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Global Tax Alert

News from EY Americas Tax

The Dominican Republic's Tax Administration publishes General Norm 04-2020 to implement Law 46-20 on Transparency and Equity Revaluation

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On 13 July 2020, the General Office of Internal Revenue of the Dominican Republic (DGII) issued General Norm 04-2020 (the Norm) to implement the provisions of Law 46-20 on Transparency and Equity Revaluation (Law 46-20), which establishes methods for voluntarily declaring and revaluing certain assets and paying tax debts. With the publication of this Norm, the provisions of Law 46-20 (as modified by Law 68-20) become effective.

Modifications to the deadlines

Law 46-20 was enacted on 19 February 2020 and established the methods for voluntarily declaring or revaluing certain assets, as well as a tax amnesty program for all existing tax debts. Taxpayers that voluntarily declare or revalue certain assets are subject to a 2% tax rate on those assets.

Taxpayers interested in declaring or revaluing certain assets, or participating in the tax amnesty program, had 90 days following the date in which Law 46-20 entered into force to submit a request to the DGII to participate in the transitory tax regime. However, this period coincided with the global COVID-19 pandemic, which led to the declaration of a state of national emergency. Consequently, Law 46-20 was amended by Law 68-20, which established that Law 46-20's effective date would be the publication date of the General Norm. Law 68-20

also extended the period for taxpayers to submit a request to the DGII to participate in the transitory tax regime from 90 days to 180 days of the Norm's publication date.

Purpose of the Norm

The Norm's purpose is to establish the mechanism, forms, accounting treatment, procedures, and conditions that taxpayers must follow to qualify for, and apply, the special transitory tax regime provided in Law 46-20.

Applicability

Taxpayers that want to benefit from this regime must formally submit a request to the DGII within 180 days of the Norm's publication date. Once the DGII authorizes the taxpayer's participation in this regime, the taxpayer must pay the 2% tax assessed on the amount declared or the revaluated amount of the assets, or pay the outstanding tax debts, plus up to one year of interest if participating in the tax amnesty program, within 365 days of the effective date of Law 46-20.

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