The General Agency for Internal Taxes of the Dominican Republic (or DGII, from its Spanish initials) published an Initiative for the Modification of the Regulations for the Application of Title IV of the Dominican Tax Code, regarding the Excise Tax, accessible on the Tax Information section of their website: www.dgii.gov.do.

Regulations concerning the Dominican Excise Tax are of special interest to the industries of communications, alcohol, tobacco, insurance and finance. Given the peculiarity of this Tax, the set of rules in connection thereof tend to be rigorous with regards to the procedures established for the determination of the tax basis and the corresponding tax collection.
KPMG Dominican Republic has conducted a comparative study of this Initiative, contrasting it with the existing Excise Tax Regulations (Decree No. 79-03). The main changes noticed were the following:

1. The strengthening of the procedure for the obtainment of a license from the DGII for the manufacturing, importation and exportation of alcohols and tobaccos:
   - Authorization for the installation of factories of alcohol and tobacco shall be requested within ninety (90) days following the incorporation of the company;
   - The Official Producer of Alcohol and Tobacco license shall be renewed on a yearly basis, subject to the fulfillment of a series of requirements in connection with the facilities;
   - The Regulations would contain additional specific requirements regarding structural drawings, installation of machinery, security, prior authorizations, etc.;
   - Additional requirements have been established for the authorization to manufacture new products.

2. The bond to be deposited for the License to manufacture, process, import and export alcohols and tobaccos would change from the current RD$5,000,000.00 to a sum that would be determined based on the taxpayer’s average turnover and volume of operations of the last three (3) fiscal years; such calculation would be determined by the guidelines established in a General Ruling that shall be issued in connection thereof;

3. Special Tax Regime companies and exporting companies would be required to obtain licenses for the manufacturing, processing, importation and exportation of alcohols and tobaccos, in order to be able to exercise, or keep exercising, such activity in the Dominican Republic;

4. Companies would have to procure a No Objection letter from the DGII in order to perform economic activities related to alcohols and tobaccos. Such activities shall be defined by a General Ruling to be issued subsequent to the effective date of the new Regulations.

It should be noted that, in practice, almost all of these measures have already been put in place by the Department of Alcohols and Tobaccos of the DGII.

Lastly, the Regulations’ Initiative does not contain significant changes to the Excise Tax regime applicable to the communications, insurance or finance industries.

To access the previously described initiative, please follow the link below: http://www.dgii.gov.do/informacionTributaria/publicaciones/ForoContribuyente/Paginas/default.aspx

As usual, the Tax and Legal team at KPMG in the Dominican Republic is readily available for a detailed analysis of the effects that the implementation of the foregoing dispositions might have in your company; at the same time, our
team is prepared to accompany you and the industry you represent in the proposal of changes to this Regulations’ Initiative.

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**Legal Services**

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**Labour Law Assistance:**

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Legal Due Diligence
Legal Immigration Assistance
Arbitration and Alternative Dispute Resolution
Administrative and Regulatory Issues
Business and Competition Law
Intellectual Property
Energy Law, Telecommunications, Aeronautic and Maritime