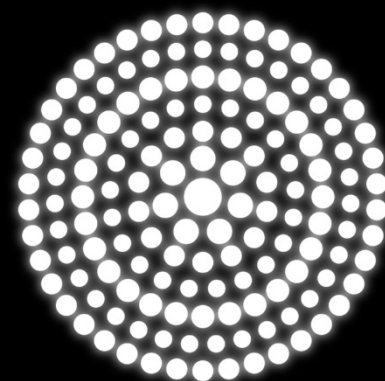


International Tax Bolivia Highlights 2020

Updated April 2020



Investment basics:

Currency – Bolivian Boliviano (BOB)

Foreign exchange control – There are no restrictions on foreign currency exchange. Commercial operations are carried out in Bolivianos and US dollars.

Accounting principles/financial statements – Bolivian GAAP

Principal business entities – These are the joint stock company, limited liability company, partnership, cooperative, and branch of a foreign company.

Corporate taxation:

Rates

Corporate income tax rate	25%
Branch tax rate	25% (plus tax at effective 12.5% rate on profits deemed distributed)
Capital gains tax rate	25%

Residence – Bolivia does not have a definition of residence.

Basis – Bolivia operates a territorial system. All legal entities in Bolivia, whether domestic or foreign, are subject to tax on Bolivian-source income. Branches are taxed in the same way as subsidiaries.

Taxable income – Businesses are subject to corporate income tax on income derived from business activities carried out in Bolivia. Taxable income is comprised of gross business income less deductible expenses. Certain income, such as foreign-source income and dividends, is exempt.

Rate – The corporate income tax rate is 25%.

Surtax – A 12.5% surtax is applied to mining companies, and a 25% surtax is applied to banks.

Alternative minimum tax – There is no alternative minimum tax.

Taxation of dividends – Dividends distributed between domestic companies are not subject to income tax at the level of the recipient, nor are they subject to withholding tax. Since Bolivia operates a territorial system, dividends received from a foreign corporation are not subject to tax.

Capital gains – Certain capital gains, such as gains derived from the sale of fixed assets, immovable property, and securities, are included in gross income and subject to tax at the normal corporate income tax rate. Gains derived from the sale of securities listed on a recognized stock exchange are exempt.

Losses – Losses may be carried forward for three years. The carryback of losses is not permitted.

Foreign tax relief – There is no foreign tax relief.

Participation exemption – There is no participation exemption.

Holding company regime – There is no holding company regime.

Incentives – Certain regions (Cobija, El Alto, Oruro, Potosi, and Yacuiba) grant special incentives for new industries.

Other

Mining royalty

Companies engaging in mining activities are subject to a maximum mining royalty of 7%. The rate is variable and depends on the type of mineral.

Transaction tax

Transaction tax is imposed at a rate of 3% on gross income from the sale of goods and services.

Compliance for corporations:

Tax year – The tax year usually is the calendar year, although mining companies operate from 1 October through 30 September, manufacturing and oil companies from 1 April through 31 March, and agricultural companies from 1 July through 30 June.

Consolidated returns – The filing of a consolidated return is not permitted; each company in a group is taxed separately.

Filing and payment – The annual tax return must be filed within 120 calendar days following the end of the tax year, and any tax liability must be paid at that time.

Penalties – Interest is levied (at the rate of inflation) for the late payment of tax, calculated on a daily basis (compound interest). A fine of up to 100% of the omitted tax may be imposed where the tax authorities detect the omission before the company.

Rulings – Rulings may not be requested.

Individual taxation:

Rates

Individual income tax rate	13% (12.5% effective tax rate for individuals engaged in a profession or business activity)
Capital gains tax rate	13% (12.5% effective tax rate for individuals engaged in a profession or business activity)

Residence – Bolivia does not define the concept of residence.

Basis – Individuals are subject to tax on Bolivia-source income, unless the income is specifically exempt. Individuals engaged in a profession or business activity are subject to the corporate income tax rules.

Taxable income – Taxable income includes employment income, business income, and investment income.

Rates – The rate generally is 13%. For individuals engaged in a profession or business activity, the effective rate is 12.5% (i.e., the 25% corporate income tax rate applied to 50% of income).

Capital gains – Capital gains are taxed as income and subject to the individual income tax rate. For individuals engaged in a profession or business activity, capital gains are subject to an effective rate of 12.5% (i.e., the 25% corporate income tax rate applied to 50% of the gains).

Deductions and allowances – A credit is allowed for the 13% VAT included in invoices issued to the taxpayer for purchases of goods and services.

Foreign tax relief – There is no foreign tax relief.

Compliance for individuals:

Tax year – The tax year is a calendar year.

Filing status – Joint returns are not permitted; spouses are taxed separately.

Filing and payment – Employment income is taxed by withholding. Individuals with other sources of income must file a tax return by 30 April following the end of the tax year.

Penalties – Interest is levied (at the rate of inflation) for the late payment of tax, calculated on a daily basis (compound interest). A fine of up to 100% of the omitted tax may be imposed where the tax authorities detect the omission before the individual.

Rulings – Rulings may not be requested.

Withholding tax:

Rates

Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	0%	0%	12.5%	12.5%
Interest	0%	0%	12.5%	12.5%
Royalties	0%	0%	12.5%	12.5%
Fees for technical services	0%	0%	12.5%	12.5%

Dividends – Dividends paid to a nonresident are subject to a 25% withholding tax levied on 50% of the gross dividend, resulting in an effective rate of 12.5%. Dividends paid to a resident are not subject to withholding tax.

Interest – Interest paid to a nonresident is subject to a 25% withholding tax levied on 50% of the gross amount, resulting in an effective rate of 12.5%. Interest paid to a resident is not subject to withholding tax.

Royalties – Royalties paid to a nonresident are subject to a 25% withholding tax levied on 50% of the gross amount, resulting in an effective rate of 12.5%. Royalties paid to a resident are not subject to withholding tax.

Fees for technical services – Technical service fees paid to a nonresident are subject to a 25% withholding tax levied on 50% of the gross amount, resulting in an effective rate of 12.5%. Technical service fees paid to a resident are not subject to withholding tax.

Branch remittance tax – Bolivia levies a withholding tax of 25% on 50% of the Bolivian-source profits of a Bolivian branch (a presumption of a dividend distribution applies to annual net income), resulting in an effective tax rate of 12.5%. The tax may be deferred if the branch reinvests the profits.

Anti-avoidance rules:

Transfer pricing – Bolivia has transfer pricing rules. Taxpayers are required to submit a transfer pricing study to the Bolivian tax authorities with respect to transactions with related parties.

Interest deduction limitations – Although Bolivia does not have specific thin capitalization rules, interest paid to members or shareholders must not exceed LIBOR plus 3% for loans granted abroad, or the domestic banking lending rate for domestic loans. In both cases, interest exceeding 30% of the interest that would be paid to a third party is nondeductible for income tax purposes.

Controlled foreign companies – There are no controlled foreign company rules.

Hybrids – There are no anti-hybrid rules.

Economic substance requirements – There are no specific economic substance rules, but only expenses effectively incurred and documented are deductible.

Disclosure requirements – There are no disclosure requirements.

Exit tax – There is no exit tax.

General anti-avoidance rule – There is no general anti-avoidance rule.

Value added tax:

Rates	
Standard rate	13%
Reduced rate	0%

Taxable transactions – VAT is imposed on the supply of goods and services and on imports.

Rates – The standard rate is 13% (VAT is included in the final price and is not shown separately). Exports are not taxed.

Registration – Registration with the National Tax Service is required.

Filing and payment – The tax form, which is prepared monthly, must be submitted and VAT paid in the month following that in which the tax was determined. The last digit of the tax identification number determines the due date.

Other taxes on corporations and individuals:

Unless otherwise stated, the taxes in this section apply both to companies and individuals, and are imposed at the national level.

Social security contributions – Both the employer and the employee are required to contribute to the social security system. Contributions are calculated based on the employee's income. The employer must contribute 14.71% (16.71% for mining companies) and the employee must contribute 16.71%. The employer also must contribute 2% to the National Housing Fund. The employee also must also contribute between 12.71% and 18.71% to the pension fund.

Payroll tax – There is no payroll tax.

Capital duty – There is no capital duty.

Real property tax – A municipal tax is levied annually on the cadastral value of real property. The rates are progressive and set by the local government.

Transfer tax – The owner of immovable property is required to pay a transfer tax at a rate of 3% of the higher of the consideration paid for the property sold or the officially appraised value.

Stamp duty – There is no stamp duty.

Net wealth/worth tax – There is no net wealth/worth tax.

Inheritance/estate tax – Tax is levied on transfers of real assets, shares, and recordable rights. The rate is variable (1% to 20%) and is based on the lineage.

Tax treaties: Bolivia has signed tax treaties with the Andean Community (Colombia, Ecuador, and Peru), Argentina, France, Germany, Spain, Sweden, and UK.

Tax authorities: National Tax Service (Servicio de Impuestos Nacionales)

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