

Global Tax Alert

News from EY Americas Tax

Dominican Republic's Executive Branch enacts voluntary disclosure program and tax amnesty

EY Tax News Update: Global Edition

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EY Americas Tax

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On 19 February 2020, the Dominican Republic enacted Law No. 46-20 of Transparency and Asset Revaluation (the Law), which establishes a voluntary disclosure program for taxpayers who did not previously report certain assets to voluntarily report those assets or revalue assets previously reported. The Law also establishes a tax amnesty program for all existing tax liabilities, regardless of the type of tax, their origin or whether the liabilities are subject to administrative or judicial appeals.

Voluntary disclosure program

According to the Law, the assets that may be reported or revaluated include cash, financial instruments and securities, movable and immovable property, and inventory. Taxpayers that participate in the voluntary disclosure program and report or revalue assets will be subject to a reduced tax rate of 2%, regardless of the type of tax applicable (e.g., asset tax, capital gains tax).

Tax amnesty

Taxpayers that participate in the tax amnesty will be allowed to pay the amount of the outstanding tax liability and only one year of interest. They will not have to pay any other interest or surcharges. They may also split the payment, but the first payment must be at least 40% of the total amount due.

Applicability

The voluntary disclosure program and tax amnesty apply for 90 days beginning 20 February 2020. To participate in the voluntary disclosure program or tax amnesty, taxpayers must submit a request with the National Office of Internal Revenue within 90 days of the enactment date. Once the National Office of Internal Revenue authorizes the taxpayer's participation in the voluntary disclosure program or tax amnesty, the taxpayer must pay the tax within 180 days of receiving the authorization from the National Office of Internal Revenue.

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EYG no. 000886-20Gbl

1508-1600216 NY
ED None

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