Executive Summary

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Main aspects ruling the Labor Legislation in the Dominican Republic

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I. Present Legal Regime.

Basically, Law 16-92 dated May 29, 1992, better known as the Labor Code, as well as the Rules for its application regulate all matters relating to work in the Dominican Republic, from the definition of the work agreement, its modalities, the regulations both official and private of conditions of the different types of work agreements, to the procedures for application of the law both on the part of the administrative authorities and the courts.

Also, there exist a series of Resolutions issued by the Secretariat of State of Labor whose objective is the best application of the laws and regulations.

Also, it exists approximately thirty (30) Conventions of the International Labor Organization (ILO) which have been ratified by the National Congress.

According to the provisions of article 418 of the Labor Code, the application of the labor laws and regulations rests in the Secretariat of State of Labor and its dependencies, which regulates the relations between employers and workers; on the other hand, all work conflicts which may arise between employers and workers or the association which represents them are regulated by the Labor courts.

II. Fundamental Principles.

First Principle

Work is a social function which is exercised with the protection and assistance of the State.

The State must watch out so that the standards of labor law are subjected to their essential purposes, which are human welfare and social justice.

Second Principle

Every person is free to dedicate himself to any profession or job, industry, or trade permitted by law. No one may impede the work of others nor obligate them to work against their will.

Third Principle

The fundamental purpose of the Labor Code is the regulation of the rights and obligations of employers and workers, providing the means for reconciliation of their respective interests.

It consecrates the principle of cooperation between capital and labor as the basis for the national economy.

It therefore regulates labor relations, of an individual and collective nature, established between workers and employers or their professional organizations, as well as the rights and obligations deriving from same, due to the rendering of a subordinate work.

Fourth Principle

It consecrates the principle of territoriality of the labor laws, which govern Dominicans and foreigners without distinction, except for the repeals admitted in international conventions.

The lack of special provisions for relations between individuals is supplied by the rules of common law.

Fifth Principle

The rights recognized by law to workers, cannot be the object of resignation (waiver) or conventional limitation. Any agreement to the contrary is null and void.

Sixth Principle

In labor matters, rights must be exercised and obligations performed according to the rules of good faith. The abuse of rights is considered illegal.

Seventh Principle

Any discrimination, exclusion or preference based on motives of sex, age, race, color, national origin, social origin, political opinion, union participation or religious belief is prohibited according to the provisions of the present Code, except for the exceptions provided by law for purposes of protection of the worker´s person. Within this prohibition there are not included those which are based on the qualifications required for a particular job.

Eighth Principle

In the event of concurrence of several legal or conventional standards, the one most favorable to the worker shall prevail.

If there is doubt in the interpretation or scope of the law, it will be decided in the sense most favorable to the worker.

Ninth Principle

The work Agreement is not that which is recorded in writing but rather the one executed in fact. All agreement is null and void by means of which the parties may have proceeded in pretension or defrauding of the labor law, be it by creating the appearance of non-labor contractual standards, the imposition of someone, or any other manner. In such case, the work relationship will continue to be governed by the provisions of this Code.

Tenth Principle

The female worker has the same rights and obligations as the male worker. The special provisions provided in this Code regarding female workers have as a fundamental purpose the protection of maternity.

Eleventh Principle

Legal minors in age may not be employed in services which are not appropriate for their age, status, or condition, or which would prevent them from receiving the mandatory academic instruction.

Twelfth Principle

Freedom of union organization, the enjoyment of a fair salary, professional training as well as respect for physical integrity, privacy, and personal dignity are acknowledged as basic rights of workers.

Thirteenth Principle

The State creates and maintains special jurisdictions for the purpose of guaranteeing employers and workers the solution of their conflicts.

III. Work Agreements.

The Dominican Labor Code dedicates it s First Book to regulating the general conditions of Work Agreements, which it describes in the following manner:

"*The Work Agreement is that one for which a person promises, in exchange for a remuneration, to render a personal service to another party, under the dependency and immediate or delegated direction of the latter."*

The Labor Dominican Code presumes, until otherwise proven, that in every personal work relationship there exists a work Agreement pursuant to the provisions of Article 15 of the Dominican Labor Code. The provisions of the Work Agreement and the circumstances related to its execution or modification can be proven by all means. The work Agreement may be verbal or written, and in the latter case, its modifications must also be made in writing.

In our country, the practice is to make verbal Agreements; nevertheless, the Code permits employers and workers to demand that a Work Agreement which was originally verbal to be made in writing. It is necessary to point out that this practice of making verbal Work Agreements can harm the development of good relations between the employer and worker, due to the legal consequences which said link can cause pursuant to the nonexistence of a document which justifies the conditions under which the service must be rendered, as well as the liability (responsibility) of the parties.

The work Agreement may be i) for an indefinite period of time, ii) for a specific period of time, iii) for a particular job or service, or iv) for a season.

The main characteristics of these Agreements are:

i) **Work Agreement for indefinite period of time**: When the nature of the job is permanent, the Agreement is made for an indefinite period of time.

ii) Work Agreement for a particular period of time: They may be held only in the following cases:

(a) If it is in accordance with the nature of the service to be rendered;

(b) If it is intended for the provisional substitution of a worker in the case of leave, vacation, or other temporary impediment; and

(c) If it is in the interest of the worker.

These Agreements must be made in writing.

iii) **Work Agreement for a particular job or service**: This Agreement may only be used when the nature of the job so requires. These Agreements terminate without liability (responsibility) for the parties.

If the worker works successively with the same employer on more than one particular job, among which there does not exist a period greater than two months, it is considered that there exists between them a work Agreement for an indefinite period of time.

(vi) **Work by season**. These are Agreements related to jobs which due to their nature, only last for a part of the year. They terminate without responsibility for the parties, but if the work is extended for a period of more than four (4) months, the worker has the right to receive the "economic assistance" established by Article 82 of the Labor Code.

IV. Composition of the work force.

At least 80 percent of the work force of any company must be of Dominican nationality. The administrators, managers, directors and other persons who performance administration functions shall preferably be of Dominican nationality. If a Dominican substitutes a foreigner in one of these positions, he must enjoy the same salary, rights, and working conditions of the employee substituted.

V. Work day.

The work day established in our Labor Code in its article 149 is as follows:

a) Daytime: 7:00 A.M. to 9:00 P.M.

b) Nighttime: 9:00 P.M. to 7:00 A.M.

c) Mixed: Comprises periods of daytime and nighttime, so long as the period of the nighttime shift is less than three hours, otherwise it is considered to be nighttime.

The weekly work period may not exceed 44 hours, and the daily work period 8 hours. In practice one works from Monday through Friday, and half a day Saturdays.

Salaries corresponding to the nighttime work hours must be paid to those workers with an increase of no less than fifteen percent over the value of the normal hour.

Extraordinary work period: When the employer needs to increase the work period but only insofar as is indispensable in order to avoid a serious disturbance of the normal functioning of the company, the number of overtime hours may not exceed eighty hours quarterly. The work hours rendered in excess of the normal work period must be paid without any exception extraordinarily to the worker in the following manner:

- For each hour or fraction of hour worked in excess of sixty-eight hours per week, with an increase of no less than thirty-five percent over the value of the normal hour.
- For each hour or fraction of hour worked in excess of sixty-eight hours per week, with an increase of no less than one hundred percent of the value of the normal hour.

Weekly rest and holidays: Every worker has the right to an uninterrupted weekly rest of thirty-six hours; for lack of express agreement on the beginning of said period, it is understood that it will begin as of Saturday at noontime. If the worker renders services in the period of his weekly rest, he may choose between receiving his ordinary salary increased by one hundred percent, or enjoying in the following week a compensatory rest equal in time to his weekly rest.

There exist thirteen (13) holidays per year in the Dominican Republic:

1st of January	New Years'
6th of January	Three Kings´ Day (*)
21st of January	Day of the Virgin of Altagracia
26th of January	Birthday of Juan Pablo Duarte (Founding Father) (*)
27th of February	Independency Day (*)
1st of May	Labor Day (*)
16th of August	Anniversary of the Restoration of Independence (*)
24th of September	Day of the Virgin of Mercedes
6th of November	Constitution Day (*)
25th of December	Christmas
(Variable)	Easter Sunday
(Variable)	Good Friday
(Variable)	Thursday of Corpus Christi

(*) These days are subject to change pursuant to Law No. 139-97.

Leave of absence with enjoyment of salary: Employees are empowered to take the following leaves with enjoyment of salary:

a) Five (5) days of leave in case of wedding;

b) Three (3) days of leave in case of death of immediate relative or that of spouse or companion;

c) Two (2) days of leave in the event that the wife or companion who is duly recorded in the company gives birth;

d) Six (6) weeks preceding the probable date of birth, and six (6) weeks following; this is called pre- and post-natal leave which is granted to female workers for giving birth, among the measures of protection of maternity. When the female worker does not make use of all of the prenatal rest, the unused time is accumulated for the period of postnatal rest. It will never be less, together, than twelve (12) weeks.

e) Leaves due to illnesses duly documented.

VI. Salaries.

It must be paid in cash, by the hour, by the day, by the week, by the two -week periods, or by the month. The salary may not be paid for periods greater than one month. The Labor Code prohibits paying the salary by means of issuance and delivery of cards, vouchers, certificates, or other.

The amount of salary is that which has been agreed upon in the work Agreement. It may never be less than the legally established minimum salary rate.

The payment of the salary must be complete, except for amounts discounted which are authorized by the Code, in its article 201, as follows: 1. The ones authorized by law (Taxes and Social Security); 2. Those concerning union dues, after written authorization of the worker;3. Advances against salary made by the employer;4. The ones concerning credits granted by banking institutions with the recommendation and guarantee of the employer; and 5. Those concerning the contributions of the worker to private pension plans.

Payment of the salary is made directly to the person of the worker, and excepting agreement to the contrary, is performed in the place where the worker renders services.

a) Daily salary: This daily salary is determined as follows:

i) Monthly salary/23.83 = Daily salary

ii) Half-monthly salary/11.91 = Daily salary

iii) Weekly salary/5.5 = Daily salary

b) **Fringe benefits**: They include, among others, Social Security, Christmas Salary, participation in profits and vacation compensation; they represent around 20 to 34 percent of the annual salary.

i) Christmas Salary: The employer is obliged to pay to the worker during the month of December, the twelfth part of the ordinary salary earned by the worker during the calendar year, without prejudice to the uses and practices of the company. This salary is not computed for purposes of termination notice, severance, and the economic assistance provided for in the Labor Code. The payment of this salary must be made by the latest on December 20th. This salary is not susceptible to any tax, embargo, transfer, or sale, nor is it subject to income tax.

ii) Participation in the company benefits (profit-sharing): It is Mandatory for every company to grant a participation equivalent to ten percent (10%) of the net

annual profits or benefits to all of its indefinite-time-period workers, in the following manner:

- From 0 to 1 year: Monthly salary x Number of months/12x1.5
- From 1 to 3 years: equivalent to 45 days ordinary salary
- More than 3 years: equivalent to 60 days of ordinary salary

For its part, Article 224 adds that *"The payment of the workers' participation will be made by the companies at the latest between ninety and one hundred twenty days after the closing of each fiscal year." The participation dealt with by the present Title enjoys the same privileges, guarantees, and exemptions as the salary";* whereas according to Article 227, this *"participation by the workers must be calculated on net benefits before determining the net taxable income and the bonuses which correspond to the members of the board of administration, directors, administrators, or managers."*

According to Article 226: *"Exceptions to the payment of the salary of profit-sharing shall be: 1st. Agricultural, agro-industrial, industrial, forestry, and mining companies during three years of operations, except by agreement to the contrary; 2nd: Agricultural companies whose capital does not exceed one million pesos; 3rd: Industrial free zone companies."*

iii) **Vacation compensation**: After having completed one year of continuous work, workers acquire the right to a vacation of fourteen (14) working days, with enjoyment of salary, as per the following scale:

- 14 days of ordinary salary, for continuous work from 1 to 5 years
- 18 days of ordinary salary, for continuous work no less than 5 years

If the Agreement terminates before completing the year of services, it must be compensated or indemnified according to the special scale:

- 5 months 6 days
- 6 months 7 days
- 7 months 8 days
- 8 months 9 days
- 9 months 10 days
- 10 months 11 days
- 11 months 12 days

iv) Social Security obligations: Pursuant to Article 52 of the Labor Code "In case of accident or sickness, the worker will only receive the medical attentions and the indemnifications provided by the laws on working accidents and social security. However, when the worker has no assurance because of a fault of the employer, the employer will run with all he medical expenses and the corresponding indemnities".

Furthermore, Article 728 states, "All matters related to social security and accidents on the job are governed by special laws. Nevertheless, it is provided that the lack of registration of the worker by the employer in the Dominican Institute for Social Security or failure to pay the corresponding contributions obliges the employer to reimburse the entire corresponding salary during the absence of the worker, the expenses incurred due to sickness or accident, or cover the pension not received due to the violation of the employer".

In such sense, it is important to point out that the pension funds, health and safety legal system of the Dominican Republic is currently in a process of transition, due to the promulgation of a new Social Security Code.

Pursuant to the terms of this new Law 87-01 on Social Security it is mandatory that all employees be affiliated, no matter their income nor their functions.

Family Health Insurance and for Administrator of Pension Funds are provided by private institutions and the employees have a right of free choice in both cases. Meanwhile, the Occupational hazard insurance shall be administered by a governmental institution, therefore there will not be any choice in this regard.

Noncompliance on the part of the employer with the obligations posed by the new social security law is considered a violation rated as an offense punishable with correctional imprisonment and/or fines, in addition to the 5% accumulative monthly surcharge to the amount involved in the wrong retention, when the violation relates to lack of registration of the affiliate or lack of payment of the contribution in the period stated by law.

Costs of new Social Security Law:

A) The Occupational Hazard Insurance will be financed with an average contribution of one point two percent (1.2%) of the applicable wages, totally covered by the employer. The total contribution from the employer will have two components:

i) A fixed base rate of one percent (1%), to be applied evenly to all employers; and

ii) A variable rate of up to zero point six percent (0.6%), established in agreement with the field of activity and risk factor of each enterprise. In both cases, said percentages shall be applied on the basis of the applicable wages.

Maximum contribution in this insurance is of four minimum wages.

B) For the Family Health Insurance, the maximum wage contributing shall be the equivalent of 10 minimum wages.

Financing of this insurance under Law 87-01 as amended by Law 188-07, will be conducted gradually from joint contributions of employees and employers as follows:

	1st year	2nd year	3rd year	4th year	5th year
Employees' Contribution	2.86%	3.01%	3.04%	3.04%	3.04%
Employers' Contribution	6.67%	7.02%	7.09%	7.09%	7.09%

C) As for the Old Age, Disability and Survival benefits insurance financing shall be handled gradually from joint contributions of employees and employers as follows:

	1st year	2nd year	3rd year	4th year	5th year	6th year	7th year
Employee's contribution	1.98%	2.13%	2.28%	2.58%	2.58%	2.72%	2.87%
Employer's contribution	5.02%	5.37%	5.72%	6.42%	6.42%	6.75%	7.10%

For the Old age, Disability, and Survivorship Insurance the maximum wage applicable would be the equivalent of 20 minimum wages.

It is important to state that as established in Article 5 of the new social security law, foreigners legally established in the country are included as beneficiaries of the system. However, the Paragraph of this same Article excludes (i) foreign diplomatic and international organization missions, and (ii) expatriate personnel of foreign companies that have already been included in social security systems of their countries –that is, particularly for purposes of contributions to pension funds-.

In attention to the previous Law 1896, partially in effect at this moment, the obligation of registration in the Social Security only existed for employees whose monthly income did not exceeded RD$4,033.00 (approximately US$225.00). However, in attention to the new Social Security Code, all employees must be affiliated, no matter their income nor their functions. This obligation is enforceable since September 2007 for health insurance and July 2003 for pensions.

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viii) **Technical Professional Training Institute**: All companies operating in the Dominican Republic are subject to the payment of a monthly quota to INFOTEP (the governmental Institute of Technical Professional Training). This contribution is equivalent to 1% of the personnel salary, as well as 0.50% of the annual bonuses paid to the employees, in the event that there are any.

VII. Suspension of the effects of the Labor Agreement.

The suspension of the effects of the work Agreement does not implicate its termination nor compromise the liability of the parties. It can affect all the work Agreements in effect in a company or only one or several of them.

During the suspension of the effects of the work Agreement, the worker is freed from rendering his services, and the employer, as well, is freed from paying the agreed upon retribution, except for the provision contrary to law, collective agreement, or the Agreement.

The Labor Agreement may be suspended only because of any of the following causes:

a) Mutual consent of the parties;

b) Maternity leave of the female worker (Article 236 of the Labor Code);

c) The fact that the worker is fulfilling legal obligations which temporarily make it impossible for him to render his services to the employer;

d) Cause of fortune or *force majeur*, so long as it has as a necessary consequence, immediately and directly, the temporary interruption of the tasks;

e) The temporary detention, arrest, or imprisonment of the worker, whether or not followed by provisional freedom, until the date on which the definitive sentence is irrevocable, so long as he is absolved or discharged or condemned only to economic penalties, without prejudice of the provisions of Article 88 clause 18;

f) The contagious illness of the worker or any other which makes it temporarily impossible for him to perform his job;

g) Accidents which occur to the worker in the conditions and circumstances provided for and sheltered by the Work Accident Law, when only temporary incapacity is produced;

h) The lack or insufficiency of raw material, so long as it is not imputable to the employer;

i) The lack of funds for the normal continuation of work if the employer fully justifies the impossibility of obtaining then;

j) The excess of production regarding the economic situation of the company and the market conditions;

k) Inability to pay for the exploitation of the company;

l) Strike and stoppage qualified as legal;

m) Excess production regarding the economic situation of the company and the market conditions;

n) Inability to pay for the exploitation of the company;

o) Strike and stoppage qualified as legal.

VIII. Termination of the Work Agreement.

This is one of the most important aspects of labor relations. Pursuant to the provisions of the Labor Code in effect, the work Agreements can be terminated (i) without legal liability or (ii) with legal liability for one of the parties.

Termination without legal liability for the parties

As a general rule, the parties can terminate the work agreement without incurring in liability; this occurs in the following cases:

(a) Mutual consent: To be valid, it must be made before the Labor Department or local authority exercising its functions, or before a Notary.

(b) Execution of the Agreement: The Agreements for a particular service or job terminate, without liability for the parties, with the rendering of the service or the conclusion of the job. The Agreements for a particular time period terminate without liability for the parties in the time period agreed upon.

(c) Impossibility of execution: When a fortuitous case or force majeur occurs.

Also, if the work Agreement for an indefinite time period ends within the first three (3) months, there exists no legal liability for

charge of the employer vis-à-vis the worker regarding indemnification or compensation.

Termination with legal liability for one of the parties

The Labor Agreement terminate with liability for one of the parties, due to the following causes:

1. **Dismissal**: This consists of the act by which one of the parties, by means of prior notice to the other and without alleging cause, exercises the right to put an end to a Agreement of an indefinite time period. It can be done by either of the parties, either the worker or the employer.

It is communicated in writing to the worker and within the forty-eight hours following, the Labor Department or local authority exercising its functions is notified.

Dismissal may not be executed under the following circumstances:

1 : During the time in which the employer has guaranteed to the worker that he will use his services.

2: In the meanwhile the effects of the work Agreement are suspended, if the suspension is caused by a fact inherent in the person of the worker;

3: During the worker period of vacation;

4: During the female worker gestation period, and up to three months after the delivery; and

5: Workers protected by union law.

The party who exercises the right of dismissal must give (I) Prior notice to the other party; (II) Severance Assistance and (III) Other compensations, according to the following rules:

Prior Notification:

1: After continuous work of no less than three months nor more than six, with a minimum of seven days of notice;

2: After continuous work exceeding six months and no more than one year, with a minimum of fourteen days of notice;

3: After one year of continuous work, with a minimum of twenty-eight days of notice.

The party who omits the prior notice or who grants it insufficiently must pay to the other party substitute compensation equivalent to the remuneration which would correspond to the worker during the above indicated time periods.

Severance Assistance:

1: After continuous work of no less than three months nor more than six, a sum equal to six days of ordinary salary;

2: After continuous work exceeding six months and no greater than one year, a sum equal to thirteen times the ordinary salary;

3: After one year of continuous work and no more than five years, a sum equal to twenty-one days of ordinary salary, for each year of service rendered;

4: After continuous work of no less than five years, a sum equal to twenty-three days of ordinary salary for each year of service rendered;

These amounts must be paid to the worker even though the worker immediately proceeds to work for another employer.

Both the amount corresponding to Prior Notice and the Severance Assistance are calculated taking as a basis the average of the salaries earned by the worker during the last year or fraction of a year during the period of effectiveness of the Agreement. Also, they are not subject to the payment of Income Tax, nor are they susceptible to embargo, lien, compensation, transfer or sale, with the exception of credits granted or obligations which have arisen due to special laws. These indemnifications must be paid to the worker in a time period of ten (10) days counting from the date of the termination of the Agreement. In the event of noncompliance, the employer must pay, in addition, a sum equal to one day of the salary earned by the worker for each day of delay.

Other compensations:

- Vacation: See point 6-b-iii
- Christmas Salary: See point 6-b-I
- Participation in the company benefits (profit sharing): see point 6-b-ii.

Dismissal undertaking by the employer:

This is the resolution of the work Agreement by the unilateral will of the employer. It is the right recognized to the employer to rescind the Agreement when the worker has incurred in serious or inexcusable fault. It is justified when the employer proves the existence of a just cause provided for in this regard in the Labor Code. If the employer proves just cause, he is liberated from the payment of the indemnifications due to dismissal; otherwise he must pay them as follows:

- If the Agreement is for an indefinite time, the amounts which correspond to the time period of the prior notification and severance assistance;
- If the Agreement is for a particular time or for a particular job or service, which ever is greater between the total of salaries which are missing up till the expiration of the term, or until the conclusion of the service or the job agreed upon, and the sum which he would have received in the case of dismissal, unless the parties have fixed a larger sum in writing;
- A sum equal to the salaries which the worker would have received from the day of his suit until the date of the definitive ruling pronounced in last instance. It will never exceed six months of salaries.

The right of the employer to dismiss the worker at fault expires fifteen (15) days from the date on which the employer has had knowledge of the fault committed by the worker, therefore if he exercises his right within this time period, he does not incur in liability.

Within the forty-eight (48) hours of having executed the dismissal, the employer must notify it to the labor authorities pursuant to the provisions of article 91 of the Labor Code.

The Labor Code establishes in an unlimited illustrative manner the reasons arising the dismissal of the worker, which can be classified as follows:

a) The behavior of worker - serious faults-

b) Related to the same person of the worker- ineptitude, lack of adaptation or impossibility of performing the work assigned to him, inability, problems in understanding or getting along with his work companions, absence without permission or authorization.

Dismissal undertaking by the worker:

This is the resolution of the Work Agreement by unilateral will of the worker. It is justified if the worker proves just cause.

It is considered nonexistent, and therefore does not extinguish the rights acquired by the worker, when a transfer or change of the worker to another company, entity, or employer for fraudulent purposes has been operated. The worker does not incur in liability if his dismissal is justified.

IX. Unions.

Every association of workers or employees incorporated pursuant to the Labor Code, for the study, improvement, and defense of the common interests of its members.

The public authorities must abstain from all interventions tending to limit or obstruct the exercise of union freedom.

The Directors, Managers, or Administrators of a company may not be members of a workers´ union; neither may the workers who perform functions of direction, inspection, safety, vigilance, or taxation when their functions have a general nature or are related to work rendered directly to the employer.

The Labor Code prohibits employers from performing unfair practices or practices contrary to professional work ethics, such as, among others: requiring workers or the persons who apply for work to abstain from forming part of a union; exercising reprisals against workers because of their union activities; firing or suspending a worker for belonging to a union.

The provisions of the Labor Code provide for the legal rights of organized labor, which consist of the protection of workers who form part of a union, among which are:

a) The workers who are members of a union which is being incorporated, up to twenty;

b) The workers who are members of the Board of Directors of a union, up to five, if the workers of the company do not exceed two hundred; up to eight, if the number of workers is a minimum of two hundred but does not exceed four hundred; and up to ten, if the company employs more than four hundred workers;

c) The representatives of the workers in the negotiation of a collective agreement, up to three;

d) The alternates.

This protection is extended up to eight months after having ceased in their functions the members of the Board of Directors and the workers representatives for the negotiations of collective agreements.

The legal rights of organized labor cease for the worker who enjoys them when: he promotes acts of coercion or physical violence against persons or things or by taking away from the strike its peaceful nature; if he limits the freedom of workers; if he makes attempts against the property located in the company; if he incites or participates in the reduction of performance of production; if he retains persons or property; if he commits a crime or misdemeanor sanctioned by law or an act against the security of the State or which violates the Constitution, among others.

X. Fiscal Obligations.

i) Declaration and monthly payment of the withholdings made to employees: The law designates each employer as a withholder agent of the sums to be paid by the salaried employees as income tax on individuals; so that each employer must make a monthly declaration, through form IR-12, before the General Directorate of Income Tax, on the withholdings made by the company to its employees, and making the payment of these withholdings within the first ten (10) days of each month.

ii) Annual liquidation (payment) of the withholdings: Employers must make an annual declaration, by means of form IR-13, before the General Directorate of Income Tax, by the latest on March 15th of each year, of the taxes withheld by the company to its employees during the previous calendar year, as well as making the payment of any remaining amount of said tax.

iii) Annual declaration: The individual or company must also make a sworn declaration by means of form IR-2, before the General Directorate of Income Tax, by depositing said form in the offices of the agency corresponding to the domicile of the company within the 120 days following the date of the closing of the fiscal year. This form must be accompanied by a copy of the financial statements of the company or business duly audited by an independent Certified Public Accountant.