



## GUATEMALA – 2009 BUSINESS ENVIRONMENT

---

**Currency:** Guatemalan Quetzal (GTQ)

**Foreign exchange control:** No

**Accounting principles/financial statements:** IFRS. Audited financial statements must be filed annually (under the optional income tax regime).

**Principal business entities:** These are the branch of a foreign entity, stock corporation (*sociedad anónima*), limited partnership by share (*sociedad en comanditapor acciones, SCA*) and limited liability company (*sociedad de responsabilidad limitada*).

The most common form of business organisation is the *sociedad anónima* (ie stock company), which must have at least two shareholders and may be wholly owned by non-residents. The other main corporate form is the *sociedad de responsabilidad limitada* (ie limited liability company), which is limited to 20 partners and whose managing director must be a resident of Guatemala.

Businesses operating as a branch must deposit operating capital with an authorised bank.

Establishment of a firm (whether resident or non-resident) requires registration with the Ministry of Finance within a month of the investment.

### TAX ID NUMBER

NIT number: 500502-7

**Structure:** The NIT number has several digits (from 2 up to 6 some cases 7, variable); it has no letters nor special characters.

500502: The first digits before the division line identify sequentially the particular code and has no specific range or order.

7: The last digit is always the verification code.

The NIT number is Unique for all the country.

The tributary number of identification (nit) is assigned to each person or organization that registers in the Unified Tributary Registry, And is given in addition a credential, certificate or card of inscription that holds the data that the local regulation establishes.

The NIT is to be used in all the mercantile relations, labor employer's associations, financial transactions, administrative and judicial managements in all operation or act of similar kind that is charged with some tax or that takes place before the offices administrators of taxes.

### Corporate taxation:

**Residence** – A corporation is resident in Guatemala if it is incorporated in Guatemala.

**Basis** – Guatemala operates a territorial system where income tax is levied only on Guatemalan-source income. Resident companies may opt to be taxed under (1) the general regime, where a flat 5% tax is imposed on monthly gross income; (2) or the optional regime, where tax is levied at a rate of 31% on net taxable income.

**Taxable income** – A company that elects to be assessed under the optional tax regime is required to calculate taxable income as gross income less necessary costs and expenses, plus nondeductible expenses, less tax credits.

**Taxation of dividends** – Dividends received by residents from profits that have been subject to income tax at the corporate level are exempt from further taxation.

**Capital gains** – Capital gains are taxed at 10% under the general income tax regime and 31% under the optional tax regime.

**Losses** – Ordinary losses may not be carried forward or back. Under the optional tax regime, however, capital losses may be carried forward 5 years to offset capital gains.



## GUATEMALA – 2009 BUSINESS ENVIRONMENT

---

**Rate** – The rate is 5% on gross income under the general income tax regime and 31% on taxable income under the optional regime.

**Surtax** – No

**Alternative minimum tax** – A temporary tax, the ISO is applicable to agricultural companies at a rate of 1% on total assets or income, whichever is greater.

**Foreign tax credit** – No

**Participation exemption** – No

**Holding company regime** – No

**Incentives** – In addition to free zones, various incentives are available, including those for the promotion of mining, exports and tourism.

### Withholding tax:

**Dividends** – Dividends paid to nonresidents are not subject to withholding tax, provided the distributed profits were taxed at the corporate level. Otherwise, the withholding tax is 10%.

**Interest** – Interest paid to nonresidents is subject to a 10% withholding tax.

**Royalties** – Royalties paid to nonresidents are subject to a 31% withholding tax.

**Branch remittance tax** – No

### Other taxes on corporations:

**Capital duty** – No

**Payroll tax** – No

**Real property tax** – Real estate tax is imposed at progressive rates up to 0.9%.

**Social security** – Social security contributions must be made by the employer at a rate of 12.67% of an employee's annual salary.

**Stamp duty** – Stamp tax is levied on various documents at a rate of 3%. The stamp tax does not affect contracts or documents relating to VATable transactions because double taxation is prohibited.

**Transfer tax** – No

**Other** – No

### Anti-avoidance rules:

**Transfer pricing** – No

**Thin capitalisation** – No

**Controlled foreign companies** – No

**Other** – No

**Disclosure requirements** – No

### Administration and compliance:

**Tax year** – Calendar year

**Consolidated returns** – There are no provisions for group taxation; each entity must file a separate return.

**Filing requirements** – An annual income tax return is due 3 months after the close of the previous tax period (i.e. March).

**Penalties** – Penalties are imposed for late filing, failure to file, under-reporting or tax avoidance/evasion.

**Rulings** – Taxpayers may request a ruling on the tax consequences of transactions in which they have a



## GUATEMALA – 2009 BUSINESS ENVIRONMENT

---

direct interest. A binding ruling must be issued no later than 60 working days after submission of the request.

### Value added tax:

Taxable transactions – VAT applies to most sales of goods, the provision of services and imports.

Rates – The standard VAT rate is 12%. Registration – Registration for VAT purposes is generally required upon incorporation.

Filing and payment – Entities are required to file monthly returns.

Source of tax law: Income Tax Law (Decree No. 26-92) and regulations; Value Added Tax Law (Decree No. 27-92) and regulations; IETAAP Law (Decree No. 19-04)

Tax treaties: Guatemala has not concluded any double tax treaties.

Tax authorities: Superintendent of Tax Administration

International organisations: Dominican Republic and Central America Free Trade Agreement; Central America agreement with Dominican Republic, Chile, Panama and Colombia; member of MCCA (Mercado Comun Centroamericano).

---

For further information about this issue, please contact: [info@crlacorp.com](mailto:info@crlacorp.com)

✚ CREDIT REPORT through the years:

1964



1994



2004



2007

---

Please be advised that this information from CREDIT REPORT LATIN AMERICAN SAC. (Credit Report) are supplied on the condition that they shall be held in strict CONFIDENCE, and shall never be revealed in any manner to the individuals discussed in this report, or any other without permission of CREDIT REPORT LATIN AMERICAN SAC. Further, the information is to be used only for purpose of extending credit, insurance, entering contractual relationships, and for no other. The information presented here was gathered from sources deemed reliable, but is no way guaranteed, and CREDIT REPORT LATIN AMERICAN SAC. cannot ensure the accuracy thereof, and shall not be liable for any loss or injury from any cause whatsoever.