

Indirect Tax Alert

News from EY Americas Tax

Nicaragua's General Directorate of Customs affirms exclusive right of Cargo Transport Cooperative to register the Central American Single Declaration on behalf of third parties

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The Nicaraguan General Directorate of Customs (DGA) published Technical Circular 167-2019, which affirms CT/254/2009, granting the exclusive right to register the Central American Single Declaration (DUCA) under the international land customs transit regime and internal customs transit on behalf of third parties to the Cargo Transport Cooperative (COOTRACAR, RL). Additionally, the DGA increased the cost of the DUCA-T by 233%. The technical circular went into effect on 1 January 2020.

The DUCA unites the three main customs declarations that protect merchandise trade in Central America - the DUCA-F, DUCA-D and DUCA-T. The DUCA-F is used to trade merchandise originating in the Central American region. The DUCA-D must be processed for the importation or exportation of merchandise with countries outside the Central American region. The DUCA-T is used for the transfer of goods under the international land transit regime.

The cost to prepare, print and transmit the DUCA-T electronically by COOTRACAR, R.L., was US\$7.50, but the DGA has increased that amount to US\$25. Taxpayers must make the payment for the service directly to COOTRACAR, R.L., which will prepare the declaration in accordance with the model approved by the Council of Central American Economic Integration Ministers and published in Resolution No. 409-2018 (COMIECO-LXXXV) and Technical Circular 074-2019. The cost of the DUCA-T includes the cost of the customs seal, which will be placed on the vehicle transporting the goods.

According to business associations in Nicaragua, the changes made by the technical circular have not been well received in the trade sector. The Superior Council of Private Enterprise (COSEP), a business association in Nicaragua, notes that the Economic Integration Advisory Committee (CCIE), which represents the Central American trade sector, sent a letter to

the Council of Economic Integration Ministers, asserting that the technical circular grants a monopoly to the COOTRACAR. The CCIE also asked the Nicaraguan Government to revoke the authority granted to the COOTRACAR. COSEP also reported it is working on filing a suit with the Customs and Tax Court to challenge the monopoly granted to COOTRACAR.

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EYG no. 000389-20Gbl

1508-1600216 NY
ED None

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