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# **KEY TAX DEVELOPMENTS IN LATIN AMERICA**



# ARGENTINA



**AREA:** 2.780.092 km<sup>2</sup>

**CAPITAL:** Buenos Aires

**POPULATION:** 40 million (2010 estimate)

**CURRENCY:** Argentine Peso

**OFFICIAL NAME:** Argentine Republic

**NACIONALITY:** Argentina

**NATIONAL DATES:** May 25 (May Revolution) and June 9 (Independence Day)

**GOVERNMENT:** Presidential Republic

**PRESIDENT:** Cristina Fernandez de Kirchner

# ARGENTINA - Highlights

## National Level Tax Rates:

Corporate Income Tax:	35%
Capital Gains Tax:	Regular corporate income tax rate
Branch Profits Tax:	35%
Dividends Tax:	0%
Withholding Taxes on:	
- Interest:	15.05% / 35%
- Royalties:	21% / 28% / 31.5%
- Other Services:	31.5%
Tax losses carry-forward term:	5 years
Transfer Pricing Rules:	OE CD like
Tax-free Reorganizations:	i) mergers; ii) divisive reorganizations, and iii) sales and transfers within an economic group.

# ARGENTINA - Highlights



## National Level Tax Rates:

VAT on Sales:	21%
VAT on Services:	21%
VAT on Imports:	21%
Custom Duties:	from 0% to 35%
Excise Taxes:	4% to 70%
Bank Debits and Credits (Transfers) Tax Rate:	0.6%
Personal Assets Tax:	0.5%

## Local Level Tax Rates:

Stamp (Documentary) Tax:	1%
Gross Turnover Tax:	1% to 3%
Real Estate Tax:	1.5%

# ARGENTINA – Treaty Taxation

## ITEMS OF INCOME:

<b>Countries</b>	<b>Interest</b>	<b>Dividends</b>	<b>Royalties</b>
Australia	12%	10/15%	10/15%
Austria	Repealed as of 1.1.09	Official Gazette: 7.22.08	
Belgium	12%	10/15%	3/5/10/15%
Bolivia	No limits	No limits	No limits
Brazil	No limits	No limits	No limits
Canada	12.5%	10/15%	3/5/10/15%
Chile	No limits	No limits	No limits
Denmark	12%	10/15%	3/5/10/15%
Finland	15%	10/15%	3/5/10/15%
France	20%	15%	18%

# ARGENTINA – Treaty Taxation

## ITEMS OF INCOME:

<b>Countries</b>	<b>Interest</b>	<b>Dividends</b>	<b>Royalties</b>
Germany	10/15%	15%	15%
Great Britain	12%	10/15%	3/5/10/15%
Italy	20%	15%	10/18%
Netherlands	12%	10/15%	3/5/10/15%
Norway	12.5%	10/15%	3/5/10/15%
Russia	15%	10/15%	15%
Spain	12.5%	10/15%	3/5/10/15%
Sweden	12.5%	10/15%	0/3/5/10/15%
Switzerland	12%	10/15%	0/3/5/10/15%

## **LATEST TAX DEVELOPMENTS:**

- 2010 and 2011 transfer pricing rules and litigation.
- Tax authorities attacks on the agricultural industry.
- Other tax rulings of the Supreme Court.



# BRAZIL

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**AREA:** 8.514.876,599 km<sup>2</sup>

**CAPITAL:** Brasilia

**POPULATION:** 190.732.694 million (2010 census)

**CURRENCY:** Real

**OFFICIAL NAME:** Federative Republic of Brazil

**NACIONALITY:** Brazilian

**NATIONAL DATES:** September 7 (Independence Day) and November 15 (Republic Day)

**GOVERNMENT:** Presidential Republic

**PRESIDENT:** Dilma Roussef

# BRAZIL - Highlights

## National Level Tax Rates:

Corporate Income Tax (IRPJ )	25%
Social Contribution on Net Profit (CSLL)	9%
Capital Gains Tax	25%
Branch Profits Tax	25%
Dividends Tax	0%
Withholding Taxes on	
- Interest	15%
- Royalties	15%
- Technical Assistance	15%
- Technical Services	15%
- Administrative Assistance Services	15%
- Other Services	25%
- Remittances to “tax havens”	25%

# BRAZIL - Highlights



## National Level Tax Rates:

Tax losses carry-forward term	unlimited years
Tax losses carry-back term	not applicable
Transfer Pricing Rules	Yes
Custom Duties (II)	from 0% to 35%
Excise Tax (IPI)	from 0% to 330%
Contribution for the Social Integration Program (PIS)	
- Non-cumulative system	1.65%
- Cumulative system	0.65%
Contribution for Social Security Funding (COFINS)	
- Non-cumulative system	7.6%
- Cumulative system	3%
Tax on Financial Transactions (IOF)	from 0% to 25%
Tax on Rural Property (ITR)	from 0.03% to 20%

# BRAZIL - Highlights

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## Local Level Tax Rates:

VAT on Sales and Services (ICMS)	from 7% to 38%
Tax on Services (ISS)	from 2% to 5%
Tax on Urban Property (IPTU)	from 1% to 1.5%
Tax on Vehicles' Ownership (IPVA )	from 1.5% to 4%
Tax on Real Estate Transfer (ITBI)	2%
Tax on Donation and Inheritance (ITCMD)	from 4% to 8%

# BRAZIL - Highlights

## Import Taxes:

### Imports of services

- Withholding Income Tax (WHT)	15 % or 25%
- ISS	from 2% to 5%
- PIS-Import	1.65%
- COFINS-Import	7.6%
- Economic Intervention Contribution (CIDE)	10%
- IOF	0.38%

### Imports of goods

- II	from 0% to 35%
- IPI	from 0% to 330%
- ICMS	from 17% to 38%
- PIS-Import	1.65%
- COFINS-Import	7.6 %

# BRAZIL – Treaty

## Taxation

### ITEMS OF INCOME:

<b>Countries</b>	<b>Interest</b>	<b>Dividends</b>	<b>Royalties</b>	<b>Technical Services</b>	<b>Technical Assistance</b>
Argentina	15%	0%	15%	15%	15%
Austria	15%	0%	10/15%	15%	15%
Belgium	10/15%	0%	10/15%	10%	10%
Canada	10/15%	0%	15%	15%	15%
Chile	15%	0%	15%	15%	15%
China	15%	0%	15%	15%	15%
Czech Rep.	10/15%	0%	15%	15%	15%
Denmark	15%	0%	15%	15%	15%
Ecuador	15%	0%	15%	15%	15%
Finland	15%	0%	10/15%	15%	15%

# BRAZIL – Treaty

## Taxation

ITEMS OF INCOME:

<b>Countries</b>	<b>Interest</b>	<b>Dividends</b>	<b>Royalties</b>	<b>Technical Services</b>	<b>Technical Assistance</b>
France	10/15%	0%	10/15%	15%	15%
Hungary	10/15%	0%	15%	15%	15%
India	15%	0%	15%	15%	15%
Israel	15%	0%	10/15%	10%	10%
Italy	15%	0%	15%	15%	15%
Japan	12.5%	0%	12.5/15%	12.5%	12.5%
South Korea	10/15%	0%	10/15%	10%	10%
Luxembourg	10/15%	0%	15%	15%	15%
Mexico	15%	0%	10/15%	10%	10%
Netherlands	10/15%	0%	15%	15%	15%

# BRAZIL – Treaty

## Taxation

ITEMS OF INCOME:

<b>Countries</b>	<b>Interest</b>	<b>Dividends</b>	<b>Royalties</b>	<b>Technical Services</b>	<b>Technical Assistance</b>
Norway	15%	0%	15%	15%	15%
Peru	15%	0%	15%	15%	15%
Philippines	15%	0%	15%	15%	15%
Portugal	15%	0%	15%	15%	15%
Slovak Rep.	10/15%	0%	15%	15%	15%
South Africa	15%	0%	10/15%	10%	10%
Spain	10/15%	0%	10/15%	10%	10%
Sweden	15%	0%	15%	15%	15%
Ukraine	15%	0%	15%	15%	15%



## **LATEST TAX DEVELOPMENTS:**

- Thin capitalization rules.
- Transfer pricing rules.
- Substance over form.
- Public System of Digital Accounting (SPED)
- Transitory Tax Regime (RTT)

# CHILE



**AREA:** 756.626 km<sup>2</sup>

**CAPITAL:** Chile Santiago

**POPULATION:** 17,09 million (2010 estimate)

**CURRENCY:** Chilean Peso

**OFFICIAL NAME:** Republic of Chile

**NACIONALITY:** Chilean

**NATIONAL DATE:** September 18 (Independence Day)

**GOVERNMENT:** Presidential Republic

**PRESIDENT:** Sebastián Piñera

# CHILE - Highlights

## National Level Tax Rates:

Corporate Income Tax

(First Category Tax): 17%

Capital Gains Tax: 17%

Branch Profit Tax: 35%

Dividend tax: 35%

Withholding Taxes on:

- Interest: 35% or 4%

- Royalties: 15% or 30%

- Technical Assistance: 15% or 20%

- Other Services: 35%

- International leasing: 1,75%

Tax loss carry-forward term: No time limit

Tax loss carry-back term: No time limit

Transfer Pricing Rules: Yes

Tax-free Reorganizations: Mergers, stock-for-stock, divisions,  
changes of the legal characteristics

# CHILE - Highlights



## National Level Tax Rates:

VAT on Sales:	19%
VAT on Services:	19%
VAT on Imports:	19%
Customs Duties:	6% flat rate
Stamp (Documentary) Tax:	0.05 up to 0.6%
Real Estate Tax:	15 per thousand on fiscal appraisal value %

## Local Level Tax Rates:

Municipal Tax: 2 to 5 X mil

# CHILE – Treaty Taxation

## ITEMS OF INCOME:

<b>Countries</b>	<b>Interest</b>	<b>Dividends</b>	<b>Royalties</b>	<b>Tech. Services and Assistance (Local Rules are Applicable)</b>
Argentina	4/35%	35%	15/30%	15/20/35%
Belgium	5/15%	0/15%	5/10%	15/20/35%
Brazil	15%	10/15%	15%	15/20/35%
Canada	10/15%	35%	10%	15/20/35%
Croatia	5/15%	5/15%	5/10%	15/20/35%
Colombia	5/15%	0/7%	10%	10%
Denmark	5/15%	5/15%	5/10%	15/20/35%
Ecuador	5/15%	5/15%	10%	15/20/35%
Ireland	5/15%	5/15%	5/10%	15/20/35%

# CHILE – Treaty Taxation

## ITEMS OF INCOME:

<b>Countries</b>	<b>Interest</b>	<b>Dividends</b>	<b>Royalties</b>	<b>Tech. Services and Assistance (Local Rules are Applicable)</b>
Malasia	15%	5/15%	10%	15/20/35%
Mexico	5/15%	5/10%	10%	15/20/35%
Norway	5/15%	5/15%	5/10%	15/20/35%
Paraguay	10/15%	10%	15%	15/20/35%
Peru	15%	10/15%	15%	15/20/35%
Poland	5/15%	5/15%	5/10%	15/20/35%
Portugal	5/10/15%	10/15%	5/10%	15/20/35%
Spain	5/15%	5/10%	5/10%	15/20/35%
South Korea	5/15%	5/10%	5/10%	15/20/35%

# CHILE – Treaty Taxation

## ITEMS OF INCOME:

<b>Countries</b>	<b>Interest</b>	<b>Dividends</b>	<b>Royalties</b>	<b>Tech. Services and Assistance (Local Rules are Applicable)</b>
Switzerland	5/15%	15%	5/10%	15/20/35%
Thailand	10/15%	10%	10/15%	15/20/35%
United Kingdom	5/15%	5/15%	5/10%	15/20/35%
France	5/15%	15%	5/10%	15/20/35%
New Zealand	10/15%	15%	10%	15/20/35%
Sweden	5/15%	5/10%	5/10%	15/20/35%

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## **LATEST TAX DEVELOPMENTS:**

- Corporate income tax increase.
- Possible tax reform due to political turmoil in the country.
- Proposed laws in Congress.
- Changes in the court system.



# COLOMBIA



**AREA:** 1.141.748 km<sup>2</sup>

**CAPITAL:** Bogota

**POPULATION:** 45,92 million (2010 estimate)

**CURRENCY:** Colombian Peso

**OFFICIAL NAME:** The Republic of Colombia

**NACIONALITY:** Colombian

**NATIONAL DATE:** July 20 (Independence Day)

**GOVERNMENT:** Presidential Republic

**PRESIDENT:** Juan Manoel Santos

# COLOMBIA - Highlights

## National Level Tax Rates:

Corporate Income Tax	33%
Free Trade Zones Reduced Corporate Income Tax Rate	15%
Capital Gains Tax	33%
Regular Withholding Taxes on Cross-border Payments	
- After Tax Dividends (if untaxed at Corporate level)	0% (33%)
- Branch Profits	0%
- Interest	In general, in-bound credit facilities and leasing transactions are subject to a 14% withholding.
	Interest payments on certain Qualified Credit Facilities continue to be not subject to Colombian withholding tax
- Royalties (on software)	33% (26.4%)
- Technical Assistance, Technical and Consulting Services	10%

# COLOMBIA - Highlights

## National Level Tax Rates:

- Imports	no withholding
- Tax Havens	33%
Tax Loss Carry-forward Term	Unlimited
Tax Loss Carry-back Term	not available
Transfer Pricing Rules	yes, OECD-like
Tax-free Reorganizations	Statutory Mergers, Statutory Divisions, Transformations, and cash-for-stock reorganizations of “simplified stock companies”
General VAT Rate on Sales, Services and Imports	16%
Custom Duties	0% - 20%
Bank Debits Tax	4 per thousand
Stamp Tax	0%

# COLOMBIA - Highlights

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## Local Level Tax Rates:

Tax on Industrial, Commercial and Service Activities	2-13.8 per thousand
Property Tax (including Real Estate)	0.5%-0.16%
Registration Tax	0.3%-1.5%
Local Stamp Taxes	1%, usually

# COLOMBIA – Treaty Taxation



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## ITEMS OF INCOME:

<b>Country</b>	<b>Dividends</b>	<b>Interest</b>	<b>Royalties</b>
Bolivia	Source	Source	Source
Chile	Up to 7%	Up to 15%	Up to 10%
Ecuador	Source	Source	Source
Peru	Source	Source	Source
Spain	Up to 5%	Up to 10%	Up to 10%

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## LATEST TAX DEVELOPMENTS:

- No tax reform in 2011.
- Increase in the number of tax treaties.
- Tax incentives for scientific and technology research and development.
- Tax benefits available for new companies
- Legal stability agreements

# MEXICO



**AREA:** 1.972.547 km<sup>2</sup>

**CAPITAL:** Mexican City

**POPULATION:** 112,3 million (2010 estimate)

**CURRENCY:** Mexican Peso

**OFFICIAL NAME:** The United States of Mexico

**NACIONALITY:** Mexican

**NATIONAL DATE:** February 5 (Constitution Day);  
September 16 (Independence Day); November 20  
(Mexican Revolution)

**GOVERNMENT:** Presidential Republic

**PRESIDENT:** Felipe Calderón

# MEXICO - Highlights

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## National Level Tax Rates:

Corporate Income Tax:	30%
Capital Gains Tax:	30%
Branch Profits Tax:	30%
Dividends Tax:	0%

## Tax Withholding on:

- Interest:	From 4.9% to 30%
- Royalties:	5%, 25% or 30%
- Technical Assistance:	25%
- Technical Services:	25%
- Other Services:	From 0% to 25%



# MEXICO - Highlights

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## National Level Tax Rates:

Net Operating Tax Losses Carry-Forward Term:	10 years
Transfer Pricing Rules:	Yes
Tax Free Reorganizations:	Mergers, spin-offs, transfer of shares, etc., provided that certain requirements are met.
VAT on Sales:	16% (11% on border region)
VAT on Services:	16% (11% on border region)
VAT on Imports:	16% (11% on border region)
Flat Rate Business Tax:	17.5%
Tax on Cash Deposits:	3%

# MEXICO – Treaty Taxation

## ITEMS OF INCOME:

<b>Contracting State</b>	<b>Dividends</b>	<b>Interest</b>	<b>Patent and know-how Royalties</b>	<b>Tech. Services</b>	<b>Tech. Assistance</b>
Australia	0/15%	10/15%	10%	0%	0%
Austria	5/10%	10%	10%	0%	0%
Barbados	5/10%	10%	10%	0%	0%
Belgium	5/15%	10/15%	10%	0%	0%
Brazil	10/15%	10/15%	10/15%	0/15%	0/15%
Canada	5/15%	10%	10%	0%	0%
Chile	5/10%	15%	15%	0%	0%
China	5%	10%	10%	0%	0%
Czech Rep.	10%	10%	10%	0%	0%

# MEXICO - Treaty Taxation

## ITEMS OF INCOME:

<b>Contracting State</b>	<b>Dividends</b>	<b>Interest</b>	<b>Patent and know-how Royalties</b>	<b>Tech. Services</b>	<b>Tech. Assistance</b>
Denmark	0/15%	5/15%	10%	0%	0%
Ecuador	5%	10/15%	10%	0%	0%
Finland	0%	10/15%	10%	0%	0%
France	0/5/15%	5/10/15%	10/15%	0%	0%
Germany	5/15%	5/10%	10%	0%	0%
Greece	10%	10%	10%	0%	0%
Iceland	5/15%	10%	10%	0%	0%
India	10%	10%	10%	10%	10%
Indonesia	10%	10%	10%	0%	0%

# MEXICO - Treaty Taxation

## ITEMS OF INCOME:

<b>Contracting State</b>	<b>Dividends</b>	<b>Interest</b>	<b>Patent and know-how Royalties</b>	<b>Tech. Services</b>	<b>Tech. Assistance</b>
Ireland	5/10%	5/10%	10%	0%	0%
Israel	5/10%	10%	10%	0%	0%
Italy	15%	10/15%	15%	0%	0%
Japan	0/5/15%	10/15%	10%	0%	0%
Korea	0/15%	5/15%	10%	0%	0%
Luxembourg	5/8/15%	10%	10%	0%	0%
Netherlands	0/5/15%	5/10%	10%	0%	0%
New Zealand	15%	10%	10%	0%	0%
Norway	0/15%	10/15%	10%	0%	0%

# MEXICO - Treaty Taxation

## ITEMS OF INCOME:

<b>Contracting State</b>	<b>Dividends</b>	<b>Interest</b>	<b>Patent and know-how Royalties</b>	<b>Tech. Services</b>	<b>Tech. Assistance</b>
Panama	5/7.5%	5/10%	10%	0%	0%
Poland	5/15%	10/15%	10%	0%	0%
Portugal	10%	10%	10%	0%	0%
Romania	10%	15%	15%	0%	0%
Russia	10%	10%	10%	0%	0%
Singapore	0%	5/15%	10%	0%	0%
Slovakia	0%	10%	10%	0%	0%
South Africa	5/10%	10%	10%	0%	0%
Spain	5/15%	5/10/15%	10%	0%	0%

# MEXICO - Treaty Taxation

## ITEMS OF INCOME:

<b>Contracting State</b>	<b>Dividends</b>	<b>Interest</b>	<b>Patent and know-how Royalties</b>	<b>Tech. Services</b>	<b>Tech. Assistance</b>
Sweden	5/15%	10/15%	10%	0%	0%
Switzerland	0/15%	5/10%	10%	0%	0%
United Kingdom	0/15%	5/10/15%	10%	0%	0%
United States	0/5/10%	4.9/10/15%	10%	0%	0%
Uruguay	5%	10%	10%	0%	0%

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## LATEST TAX DEVELOPMENTS:

- Supreme Court of Justice decision regarding the IETU.
- Report filed by Ministry of Finance and Public Credit regarding the IETU.
- Private sectors point of view of the IETU.
- Status of Mexican consolidation tax regime litigation.
- 4.9% withholding tax on interest payments to qualify taxpayers for 2012.
- Tax reform for 2012.

# PERU



**AREA:** 1.285.220 km<sup>2</sup>

**CAPITAL:** Lima

**POPULATION:** 29,4 million (2010 estimate)

**CURRENCY:** Peruvian Nuevo Sol

**OFFICIAL NAME:** Republic of Peru

**NACIONALITY:** Peruvian

**NATIONAL DATE:** July 28 (Independence Day)

**GOVERNMENT:** Presidential Republic

**PRESIDENT:** Ollanta Humala



# PERU - Highlights

## National Level Tax Rates:

Corporate Income Tax:	30%
Dividends Tax:	4.1%
Withholding Taxes (Non Resident) on:	
- Interest:	4.99% or 30%
- Royalties:	30%
- Technical Assistance:	15% or 30%
- Independent personal services:	24%
- Employment:	30%
- Imports:	N/A
- Capital Gains - sale of shares	
- Lima Stock Market:	5%
- Others:	30%
Tax losses carry-forward term:	4 years or unlimited up to 50% each year
Tax losses carry-back term:	Not permitted
Transfer Pricing Rules:	OECD Guidelines

# PERU - Highlights



## National Level Tax Rates:

Tax-free Reorganizations: Mergers and Spin offs

VAT on Sales: 18%

VAT on Services: 18%

VAT on Imports: 18%

Custom Duties: 0%, 9% or 17%

Temporal Net Assets Tax: 0.4%

Stamp (Documentary) Tax: N/A

Financial Transactions Tax: 0.005%

## Local Level Tax Rates:

Real Estate Property Tax: Up to 1%

Motor Vehicular Property Tax: 1%

Real Estate Transfer Tax: 3%

# PERU – Treaty Taxation



## ITEMS OF INCOME:

<b>Countries</b>	<b>Interest</b>	<b>Dividends</b>	<b>Royalties</b>	<b>General Services</b>	<b>Technical Assistance</b>
Colombia				Unlimited source taxation only (*)	
Bolivia				Unlimited source taxation only (*)	
Ecuador				Unlimited source taxation only (*)	
Chile	15%	10/15%	15%	Residence taxation, unless a Permanent Establishment in the Source State	
Canada	15%	10/15%	15%	Residence taxation, unless a Permanent Establishment in the Source State	
Brasil	15%	10/15%	15%	15%	

(\*) Under Andean Community Decision to avoid international double taxation.

# PERU



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## LATEST TAX DEVELOPMENTS:

- New government since July 2011.
- No tax increases except for mining companies and increase in tax audits.
- New head of the Peruvian IRS and hiring more qualified personal.
- Legal stability agreements of mining companies.
- Fight against poverty.

# VENEZUELA



**AREA:** 916.445 km<sup>2</sup>

**CAPITAL:** Caracas

**POPULATION:** 29,1 million (2010 estimate)

**CURRENCY:** Bolivar Fuerte

**OFFICIAL NAME:** The Bolivarian Republic of Venezuela

**NACIONALITY:** Venezuelan

**NATIONAL DATE:** July 5 (Independence Day)

**GOVERNMENT:** Presidential Republic

**PRESIDENT:** Hugo Chávez

# VENEZUELA - Highlights

## National Level Tax Rates:

Corporate Income Tax:	Bracket 2 – 15% to 34% Upstream Oil Activities at 50%
Capital Gains Tax:	Bracket 2 – 15% to 34%
Branch Profits Tax:	(equalization tax) 34%
Dividends Tax:	(equalization tax) 34% (50% oil)

## Withholding Taxes on (for non resident entities payees):

- Interest:	Bracket 2 (top 34%)
- Interest to Qualified Financial Institutions	4.95%
- Royalties:	30.60%
- Technical Assistance:	10.20%
- Technical Services:	17.00%
- Services Other than Professional Services:	Bracket 2 (top 34%)
- Professional Services:	Bracket 2 (top 34%)
- Commissionaire Agent:	5 .00%

# VENEZUELA - Highlights

## National Level Tax Rates:

- Insurance Premiums (and payment upon reinsurance):	3.00%
- Lease of property (personal or immovable)	Bracket 2 (top 34%)
- Sale of Shares in a Venezuelan Company	5%
- Sale of Shares in Venezuelan Stock Exchange	1%

Tax losses carry-over term: 3 years (1 year for adjustment per inflation –API- losses)

Tax losses carry-back term: No loss carry-back

Transfer Pricing Rules: Yes (OECD Guidelines 1995 apply supplementary)

Tax-free Reorganizations: Statutory mergers, change of legal form to partnership (see-through), and contributions to equity at cost.

# VENEZUELA - Highlights



## National Level Tax Rates:

VAT on Sales:	12% (WHT applies)
VAT on Services:	12% (WHT applies)
VAT on Imports: (reverse charge) 12%	
Custom Duties:	from 0% up to 20% (reductions provided for MERCOSUR members)
Net-worth (Assets) Tax:	Repealed in 2004
Financial Transactions Tax (corporate)	1.5% (each withdrawal) (repealed)
Special Petroleum Windfalls Tax	50% / Brent over 70 USD 60% / Brent over 100 USD



# VENEZUELA - Highlights

## Excise Tax:

- Spirits & Alcohol (on retail sale price) 8.5 - 10%
- Spirits & Alcohol 0.0006 – 0.102 T.U.1/liter
- Tobacco (Cigarettes & Tobacco Products) (on retail sale price) 30 - 45%

## Science & Technology Contribution (on Large Ventures)

- Hydrocarbon activities (on turnover) 2%
- Mining activities (on turnover) 1%
- General activities (on turnover) 0.5%

## Anti Drug Enforcement Contribution

- In General (on net earnings) 1%
- Alcohol & Tobacco Companies (on net earnings) 2%

# VENEZUELA - Highlights



## Local Level Tax Rates:

Stamp (Documentary) Tax:	Varies w. each transaction. State and Capital District Contribution
Tax on Industrial, Commercial & Service Activities:	Established by each Municipality, commonly 1% to 5% of turnover (proceeds)
Tax on Real State property (currently only urban property)	Established by each Municipality, commonly 0.01% to 0.2% on assessed value
Motor Vehicles Tax:	1 -4 Tax Units (T.U.) p/a
Legal Gaming & Gambling:	5 -10% p/a
Commercial Advertisement Tax:	1 T.U. per Square Meter
Tax on Public Shows and Performances:	10%
Duties:	Vary for each service

# VENEZUELA – Treaty Taxation

<b>Countries</b>	<b>Interest</b>	<b>Dividend</b>	<b>Royalties</b>	<b>Tech. Services</b>	<b>Tech. Assistance</b>
Austria	4.95/10%	5/15%	5%	5%	0/5%
Germany	5%	5/15%	5%	No WHT	No WHT
Barbados	5/15%	5/10%	10%	10%	10%
Belgium	10%	5/15%	5%	No WHT	No WHT
U.A. Emirates	10%	5/10%	10%	10%	10%
Brazil	15%	10/15%	15%	15%	15%
Canada	10%	10/15%	5/10%	5/10%	No WHT
China	5/10%	5/10%	10%	10%	10%
Korea	5/10%	5/10%	5/10%	5/10%	0/10%
Cuba	10%	10/15%	5%	5%	5%
Denmark	10%	10/15%	5%	5%	5%

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<b>Countries</b>	<b>Interest</b>	<b>Dividend</b>	<b>Royalties</b>	<b>Tech. Services</b>	<b>Tech. Assistance</b>
Spain	4.95/10%	0/10%	5%	5%	No WHT
USA	4.95/10%	5/10%	5/10%	No WHT	No WHT
France	5%	0/5/15%	5%	No WHT	No WHT
Indonesia	10%	10/15%	20%	20%	10%
Iran	5%	5/10%	5%	5%	5%
Italy	10%	10%	7/10%	10%	10%
Kuwait	5%	5/10%	20%	20%	20%
Malaysia	15%	5/10%	10%	10%	10%
Mexico	4.95/15%	5%	10%	0/10%	10%
Norway	5/15%	5/10%	12%	12%	9%
Netherlands	5%	0/10%	5/7/10%	No WHT	No WHT

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<b>Countries</b>	<b>Interest</b>	<b>Dividend</b>	<b>Royalties</b>	<b>Tech. Services</b>	<b>Tech. Assistance</b>
Portugal	10%	10%	12%	12%	10%
UK	5%	0/10%	5/7%	5%	No WHT
Czech Republic	10%	5/10%	12%	12%	12%
Russia	5/10%	10/15%	15%	10/15%	10%
Sweden	10%	5/10%	7/10%	7%	7%
Switzerland	5%	0/10%	5%	5%	No WHT
Trinidad & Tobago	15%	5/10%	10%	10%	10%
Qatar	5%	5/10%	5%	No WHT	5%
Bielorussia	5%	5/15%	5/10%	5/10%	0/10%

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## LATEST TAX DEVELOPMENTS:

- For purposes of the income tax, the deduction for exchange losses and the fact that we have more than one exchange rate is generating a large risk that this amounts could be disallowed by the tax authorities.
- With regards to the municipal tax, the rates continue to increase and the issues with the various municipalities create some real risks.
- With regards to special contributions, the increase and the adjustment to the existing contributions have substantially increased the tax pressure on companies.

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