

March 19, 2020

**Facilities for tax compliance and deadline extensions
for the filing and payment of Income Tax and VAT**

As a response to the Economic Impact of the Coronavirus (COVID-19), on March 19, 2020 the Dominican Tax Authorities issued informative Notices Nos. 23 and 24-20 regarding facilities for tax compliance and deadline extensions for the filing and payment of Income Tax and VAT, respectively.



In support of the different economic sectors, specifically due to the crisis that the Dominican Republic is experiencing due to the COVID-19 pandemic, on March 19, 2020 the Dominican Tax Authorities ("DGII" for its acronym in Spanish) announced to all taxpayers the following measures:

- 1 The deadline for the filing and payment of the Transfer of Industrialized Goods and Services Tax ("ITBIS" or Value Added Tax "VAT"), that was due for the February 2020 fiscal period, is extended to March 30, 2020 (deadline was originally on March 20, 2020). Additionally, the VAT due may be paid in up to 4 consecutive, monthly and equal payment installments, free of the compensatory interests (1.10% monthly) that could result from the formalization of the payment agreement. Therefore, when filing the VAT return (Form IT-1) by March 30, 2020, 4 payment authorizations will be automatically generated by DGII's Virtual Office, each for 25% of the total to be paid. This novelty enables the taxpayer to make the filing and obtain the authorization for payment of the 4 installments virtually, rather than having to approach DGII's offices as in the recent past.
2. Current taxes due, related to all and any payment agreement in force up to March 19, 2020, are reduced to 50% and, at the same time, the payment period of these tax debts is doubled in order to regularize taxpayers. Penalties on outstanding tax debts are eliminated. It is recommended to request the applicability of this measure during the state of emergency, which has been declared to last 15 days counting from March 19, 2020.

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3. An extension is established for the deadline for the filing and payment of the Corporate Income Tax Returns (IR-2) for the fiscal period ended in December 31, 2019. The new filing and payment deadline is May 29, 2020 (originally April 29, 2020). Likewise, this deadline extension applies to:
 - a. Income Tax Returns for Individuals with Sole Business Ownership (“SBO”).
 - b. 1st. installment of the Asset Tax payment for Individuals SBO.
 - c. 1st. installment of the Asset Tax payment for juridical persons with year-end 12/31/19.
 - d. Informative Income Tax Return for Non-for-Profit Institutions with year-end 12/31/19.

It is not required to request this extension since the DGII will adjust its technological platform to these new deadlines, so that as of April 30, 2020, the taxpayer with year-end on 12/31/19 should not appear as non-compliant regarding this tax obligation in the DGII’s virtual office.

4. From point 3) above, in case income taxes are due, its payment may be extended up to 4 equal, consecutive and monthly installments, free of compensatory interests (1.10% per month).



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