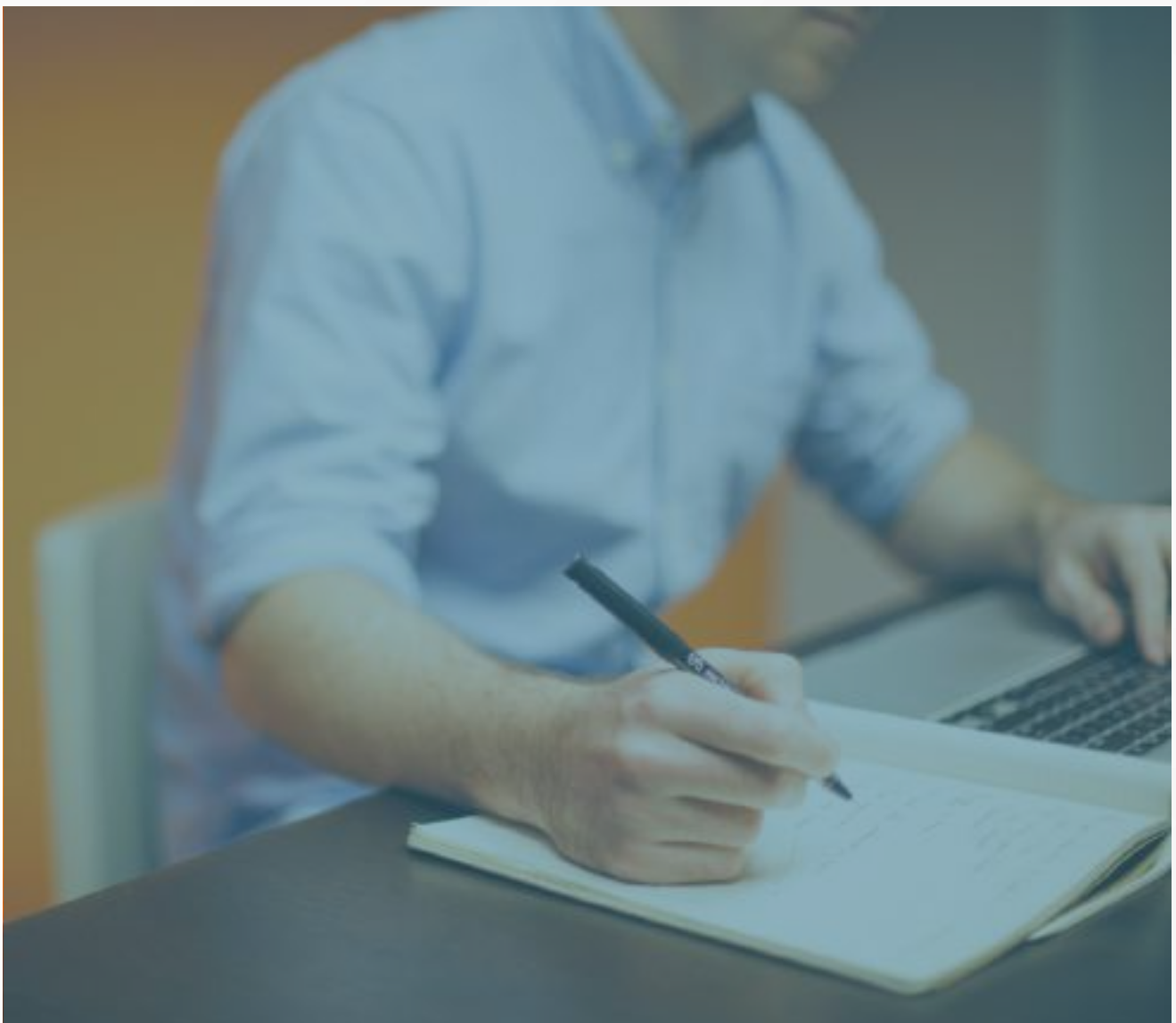
The normal working period is, as a rule:

- 8 hours per day;
- 40 hours per week;
- 22 working days of paid annual leave;

Mandatory and common employment benefits include:

- National Minimum Wage (2026): 920 € per month.
- Holiday allowance (13th month salary).
- Christmas allowance (14th month salary).
- Meal allowance.
- Social protection in cases of illness, maternity/paternity and unemployment.

Optional benefits often provided by companies include health insurance, remote work, additional vacation days and pension plans.





IMMIGRATION FRAMEWORK

IMMIGRATION FRAMEWORK FOR INVESTORS AND PROFESSIONALS

Portugal has a diverse migration regime, allowing foreign nationals to enter, reside, and work through various types of visas. This regime covers investors, employees, executives, digital nomads, individuals with passive income, and citizens of the CPLP (Community of Portuguese Language Countries).

1.1 Residence by Investment (Golden Visa / ARI)

The Golden Visa allows residence in Portugal through qualified investment.

Options:

- Investment in qualified funds (equal to or greater than € 500,000);
- Support for cultural, scientific, or innovative activities (equal to or greater than € 250,000, or € 200,000 in low-density areas);
- Job creation or business investment (equal to or greater than € 500,000).

Benefits: family reunification, freedom of movement in the Schengen Area, eligibility for permanent residence and citizenship. No requirement to live in Portugal, with a minimum stay of 14 days every two years.

1.2 Work-Based Residence Visas

- D1 Visa – Regular Dependent Employment

The D1 visa is intended for foreign workers with a subordinate employment contract in Portugal, without qualification limits.

- D2 Visa – Self-Employed / Entrepreneur

Intended for professionals who wish to work independently or start a business in Portugal (incorporate a company in Portugal).

- D3 Visa – Highly Qualified Worker

The D3 visa targets professionals with high qualifications, such as managers, specialists, researchers, or employees in strategic sectors.

- D7 Visa – Passive Income

For foreign nationals with regular passive income, such as pensions, rents, dividends, or interest.

- D8 Visa – Digital Nomad

For remote workers earning income from abroad who wish to reside in Portugal.

- Intra-Company Transfer Visa (ICT)

For employees of multinational companies transferred to Portugal (managers, specialists, or trainees).

- Visas and Authorizations for CPLP Citizens

Portugal provides facilitation for citizens of the Community of Portuguese Language Countries (Brazil, Angola, Mozambique, Cape Verde, Guinea-Bissau, Equatorial Guinea, Timor-Leste, São Tomé and Príncipe):

The Portuguese migration regime is today one of the most flexible and strategic in Europe, offering tailored solutions for a variety of migrant profiles — from investors and highly qualified professionals to digital nomads, dependent employees, self-employed workers, individuals with passive income, and CPLP citizens.



20



LEGAL GUIDE TO **DOING BUSINESS** IN **DOMINICAN** **REPUBLIC**



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How to Do Business in Dominican Republic?

The Dominican Republic has established itself as one of the most dynamic and stable economies in Latin America and the Caribbean, offering a highly favorable environment for both domestic and foreign investment. Its strategic location, macroeconomic stability, sustained economic growth, expanding infrastructure, international connectivity, and modern legal framework make the country a highly attractive destination for the establishment and expansion of commercial and industrial operations.

The Dominican legal system recognizes and guarantees freedom of enterprise, the right to private property, and the protection of investment—both domestic and foreign—in accordance with the Constitution of the Dominican Republic and Law No. 16-95 on Foreign Investment. This law establishes the principle of equal treatment between domestic and foreign investors, allowing foreign capital to participate in virtually all economic sectors.

Likewise, the Dominican Republic offers highly competitive special regimes, such as free trade zones and logistics centers, which provide significant tax and operational incentives. These advantages have positioned the country as a regional hub for manufacturing, international trade, distribution, and services.

Within this context, this guide provides a general overview of the legal framework applicable to the establishment and operation of businesses in the Dominican Republic, including the corporate, tax, labor, immigration, and regulatory aspects relevant to investors.

1. Corporate Regime

In the Dominican Republic, investors have several options for conducting business. The legal framework recognizes the freedom to adopt the business structure of their choice. General Law on Commercial Companies and Individual Limited Liability Enterprises No. 479-08 (later amended by Law No. 31-11) regulates the different types of companies that may be used, with the most commonly utilized corporate structures being the following:

	Corporations (S.A.)	Corporations (S.A.)	Corporations (S.A.)
Concept	Commercial company in which two or more individuals join under a corporate name, composed exclusively of shareholders whose liability for losses is limited to their contributions. The capital is represented by easily transferable securities known as shares. The company name must necessarily include the terms "Corporation" or its abbreviation "S.A.". These entities may be publicly or privately held.	Commercial company in which shareholders are liable only up to the amount of their respective contributions and which may issue shares and other securities. A minimum of two shareholders is required for its incorporation.	Commercial company formed by two or more (up to a maximum of 50) individuals, known as "partners," who are not personally liable for the company's debts. The company shall be designated by a corporate name, which may include the name of one or more partners and must be preceded by the words "Limited Liability Company" or the initials "S.R.L." In the absence of one of these indications, the partners shall be jointly and severally liable.



	Corporations (S.A.)	Corporations (S.A.)	Corporations (S.A.)
Administration and Control	Administrative functions are exercised by: (i) the shareholders, (ii) the Board of Directors, and (iii) the legal representative and the statutory auditor. Each share of capital is equivalent to one (1) vote, and decisions require a previously established majority. In addition, it is mandatory to have a statutory auditor at all times.	Administrative functions are exercised by: (i) the shareholders, (ii) the Board of Directors, and (iii) the legal representative and the statutory auditor. Each share of capital is equivalent to one (1) vote. Decisions must be taken by a previously specified majority. The appointment of a statutory auditor is optional.	Administration is carried out by: (i) the Partners' Meeting, and (ii) the managers. Each quota or share represents one (1) vote. Decisions require a majority of the votes. This type of company does not require a statutory auditor.
Share Capital	The share capital is expressed in shares. The minimum authorized capital amounts to thirty million Dominican pesos (DOP 30,000,000), and the minimum nominal value of the shares is one hundred Dominican pesos (DOP 100) per share. It is established that the minimum subscribed and paid-in capital must be DOP 3,000,000 or equivalent to 10% of the authorized share capital.	The share capital is represented by shares. A minimum authorized capital of three million Dominican pesos (DOP 3,000,000) is required, with at least 10% of such authorized capital subscribed.	The share capital is represented by equity quotas. These quotas must be fully subscribed at the time of incorporation or whenever there is a capital increase. The transfer of quotas requires an amendment to the bylaws. The minimum incorporation capital is DOP 200 (Law No. 68-19).

1.1. General Requirements for the Incorporation of Companies

Regardless of the type of company, the incorporation process generally involves:

- a) Preparation and formalization of the incorporation documents
 - Drafting the articles of incorporation and bylaws (or partnership agreement).
 - Subscription of the share capital in accordance with the applicable legal minimums.
 - Appointment of the management bodies.
 - Where applicable, appointment of a statutory auditor.

b) Registration of the trade name with ONAPI

In accordance with the guidelines of the National Office of Industrial Property (ONAPI), the registration of the trade name must be requested, indicating:

- The proposed name.
- The economic activities to be carried out.
- The details of the applicant or its representative.

1.2. Difference Between a Subsidiary and a Branch

1.2.1. Subsidiary

A subsidiary is a Dominican company incorporated in accordance with Law No. 479-08, whose capital is wholly or majority-owned by a foreign company.

Main characteristics:

- It has its own legal personality, independent from the parent company.
- Its liability is limited to its own assets.
- It is fully governed by Dominican law.
- It may adopt any permitted corporate structure (S.A., S.A.S., S.R.L.).

From a risk perspective, a subsidiary creates a “ring-fence” of asset protection between the parent company and its local operations.



1.2.2. Branch

A branch does not constitute a separate legal entity. It is an extension of the foreign company.

Main characteristics:

- It does not have its own legal personality.
- The parent company is directly liable for obligations assumed in the Dominican Republic.
- It must be registered with the Commercial Registry and the General Directorate of Internal Taxes (DGII).
- It must submit the incorporation documents of the foreign company, duly legalized and translated into Spanish when applicable.

A branch is legally simpler in structure, but it implies greater direct asset exposure for the parent company.





TAX REGIME

In the Dominican Republic, companies pay taxes based on the taxable base resulting from income and deductible expenses for each given period. Resident or domiciled companies pay taxes on Dominican-source income, as well as on foreign-source income derived from investments or financial gains. Non-resident companies are taxed only on Dominican-source income.

The corporate Income Tax (ISR) rate is 27%, and this rate also applies to branches of foreign entities operating as a Permanent Establishment.

- **Asset Tax:** This tax corresponds to a minimum annual tax and applies whenever its amount exceeds the Corporate Income Tax (ISR); when the ISR is higher, this tax is considered settled. The taxable base for this tax consists of the book value of all assets reflected in the financial statements, excluding investments in shares, land located in rural areas, and tax accounts. The applicable rate is 1%.
- **Capital Gains:** Gains derived from the sale of assets, real estate, or shares are added to gross income and are subject to the standard 27% Income Tax rate. The calculation of capital gains involves subtracting the acquisition cost (adjusted for inflation) from the sale price and adding accumulated gains or losses, with the possibility of applying other adjustments depending on the case.

Double Taxation Agreements:

To date, the Dominican Republic has signed two treaties to avoid double taxation, both following the OECD Model: one with Canada (1977) and another with Spain (2014). Among other objectives, these treaties generally provide relief from double taxation by limiting or eliminating taxes imposed by the contracting countries on income obtained by their respective residents.

With respect to income earned directly by foreign residents in the Dominican Republic, double taxation treaties often provide benefits such as the reduction or elimination of withholding taxes on Dominican-source income, provided that certain requirements and formalities are met.

Electronic Invoicing:

The Dominican Republic has established a mandatory electronic invoicing system regulated by the General Directorate of Internal Taxes (DGII), through which taxpayers must issue Electronic Tax Receipts (e-CF) in accordance with the implementation schedule set by the tax authority.

Electronic invoicing progressively replaces traditional printed tax receipts and allows for the issuance, transmission, validation, and digital storage of tax documents. Its objective is to strengthen tax control, improve the traceability of commercial transactions, and reduce tax evasion.

Companies must request authorization from the DGII to operate as electronic issuers and comply with the established technical requirements. Implementation may be carried out either by developing proprietary systems integrated with the DGII platform or by using authorized technology providers.

The process of incorporation into the system is gradual and mandatory, depending on the type and size of the taxpayer, including large taxpayers, medium-sized companies, small businesses, and microenterprises, in accordance with the deadlines established by current regulations.

For foreign companies starting operations in the Dominican Republic, compliance with the electronic invoicing regime constitutes an essential element of tax compliance from the beginning of their commercial activities.





LABOR REGIME

In the Dominican Republic, the provision of personal, subordinate, and remunerated services gives rise to the existence of an indefinite-term employment contract. Hiring employees does not require major prior conditions, except that the employee must have reached the legal working age, which in the Dominican Republic is 16 years old for labor purposes. Minors between 14 and 16 years old may work with the authorization of their parents—which must be notified to the Ministry of Labor—provided that the working day does not exceed six hours.

There are several types of employment contracts, including indefinite-term contracts, fixed-term contracts, contracts for a specific project or service, and seasonal contracts. Unlike what occurs in some other countries, the Dominican Republic does not establish a statutory probation period; however, after three months of service, employees become entitled to labor benefits (in cases of termination without cause or unjustified dismissal).

Employees are entitled to various labor rights, including a minimum wage, the Christmas bonus (thirteenth salary), a workday of eight hours per day or forty-four hours per week, a mandatory weekly rest period of 24 hours, national public holidays, and annual leave of 14 working days for each full year of service—which increases to 18 working days after five consecutive years of employment. Employees are also entitled to profit-sharing (bonificación), mandatory health social security, mandatory life insurance, sick leave, maternity leave, paternity leave, leave for serious illness, as well as collective rights such as unionization and the right to strike.

Termination of the Employment Contract

Termination of an indefinite-term employment contract: The indefinite-term employment contract, which is the most common type of employment relationship between employees and employers, continues over time without a defined termination date.

It may end without liability in two (2) situations: i) by mutual consent of the parties who wish to terminate the employment relationship; and ii) due to the impossibility of performing the contract, such as the death of the employee, the death of the employer followed by the definitive closure of the company, the employee's inability to continue providing services, the exhaustion of raw materials, or the bankruptcy of the company.

Termination of Fixed-Term Employment Contracts (Contracts for a Specific Period and Contracts for a Specific Project or Service): Employment contracts for a specific project or service terminate without liability for either party upon the completion of the project or the provision of the agreed service.

It should be noted that in this type of contract, if the employer employs the worker in two (2) different projects with an interval of less than two (2) months, the employment relationship is presumed to be indefinite from the beginning of the first project. Consequently, it will be subject to the provisions of the Dominican Labor Code applicable to indefinite-term contracts.





IMMIGRATION REGIME

Foreign nationals who enter the Dominican Republic in order to carry out temporary or permanent activities in the country are required to apply to the General Directorate of Migration for different immigration categories or statuses. Each of these classifications has a specific type of visa that regulates the stay or residence of foreigners in the country.

Below are the main immigration categories established under the General Migration Law No. 285-04 for foreigners in the Dominican Republic:

- Temporary Work Residence (RT-3): This immigration category is granted to foreigners whose intention to remain in the country is exclusively for employment purposes. It is valid for one year.
- Temporary Residence (RT-9): This category is granted to a foreign national who enters the Dominican territory with the purpose of temporarily residing in the country. It is valid for one year.
- Permanent Residence: This immigration category is granted to foreigners who have held temporary residence for at least five years. It is valid for four years. However, it is possible to apply directly for permanent residence without first obtaining temporary residence if the foreign national meets the requirements established for one of the following four special categories:
 - Investors with a participation of at least US\$200,000 in the capital of a Dominican company.
 - Retirees receiving a monthly pension of at least US\$1,500.
 - Rentiers with a minimum income of US\$2,000 per month for five years or more.
 - Spouses or children of Dominican nationals or foreigners with permanent residence in the Dominican Republic.
- Definitive Residence: This immigration category is granted to foreigners who have held permanent residence for more than ten years. It is valid for ten years.

For the hiring of foreign personnel, it is necessary to execute an employment contract, which must be drafted in four (4) originals: one for each of the parties and two to be submitted by the employer to the Department of Labor or the relevant local authority, within three (3) days from the date of execution.

Foreign Investment Regime

Foreign investment in the Dominican Republic is regulated by Law No. 16-95 on Foreign Investment, which establishes the principle of equal treatment between domestic and foreign investors. Under this regulation, foreign investors may:

- Own 100% of the capital of Dominican companies.
- Freely repatriate capital, dividends, and profits.
- Invest in virtually all economic sectors.

Foreign investments must be registered with the Center for Export and Investment of the Dominican Republic (ProDominicana).

Free Trade Zone Regime

The Free Trade Zone regime in the Dominican Republic is regulated by Law No. 8-90 on Export Free Zones. This regime is one of the country's main instruments for attracting foreign investment, offering incentives such as:

- Exemption from Corporate Income Tax.
- Exemption from import duties.
- Exemption from asset taxes.
- Exemption from municipal taxes.



Companies operating under this regime are mainly involved in sectors such as manufacturing, medical devices, technology, logistics, and services.

Logistics Centers and Logistics Warehouses

The Dominican Republic has a special regime for logistics centers, regulated by Law No. 56-07 on Incentives for the Development of Logistics Centers and Logistics Center Operating Companies.

This regime allows the establishment of logistics warehouses intended for the storage, consolidation, deconsolidation, and redistribution of goods, offering tax and customs benefits that position the country as an important regional logistics hub.

Conclusion

The Dominican Republic offers a solid, modern, and investment-friendly legal framework characterized by freedom of enterprise, equal treatment between domestic and foreign investors, regulatory stability, competitive tax incentives, and a strategic regional location. These factors position the country as an attractive destination for companies seeking to establish and expand their operations in the Caribbean and Latin America.



21



LEGAL GUIDE TO **DOING BUSINESS** IN **URUGUAY**



ALL
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PÉREZ DEL CASTILLO ESCRIBANOS - ABOGADOS

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How to Do Business in Uruguay?

Introduction

Uruguay is characterized by its political stability, legal certainty, and a middle-class population representing around 80% of the total, without major social contrasts. It is an open and accessible country that seeks to develop its potential while respecting its values and identity.

Types of companies in Uruguay

In Uruguay, foreigners are treated the same as nationals in legal and tax matters. Generally, a company is formed to start a business. The most commonly used legal forms are:

- **Sociedades Anónimas (SA):** Aimed at large-scale commercial or industrial activities. Their corporate purpose can be broad; the liability of shareholders is limited to the capital committed. The capital is represented by registered shares and there is no minimum or maximum, although it must be expressed in national currency. Management may be carried out by a board of directors or administrator appointed by the bylaws or the assembly, and may be a natural or legal person, local or foreign. At least two shareholders are required.
- **Limited Liability Companies (SRL):** Traditionally the option for small and medium-sized enterprises. It may have between two and fifty partners, who may be natural or legal persons of any nationality. The liability of the partners is limited to their capital contribution, and the capital is divided into shares.
- **Sole proprietorships:** The economic activity is carried out by an individual. They must register with the General Tax Directorate (DGI) and the Social Security Bank (BPS) to obtain a tax identification number (RUT) and company registration. They do not have their own legal personality or separate assets; the owner manages and represents the company with unlimited liability.
- **Simplified Joint Stock Companies (SAS):** Introduced in 2019 and quickly popular due to their low cost of incorporation and maintenance. They have no minimum or maximum capital. The capital is represented by registered shares that may or may not be transferable, and shareholders are only liable up to the amount committed, with express exclusion of liability for labor or tax obligations, unless the legal personality is declared unenforceable.



TAX REGIME

Companies incorporated in Uruguay are subject to the following taxes:

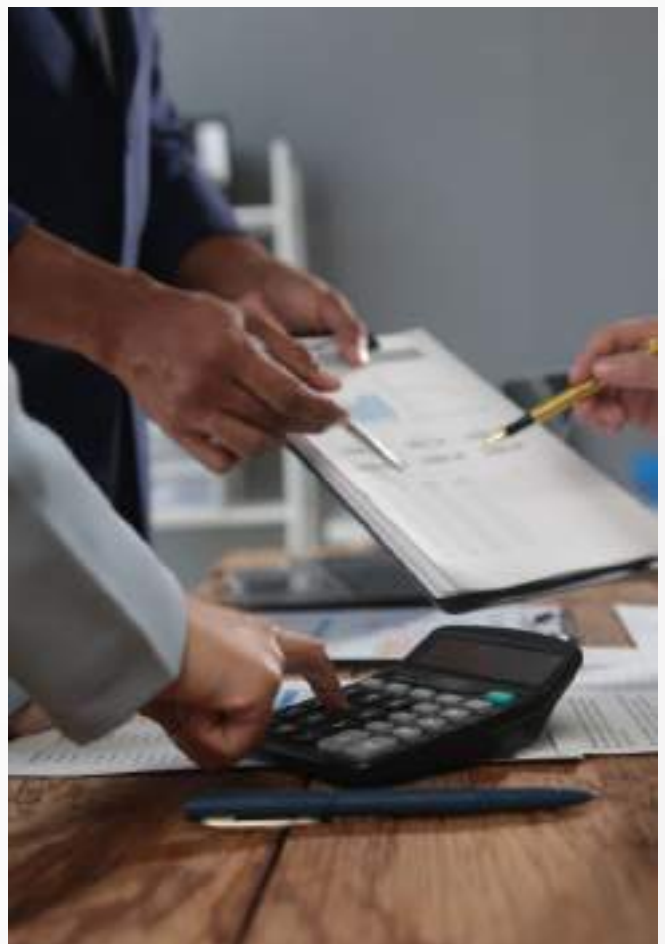
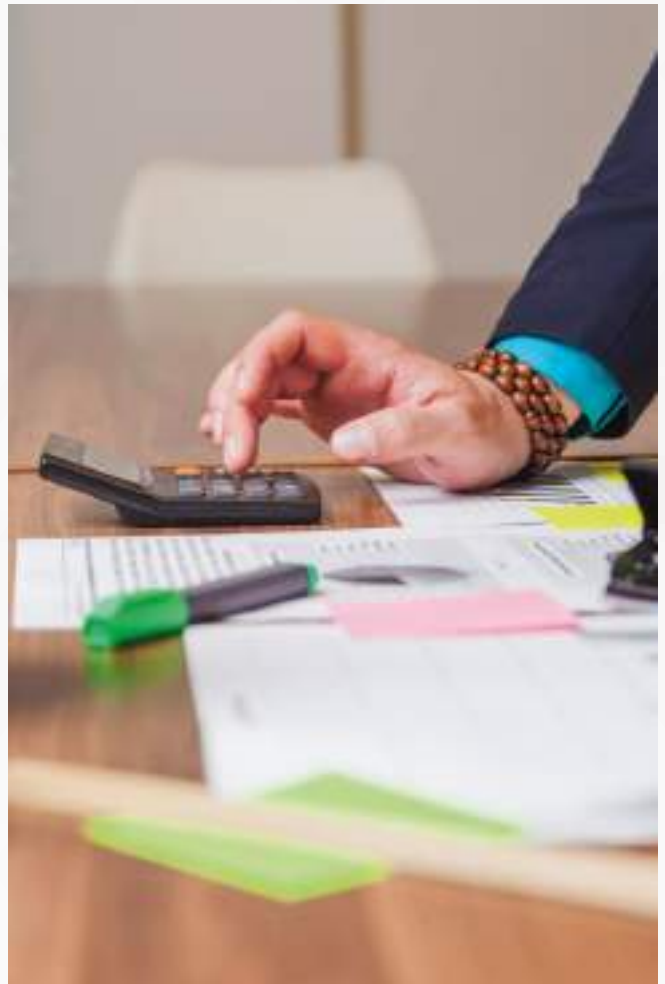
- Income Tax on Economic Activities (IRAE): Taxes the net income from Uruguayan sources of companies at a general rate of 25%. The source is territorial: income derived from activities carried out, assets located, or rights used economically in the country is considered Uruguayan source income. Since 2023, an extension of the source has been applied to certain passive income of multinational groups.
- Wealth Tax (IP): Taxed on the net wealth of entities at the end of the fiscal year on assets located in Uruguay. The rate for legal entities is 1.5%.
- Personal Income Tax (IRPF): For residents. It is divided into two categories: capital income (proportional rates up to 12%) and earned income (progressive rates from 10% to 36%).
- Non-Resident Income Tax (IRNR): Applies to Uruguayan-source income of non-resident individuals or entities without a permanent establishment, with rates between 7% and 12%, depending on the type of income.
- Withholdings on profit distributions: Companies act as withholding agents when distributing dividends to shareholders or partners, applying IRPF or IRNR at 7%. Fictitious dividends are withheld at 7% if the company accumulates taxable profits for more than three fiscal years. SRLs and SASs are not taxed on distributions as long as their income does not exceed 4,000,000 Indexed Units (approx. USD 580,000).

- Indirect taxes:

- Value Added Tax (VAT): Basic rate of 22% and minimum rate of 10% for certain goods and services. Exports and most agricultural products are zero-rated.
- Internal Specific Tax (IMESI): Applies to the first domestic sale of products considered luxury or discouraged (fuel, tobacco, beverages, cosmetics, automobiles) at variable rates.
- Property Transfer Tax (ITP): Levied on the sale of real estate and real rights at rates of 2% for the seller and buyer in onerous cases; 4% in other cases, except for direct heirs (3%).

Trading activities: Intermediation in the purchase and sale of goods located abroad (without origin or destination in Uruguay) or in services provided and used abroad may opt for a fictitious regime: 3% of the margin between the sale price and the purchase price is calculated as income, and the IRAE rate (25%) is applied, resulting in an effective tax burden of 0.75%. If the company carries out other activities, the general regime applies to that income.

Double taxation agreements: Uruguay has 39 agreements in force with 37 countries (in the cases of Chile and the United Kingdom, there are two agreements in force), 25 of which are double taxation agreements (DTAs) and 14 are agreements on the exchange of information in tax matters (AIIIs). The AEOI with the United States is the latest agreement signed to date (10/24/23) and the DTA with Brazil is the latest to enter into force (07/21/23).



Tene vigentes CDI con Brasil, Japón, Italia, Paraguay, Chile, Singapur, Gran Bretaña, Irlanda del Norte, Vietnam, Bélgica, Emiratos Árabes Unidos, Luxemburgo, Rumania, Finlandia, Corea, Malta, India, Suiza, Portugal, Liechtenstein, Ecuador, Alemania, España, México y Hungría. La finalidad de estos convenios es establecer mecanismos de distribución de jurisdicción tributaria de manera que través de estos se disponen reglas para determinar qué país tendrá la potestad de gravar determinada renta o patrimonio, consiguiéndose en la mayoría de los casos reducir la doble imposición.

Tax incentives for the promotion of investments (updated COMAP regime)

The investment promotion regime is governed by Law No. 16,906 and its regulations. For projects submitted to the Application Commission (COMAP), the general regime is regulated by Decree No. 329/025 and the evaluation criteria approved under that decree. The main benefits are:

- **IRAE exemption:** Up to 100% of the amount actually invested, subject to the indicator matrix (with caps and deadlines).
- **Wealth tax exemption:** For movable fixed assets throughout their useful life and civil works (8 years in Montevideo, 10 years in the interior of the country).
- **Exemption from import duties and taxes:** For fixed assets declared non-competitive with domestic industry.
- **VAT refund:** For purchases of goods and materials intended for civil works.

The project must be submitted to COMAP with a specific investment amount and commit to indicators that generate positive externalities. The matrix of general indicators includes job creation, territorial decentralization, increased exports, environmental sustainability, innovation and research (R&D), and a strategic indicator defined by sectoral ministries. The IRAE exemption cannot be less than 4 years and can be up to 25 years for projects with investments greater than 500 million UI (~\$85 million USD). In addition, if the project obtains at least 2 points in the R&D indicator, 2 additional years are added, respecting the maximum range. There are specific regimes for large construction projects, subsidized housing, industrial parks (where the IRAE benefit is increased to 15%), and sectors such as software, bioeconomy, and others.

Recognized industrial parks offer additional benefits to users, provided they carry out industrial, storage, and logistics activities, solar power generation, waste recovery, or ICT/biotechnology services.

As for the construction of large-scale economic projects, projects submitted before January 1, 2031, can obtain IRAE exemptions equivalent to 5%–40% of the eligible investment, depending on the location and characteristics.

The software industry enjoys IRAE exemptions for income from software licensing and development when production or a significant part of development is carried out in Uruguay, allowing for total exemption if this requirement is met.



Free Trade Zones (FTZ)

Uruguay has 12 free trade zones distributed across various departments. The objective is to generate employment, attract high-tech investments, decentralize, and promote international trade through a preferential tax regime. Free trade zones are administered by authorized developers. Direct users must enter into a contract approved by the Free Trade Zone Authority and submit an investment project that contributes to the objectives of the regime.

- Direct contracts have a maximum term of 15 years (industry) or 10 years (commerce and services); for indirect users, up to 5 years.
- The sole purpose of the companies must be to operate in the FTZ.
- At least 75% of the staff must be Uruguayan nationals (this requirement may be reduced to 50% for services with prior authorization).
- Users are exempt from all national taxes, except social security contributions. Dividends distributed are not subject to IRPF or IRNR as long as all activities are exempt from IRAE.

The substantive activity must be carried out within the ZF. Permitted activities include trade, storage, classification, fractionation, and assembly of goods; international sale and purchase of goods; industrial activities; and provision of services within and from the ZF to third countries. Foreign personnel may choose to pay IRNR instead of IRPF if they opt out of the Uruguayan social security system, which entails a fixed tax rate of 12% instead of the progressive IRPF rates.





EMPLOYMENT REGIME

The provision of personal, subordinate, and remunerated services in Uruguay generates an employment contract. Hiring requires legal age (18 years); minors between 15 and 17 years of age need parental authorization and authorization from the Uruguayan Institute for Children and Adolescents. Foreign workers must have regular residence (they cannot work as tourists).

Types of contracts: permanent employment contracts, part-time contracts, and fixed-term contracts (only once per worker). The legal trial period is three months; after that, the relationship becomes permanent and the worker is protected against arbitrary dismissal.

Labor rights: nominal minimum wage (~24,572 Uruguayan pesos effective January 1, 2026), maximum working day of 8 hours and 44 hours per week in commerce/offices and 48 hours in industry, mandatory weekly rest, national holidays, annual leave of 20 days per year worked, bonus (one twelfth of the salary, payable in June and December), severance pay for permanent contracts, overtime pay, unemployment, sickness, or accident benefits, maternity/paternity and study leave, family allowances, and access to collective bargaining, unionization, and strike action.

Social security contributions: employees contribute 15% for retirement, 3% for health insurance, and between 1.5% and 5% additional depending on family responsibilities; employers contribute 7.5% for retirement, 5% for health insurance, 0.1% to the Labor Retraining Fund, and 0.025% to the Labor Credit Guarantee Fund.



IMMIGRATION REGIME

Immigration and residency

Depending on their nationality, some people must apply for a visa at the Uruguayan consulate before entering the country. Authorizations are issued by the National Immigration Office. There are different categories of visas, such as tourism, business, work, study, family reunification, humanitarian, and conferences.

For those who wish to reside or work, the main categories are:

- Provisional Identity Card: Allows you to work for up to 180 days, extendable once.
- Temporary residence: Valid for up to 2 years for foreigners in general.
- MERCOSUR Temporary Residence: Up to 2 years for nationals of Argentina, Brazil, Paraguay, Bolivia, Chile, Ecuador, Peru, and Venezuela (and associates).
- Legal Permanent Residence: Valid for 3 years, with a Uruguayan document issued on the day of application. For MERCOSUR nationals and associates, the process can take up to 6 months.

Tax residence and tax holiday

Tax residence, in the case of Uruguay, serves to determine the tax to which a person is subject.

Tax residence in Uruguay determines the tax treatment applicable to individuals, including taxation on foreign-source income under personal income tax.

Under the current regime, income from foreign movable and immovable property (and certain capital gains linked to those assets) may be subject to personal income tax, with specific rules for determining income, credit for taxes paid abroad, and offsets.

For new tax residents, the impatriate regime (“tax holiday”) allows them to opt to pay IRNR on foreign capital gains during the year of change of residence and the following 10 years, provided that the regulatory conditions are met.

In operational terms, to access this option: (i) if tax residence is established by permanence (more than 183 days), no additional investment is required; (ii) if tax residence is established for other reasons, a qualified investment is required (for example, investment in real estate for more than UI 12,500,000 (approx. US\$2.1 million) or an annual investment in funds to finance productive projects, research, or innovation of at least UI 625,000, approx. US\$107,000), and (iii) not having been a tax resident in the previous two years, among other conditions.

Once the tax holiday period has ended, the current framework provides alternatives for the taxation of such foreign income (e.g., extension for additional years at a reduced rate and/or simplified fixed annual payment regime), subject to conditions and regulations.



22

LEGAL GUIDE TO **DOING BUSINESS** IN **VENEZUELA**



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Ponte Andrade & Casanova was founded in 2005. Its founders are Ignacio T. Andrade M. and Francisco A. Casanova S., who established the law firm Andrade Casanova in 1998, and Ignacio Ponte B., who practiced for more than 20 years at the law firm Rosales Ponte & Gonnella.

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How to Do Business in Venezuela?

Venezuela's economy, although it has been complicated in recent years, like many others, recent events reasonably allow us to consider that favorable changes will take place and that they will bring as a consequence a strong local and foreign investment in the country. In fact, it is already observed.

Indeed, even though the time that has elapsed is short, important and necessary measures have been taken for years. Among them is the recent reform of the law that regulates the hydrocarbons area and that will allow foreign companies to invest in the country, which has the largest proven oil reserves in the world, as well as in the area of liquefied gas. The most important companies have announced investments in the country and which will result in a sustained increase in the exploitation of oil and gas.

Likewise, and within the same objective, Congress is about to consider a reform of the law in the area of mining, which will inevitably bring more investors.

Hence, a growth of the economy and free trade are expected. Investments have also been announced to recover the electricity sector and Venezuela also has important hydroelectric resources. Another aspect is a temperate climate, fertile soils and extensive maritime coastline.

A significant number of franchises, both foreign and local, operate in the country and this sector has been reactivated in the last two (2) years.

In addition, in the matter of promoting foreign investments in productive areas, the principle is that the investment is first made and then registered with the competent Ministry. The scheme adopted, with certain variations, is based on the legal regime that the country had when it was part of the Cartagena Agreement.

Finally, within the context, Congress has already approved an amnesty law in the political aspect.

In summary, it is expected that in a short time the hydrocarbons, gas and mining sectors will be reactivated at a high level and this will lead to the growth of other related sectors, such as construction, real estate and commerce in general. As well as the financial sector and the stock market. In an economic and political environment that looks clearer.

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In order to be able to make an investment in Venezuela in accordance with the Commercial Code, the natural and/or legal person can do so through a company or corporation, the most usual, always with registered shares and not bearer, or through a limited partnership by shares, a limited liability company or cooperatives. Another option, through the figure of consortia and/or joint venture account contracts for specific projects. Typical of the hydrocarbons and gas sector. Finally, civil societies, especially in the case of professional services.

The requirements for the incorporation of public limited companies are not complex, it only requires the drafting of bylaws with the conditions agreed by the shareholders, defining how the share capital will be paid, an administration regime that can be very broad and with a duration that is now being limited by the authorities initially to 50 years but that can be extended by the shareholders.

We can point out that today in the vast majority of cases investments are made through anonymous companies and which in turn can establish branches, which are like a separate accounting unit from the company, but not distinct and are sometimes used to separate activities. While a subsidiary is to create another company majority-owned by the parent company.

As in other legislations, the company and/or corporation comprises a certain number of shareholders. It may, however, after its incorporation be one (1) only, with a share capital whose amount will depend on the activity to be carried out and as we pointed out above is set by the Mercantile Registry before which the company is incorporated.



The procedures before the Mercantile Registry are done electronically and also in person.

In the country there is free convertibility of the currency at the official rate set daily by the Central Bank of Venezuela. Subsequently, the company must obtain its registration in the tax information registry and register its investment.

The process in the Mercantile Registry is not excessively long and depending on the economic activity to be carried out, it could also be required to obtain a license to operate in the sector from the Municipal Council where it operates.

Nowadays there are few activities reserved for the State and/or national investors and they have mostly to do with the exploitation of oil, its derivatives or some other type of mineral. But even in those cases, the Government, with the new reform of the law, can grant concessions to individuals or joint projects. In fact, this has happened with regard to the hydrocarbon area, in all its phases and with various minerals, especially gold, diamond and coltan.





TAX REGIME

In relation to the taxes that the company must pay, Venezuela has an income tax law that is calculated taking into account the net result of all the activities that the taxpayer obtains, which comes from subtracting from the gross income all those deductions, expenses and production costs as defined by the current Income Tax Law and its Regulations. The highest rate is an average of 34%. There are several modalities for the payment of income tax.

The general approach of the compound is that the taxpayer pays tax on everything that is an effective income. However, in relation to natural persons, the Constitutional Court in 2007 established that they only pay tax on the normal salary they earn and which results in the extraordinary income of the employment relationship being excluded from their income. The law extends its effects to the taxpayer's income both in the country and abroad.

There is an Organic Tax Code that regulates tax processes and contemplates various penalties as well as delimits the inspection process, reparations and establishes tax offenses in general as well as the formal duties of taxpayers. The Code was reformed in 2020 and the penalties, in particular, were increased as well as its method of calculation and adjustment. In this sense, some are calculated with the foreign currency of greater value at the time of payment. It is foreseen within the new regulations that it be reformed to reduce penalties.

Another important tax is the value added tax, of an indirect type and currently with an aliquot of 16%. Paid by the recipients in relatively very short periods.

As in other countries, the value added tax is passed on to the consumer, for exports it is zero (0) and is generally applied to the provision of services, the sale of all goods, except real estate. But there are exonerations and exemptions.

There are also special taxes on the sale of alcohol and its derivatives and on tobacco.

There are also various parafiscal contributions related to science and technology, anti-drug plans, sports, recruitment of personnel, housing, social security, educational training, among others.

In turn, as briefly indicated, another important fiscal consideration is the payment to the Municipal Councils for the activity carried out by the taxpayer in the territorial jurisdiction of the same, the so-called license for economic activities. A percentage is paid for the gross income of the taxpayer in the fiscal period as established by the respective Ordinance.

Recently, the Assembly agreed to reform a law already in force, which also affects the so-called financial transactions and the use of foreign currency in operations. With a maximum rate of 3% per operation. But it is feasible that it can be repealed within the new policies of the Executive.

Likewise, in 2024, a law was approved that created a tax of 9% of the amount of the monthly payroll to be paid by private companies. It is also expected to be repealed as part of the new policy to attract investment.

Even though Venezuela is a federation theory, the political and legal reality is that the States as such do not have greater or are not significant tax powers and the greatest impact is on the National Executive or the Municipal Power.

Finally, Venezuela has signed various agreements to avoid double taxation. Such as Germany, Spain, France, Italy, the Netherlands, Belgium, Australia, the Czech Republic, Denmark, Switzerland, Norway, Sweden, Russia, Saudi Arabia, the United Arab Emirates, Vietnam, Malaysia, Qatar, Korea, Austria, Kuwait, Iran, Brazil, China, Canada, Indonesia, Barbados, Portugal, the United States of America, among others.





LABOR REGIME

In Venezuela, the labor framework is regulated by the Organic Law of Labor, Workers and its Regulations. While in the field of occupational safety and health, by the Organic Law on Prevention, Conditions and the Work Environment and its Regulations.

The Organic Law on Labor, Workers and Workers provides that if there is subordination, remuneration and provision of services, as classic concepts, there is an employment relationship that can be for a fixed or indefinite period, piecework or other special modalities. Such as sports or away, among others. It prohibits outsourcing but the reality is that, in practice, this is not possible.

The legislator limits that relationship that is for a fixed period of time and in any case may not exceed two (2) years, except in special cases, and gives preference to employment contracts for an indefinite period.

The probationary period is 30 days and since 2002 there has been a labor immobility that benefits all workers hired for an indefinite period. Once the probationary period has been completed and who is not one of those who the law calls a management worker. That is, the one who participates in or plans the company's policies and can represent or replace it before third parties. Therefore, there is a cost to dismiss a person who is under the protection of irremovability and it is usually a complicated process. This regulation, however, is being evaluated to modify it.

There is also the possibility of a reduction in personnel but it must be previously approved by the Executive, or the suspension of employment contracts with minimum salary payment or reduced. The latter process has been accepted by the Executive on occasions for years in certain sectors affected by economic circumstances.

Minors can work but require prior permission from the Labor Inspectorates.

The daytime working day is 5 days a week and 2 days of mandatory rest and 40 hours a week. The mixed working day of 37.50 hours and the night shift of 30 hours. The Organic Law on Labor, Workers and Workers also establishes the holidays per year together with the Law on National Holidays.

For vacations after the first year, there are 15 working days and 1 additional working day for each year of service up to a maximum of 30 days. Vacation bonus of 15 days and with a maximum of 30 continuous days. The normal salary for the time of enjoyment must be used for payment and if it was not made during the course of the employment relationship, at the end of it it must be paid with the last normal salary earned and the same happens with the vacation bonus.

Profits range from a minimum of 30 days to 120 days as the maximum legal limit and with the average salary earned in the respective fiscal year. However, we have customers who pay more than 120 days of profits. Its payment is normally made at the end of the year, although legally the employer can do so after the end of its fiscal year and the profit obtained is determined.

Likewise, the law contemplates a somewhat more complicated regime for the payment of social benefits. There is a first scheme or the so-called old one, by which the employer calculates and credits in his accounting, but not paying, 15 days for every 3 months with the last salary of the quarterly period. Which gives a total of 60 days per year.

In turn, the so-called new system establishes 30 days per year, but at the end of the employment relationship it is adjusted to the last salary. While in the other system, as explained, the adjustment is not made. Therefore, in most cases and in view of the economic situation, normally the system that is applied, cannot be both at the same time, is the new one due to the retroactive effect and with a fairly broad salary concept, although the Social Cassation Chamber of the Supreme Court of Justice has lately had a different interpretation and has pointed out that various concepts, as they remain and/or subsidies, which are not part of the salary and which has brought a significant modification of working conditions.



In the case of social benefits, the worker in certain cases has the power to request advances or even loans.

Another extremely important aspect of the Organic Law on Labor and Workers is that in the event of an unjustified dismissal and if the worker enjoys irremovability, as stated, the employer will be obliged to pay the worker compensation equivalent to what would correspond to him or her for social benefits. That is, a double payment of it.

The Organic Law on Labor, Workers and Workers also regulates overtime or overtime, it is limited, what concerns social security, irremovability during the period of pregnancy and after it, child care, rest, scholarships, studies, obligation to deliver work equipment, if applicable, among other aspects. It also covers all matters relating to trade unions and collective agreements. Until a

few years ago, the trade union sector was very strong in the country, from every point of view, but today that situation has changed and the level of discussion and signing of collective agreements has dropped and in most cases the agreements between employers and workers are simply to renew them and only discuss economic aspects.

The reality is that it has proposed in view of the current circumstances that the Organic Law of Labor, Workers and Workers must be updated and it is one of the pending issues between the Executive, the employers and the workers that must be resolved as soon as possible. But it can be noted that in view of the current criterion of the Supreme Court of Justice in the matter, the labor market is being indirectly reformed.

The Organic Law on Labour and Workers, except in certain exceptional cases, is applicable only in the territory of Venezuela.

Also during the course of the employment relationship, the employer and the worker must contribute to the Venezuelan Social Security Institute, but low percentages and this leads to deficiencies in the service.

Labor costs will depend on the level of wages paid and other conditions that the employer may have. Either through a collective agreement or through some type of particular agreement. The foregoing is derived from the fact, as already explained, that the Organic Law on Labor, Workers and Workers itself imposes that the payment of social benefits under the new system be adjusted and retroactively for the duration of the employment relationship to the last salary. In other words, an increase can have a significant impact and this has led to the situation that today the payment of the formal salary has been sharply reduced and subsidies or other types of concepts and a part of what has been considered salary are paid in accordance with rulings of the Supreme Court of Justice.

There is no obligation for the worker to be affiliated to a Union but he must be before the Venezuelan Institute of Social Security.

In turn, the Organic Law on Prevention, Conditions and the Work Environment and its Regulations regulate, in a fairly extensive manner, the minimum safety and health conditions that must exist in any employment relationship, the regular and supervisory bodies, taking into account the activity of the employer and the functions carried out by the worker. as well as to ensure that they have or are provided with their work tools and that all protection measures are taken to avoid, as far as possible, the occurrence of work accidents or a possible occupational disease. The National Institute for Occupational Prevention, Health and Safety (INPSASEL) is the governing body.

The Organic Law on Prevention, Conditions and the Work Environment also establishes in its regulations various rights and obligations, both of the employer and the worker and the respective sanctions, the severity of which will depend on the nature of the offense committed.





IMMIGRATION REGIME

Finally, in the migratory aspect to provide services in Venezuela a person needs a special visa. It is not possible to provide services of any nature with a tourist visa.

The Organic Law on Labor, Workers and Workers requires that all employment relationships, whether with natural persons from Venezuela or abroad, must be in writing. Likewise, it reserves certain positions for exclusively workers with Venezuelan nationality, such as Head of Industrial Relations, Human Resources, captains of ships and/or aircraft, unless there are exceptional circumstances and to be a director of a company it is necessary to have an investor or business visa, it is obtained outside the country, or resident. It was also usual to appoint foreign nationals as members of a company's Board of Directors, but that was modified in the sense already indicated as of 2014.

In order to work in the country the company for which it gives a worker must request, with a prior offer, a permit from the Ministry of People's Power for the Social and Productive Development of Labor. Which may vary depending on the position. If approved, a first visa is granted to someone who is considered a labor migrant and which can then be requested to be granted a resident visa, with a longer duration.

Within migration policies, preference is given to Latin American and/or Spanish-speaking countries, among other aspects.

There is no respective migration policy and the reality is that normally the authorities only ask for an explanation of reasons for working in the country and if they are already incorporated companies, the process is even faster. For labor purposes, an amount of investment to be made in the country is not required. The permit is granted for the activity to be carried out.

It is equally important to note that Article 27 of the Organic Law on Labor, Workers and Workers states that 90% of the personnel of a company or work entity with more than 10 workers must be Venezuelan. Also, the payment of remuneration to foreign personnel shall not exceed 20% of the total remuneration paid to the rest of the other workers.

The same article 29 of the Organic Law on Labor, Workers gives preference in the hiring of foreign personnel when they have children born in the country or married to Venezuelans, or are residents in the country for more than 5 continuous years.

The administrative process in the immigration process is not very complicated. It is carried out entirely before the autonomous immigration and aliens service.



23

LEGAL GUIDE TO **DOING BUSINESS** IN **VIETNAM**



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How to Do Business in Vietnam?

Vietnam is a land of opportunity, welcoming foreign investment with open arms. To make the most of your venture in this dynamic economy, it's crucial to understand the local legal and business environment. This guide walks you through the key elements of setting up and running a business in Vietnam.

Selecting the Right Corporate Structure

Choosing the best business type is a critical first step. Vietnam offers six main options, each with unique advantages and considerations:

1. Representative Office (RO)

For businesses exploring the market, an RO is a great choice. It allows for market research, establishing local connections, and acting as a liaison for the parent company—all with minimal investment. ROs are quick to set up (6–8 weeks) and come with fewer regulatory burdens since they don't generate revenue. An RO license is valid for five years and can be extended.

2. Limited Liability Company (LLC)

An LLC is the most popular choice for foreign investors. It offers flexibility, limited liability, and no strict minimum capital requirements, although USD 10,000 is often sufficient. Ownership can be structured as single-member or multi-member LLCs, with private individuals or companies as stakeholders. Establishing an LLC takes about 18 business days, split between investment and enterprise registration certificates.

3. Branch Office (BO)

A BO is ideal for service-based businesses and allows hiring, profit remittance, and direct operations in Vietnam. It requires an establishment license and a local branch manager. The setup process typically takes 7 working days, excluding approvals.

4. Joint Venture (JV)

For industries like telecommunications, transportation, and gaming, JVs enable foreign investors to partner with local entities. Foreign ownership starts at 30% but can exceed 50% in most cases. While establishing a JV takes 3–6 months, including due diligence, it opens doors to sectors requiring local collaboration.

5. Public-Private Partnership (PPP)

Aimed at infrastructure development, PPPs allow collaboration with the Vietnamese government. From highways to power plants, options include Build-Operate-Transfer (BOT) and Build-Lease-Transfer (BTL) agreements.





TAX REGIME

Tax and Accounting Framework

Vietnam's tax environment is structured to support business growth while ensuring compliance.

Corporate Income Tax (CIT)

- Standard rate: 20%.
- Applicable to profits after expenses, including foreign corporations with operations in Vietnam.

Value-Added Tax (VAT)

- Rates: 0%, 5%, and 10%.
- Applied to goods and services at all stages of production and distribution.

Vietnam's National Assembly has approved extending the 2 percent VAT reduction. Goods and services subject to the 10 percent VAT rate will continue to enjoy the 2 percent reduction to the end of 2026.

Foreign Contractor Withholding Tax (FCT)

- CIT: 0.1–10%, VAT: 2–5%, PIT: 0.1–5%.
- Targeted at foreign entities operating under contracts with Vietnamese companies.

Personal Income Tax (PIT)

- Residents: Progressive rates from 5% to 35%.
- Non-residents: Flat rate of 20% on Vietnam-sourced income.

Customs Duties

Import/export tariffs depend on the type and volume of goods, adhering to Vietnam's trade agreements.

Business License Tax (BLT)

"BLT is a direct tax imposed on entities conducting business activities in Vietnam and is paid annually.

Note: According to Resolution No. 198/2025/QH15 dated May 17, 2025, the BLT will be eliminated starting January 1, 2026, to ease the financial burden on businesses, streamline administrative procedures, and promote investment and business growth in Vietnam. However, no decree has yet been issued to revoke the current decree that governs this type of tax.





LABOR REGIME

Understanding Labor Laws

Vietnam's labor framework balances business needs with employee welfare:

Working Hours and Overtime

- Regular hours: 8 hours/day, 48 hours/week.
- Overtime: Capped at 300 hours/year for select industries.

Employment Contracts

- Two types: Definite (up to 36 months) and Indefinite.
- E-contracts are officially recognized alongside traditional formats.

Minimum Wages

- State employees: VND 2,340,000 (~USD 93).
- Non-state employees: Varies by region and industry.

“Non-state employees: The Regional Minimum Wage applies based on living standards in the areas where employers operate. Vietnam has officially updated the regional minimum wage for contract-based workers under Decree No. 293/2025/ND-CP, effective January 1, 2026.”

Benefits for Female Employees

- Mothers with children under 12 months: 60-minute daily breaks.
- Additional menstrual leave and protections during pregnancy.

Hiring Foreign Employees

Foreign hires are permitted for managerial and expert roles. Companies must demonstrate the need for foreign talent and follow the work permit process, which takes 4–6 weeks.

Dispute Resolution and Compliance

Labor disputes, often involving contracts or unfair dismissal, require adherence to the Labor Code and internal resolution mechanisms. When these fail, external arbitration or legal action may be necessary.

This guide provides a comprehensive overview of key considerations for foreign investors looking to establish and operate a business in Vietnam. It covers essential aspects of corporate structures, governance, taxation, and employment regulations. As Vietnam's legal and business environment continues to evolve, foreign investors are advised to stay informed about the latest developments and seek professional assistance when navigating the complexities of doing business in Vietnam.





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