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Global Tax Alert

News from EY Americas Tax

Guatemala issues additional measures to stem the spread of COVID-19

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Guatemala has instituted several additional measures to stem the spread of COVID-19, including extending tax return filing and payment deadlines.

Non-working days and extended deadlines for reporting taxes

In Ruling No. SAT-DSI-280-2020 (issued 24 March 2020), the Guatemalan tax authorities declared 24 March 2020 to 14 April 2020 as non-working days for the tax authorities. Such days should not be considered for purposes of deferring the calculation of the administrative terms (i.e., any time period established or mandated by the tax authorities to comply with tax filing and payment obligations). During the non-working period, the tax authorities may not carry out audit procedures or require compliance with tax filing, payment obligations or any other obligation related to administrative procedures.

Because of the non-working days, the tax authorities have extended the deadlines for filing returns and making tax payments as follows:

1. The deadline for filing the annual income tax return and transfer pricing annex is extended from 31 March to 15 April.
2. The deadline for filing the February Value-Added Tax (VA) return is extended from 31 March to 15 April.
3. The deadline for filing the income tax return withholding is extended from 16 April to 28 April.

4. The deadline for filing the March VAT withholding tax return is extended from 23 April to 5 May.
5. The deadline for submitting reports required by law is extended to 15 April.
6. Existing or new audit processes are suspended during the established period and will resume on 15 April.
7. The deadline for responding to information requests or submitting administrative appeals to the tax authorities is suspended; taxpayers may begin responding to requests and submitting administrative appeals beginning 15 April.

The tax authorities may extend the deadlines further if the current circumstances continue.

Suspended taxpayer service at all tax offices and agencies

In an official statement (issued 23 March 2020), the tax authorities announced the closure of all tax offices and agencies, except for the "document reception unit," which is located in the central offices. Likewise, in accordance with previous communications, any communication with the tax authorities must be conducted via e-mail.

Proposal on voluntary, gradual and temporary closure of businesses

In a 20 March 2020 statement, the Guatemalan Chamber of Industry proposed that its members voluntarily and gradually close industrial enterprises to avoid the potential increase in the spread of COVID-19. Companies that must continue to operate in accordance with the presidential provisions issued for the state of calamity (e.g., pharmacies, pharmaceutical companies, fuel distributors and their gas stations, markets, supermarkets, freight transport, etc.), however, would be exempt from the temporary closure.

Specifically, the industrial sector proposes taking the following measures:

1. Perform a voluntary and gradual closure of non-essential industries for one week (from 23 March to 30 March)
2. Reduce operations to a minimum, leaving only indispensable workers in industries that must continue operating due to the nature of their services, which will allow employees to keep their distance from each other and reduce the chances of the contagion spreading

3. Require workers and employers to join together to reach a consensual agreement on wages within the framework of the applicable labor laws

Mandatory curfew and additional measures

In Government Decree 6-2020 (issued 21 March 2020), the Guatemalan Government amended certain provisions of Government Decree 5-2020, which entered into force on 16 March 2020.

The amendments impose a mandatory curfew from 22 March 2020 to 29 March 2020 to limit the movement of people either on their own or through some form of transportation from 4:00 p.m. to 4:00 a.m. the following day. They also include exceptions for: (i) public officials; (ii) personnel and vehicles of the Guatemalan army and private security companies; (iii) personnel and vehicles providing necessary assistance and medical care (i.e., ambulances, fire brigade, red cross, etc.); (iv) personnel and vehicles that provide delivery services of food, medicines, fuel, cleaning products and any other essential items; (v) personnel and vehicles of diplomatic missions or embassies; (vi) media personnel who must comply with health protocols and be duly identified; and (vii) any other person who is authorized by previously issued presidential provisions.

The amendments also:

1. Establish minimum and maximum prices for goods, supplies or services that relate to the prevention, treatment, containment and response to COVID-19 and prohibit the hoarding of such goods
2. Grant the Ministry of Public Health the authority to isolate or quarantine nationals, foreigners, residents or those in transit who are suspected of having COVID-19, have symptoms or declare that they are carriers of COVID-19
3. Restrict the opening hours of cantonal and municipal markets so that they can only operate from 4:00 am to 12:00 pm

Even though Guatemala's borders are closed, the amendments allow foreign tourists to leave through the borders of Mexico and Belize, provided that they are duly authorized to enter Belize or Mexico by the immigration systems of those nations.

Monetary Board response to COVID-19 pandemic

On 23 March 2020, the Monetary Board issued the following special temporary measures that may be implemented by financing entities that are supervised by the Superintendency of Banks:

1. Loans that, as of 29 February 2020, do not have more than one late payment may be subject to the review of interest rates and payment terms by the supervised institutions that granted the loans (e.g., banks, financial institutions, etc.).
2. Financial institutions may extend or defer payments after considering the particular situation of the debtor.
3. Extended or deferred payments may be made at the request of the debtors or at the initiative of the supervised institutions and must not generate additional costs to the debtor.

Responses by the Workers' Recreation Institute (IRTRA), the Technical Institute for Training and Productivity (INTECAP) and the Guatemalan Social Security Institute (IGSS) to COVID-19 pandemic

On 23 March 2020, IRTRA, INTECAP and IGSS granted private sector employers a suspension for the payment of quotas during the months of March, April and May, allowing the payments to be deferred to the second half of 2020. For IGSS payments, employers may choose one of the following options to make the payments subject to the suspension:

- a. Make the payment in the usual way
- b. Defer payment during the months of July, August and September 2020
- c. Make the deferred payments in 18 installments beginning from July 2020

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