



Fiscal Flash

KPMG in the Dominican Republic

Tax and Legal Practice
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Tax Alert: Dominican Republic's General Budget Bill for 2020.



The Dominican Republic's General Budget Bill for 2020 may set forth a series of new regulations and policies that may likely produce a certain impact on the Dominican taxation system. Below we have listed the most important takeaways from the aforementioned bill:

- It is anticipated that Dominican Tax Authority ("DGII") may appoint new collection agents for Value-Added Tax ("VAT"). For this purpose, agents and industries would likely be appointed as collecting agents by means of an upcoming general norm.



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TAX PRACTICE SERVICES



- Furthermore, the DGII plans to expand the scope of the current VAT as to include online services (such as: Netflix, Spotify, AirBnB, among others). In this case, financial intermediaries would likely be appointed as withholding agents for this purpose.
- Following the enactment of the electronic tax receipt (“e-CF” in Spanish) earlier this year, which has been implemented to a limited number of companies under a trial-program, the DGII plans to expand the use of e-CF to all companies doing business in the Dominican Republic.
- A payment and refund mechanism will be developed regarding alcohol and cigarettes exported to Haiti, through a refund system for excise tax and all other taxes triggered by the consumption and production of the abovementioned goods.
- All gaming establishments may be forced to connect to a digital platform administered by the DGII, in order to tax effectively their gross sales at a 1% rate.
- Construction related regulations may be reviewed with the aim of compelling individuals and legal entities that carry out constructing and engineering works to file their tax returns in connection therewith.
- A traceability system shall be implemented for the hydrocarbon sector through the control of the supply chain through molecular technology.
- A digital platform is planned to be created as to speed up and facilitate the procedures to obtain and renew Free Trade Zone cards.
- The DGII will likely publish a regulation regarding Capital Gains Tax (CGT) and its methodological form of collection.
- As a result of the enactment of the Foreign Account Tax Compliance Act (FACTA) in the United States of America, the DGII has expressed its intention to expand its tax information network with several other jurisdictions, for the purpose of reducing tax evasion practices.

Finally, the regulations and policies that would likely be introduced by the General Budget Bill may be subject to changes during the legislative process and debates on the bill in the Senate and the House of Representatives of the Dominican Republic.

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If you have any questions, email us at do-fmkpmg@kpmg.com

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