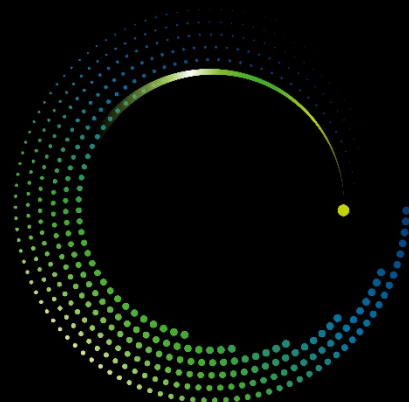


International Tax Bolivia Highlights 2024

Updated January 2024



Investment basics

Currency: Bolivian Boliviano (BOB)

Foreign exchange control: There are no restrictions on foreign currency exchange. Commercial operations may be carried out in Bolivianos or US dollars.

Accounting principles/financial statements: Bolivian GAAP applies.

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 12.5% effective tax 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 (IUE, per its acronym in Spanish) on income derived from business activities carried out in Bolivia. Taxable income is comprised of gross business income less deductible expenses. Foreign-source income is not taxable under the territorial system and dividends are exempt.

Rate

General

The corporate income tax rate is 25%.

Surtax

A 12.5% surtax applies to mining companies, and a 25% surtax applies to banks, insurance and reinsurance entities, financial leasing companies, general deposit warehouses, investment fund management companies (SAFIs), securitization companies, and stockbrokers.

Alternative minimum tax

There is no alternative minimum tax.

Global minimum tax (Pillar Two)

Bolivia has not committed to implementing rules that generally are in line with the global anti-base erosion (GloBE) or “Pillar Two” model rules published by the OECD/G20 Inclusive Framework on BEPS that are designed to ensure a global minimum level of taxation of 15% for certain multinational enterprise groups.

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, which is extended to five years for the hydrocarbon production and mining sectors. 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 and must file an individual return.

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 charged (at the rate of inflation) on late payments of tax, calculated on a daily basis (compound interest). A fine of up to 60% 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% (income from business activities is subject to IUE)
Capital gains tax rate	13% (income from business activities is subject to IUE)

Residence: Bolivia does not have a definition of residence.

Basis: Individuals are subject to tax (the complementary VAT regime or RC-IVA, per its acronym in Spanish) on Bolivian-source income, unless the income is specifically exempt. Self-employed professionals also are subject to RC-IVA, while income from other business activities remains subject to IUE.

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

Rates: The RC-IVA rate generally is 13%.

Capital gains: Capital gains are taxed as income and subject to RC-IVA.

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 period: The tax period is the calendar quarter ending 31 March, 30 June, 30 September, and 31 December of each year.

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

Filing and payment: Employment income is taxed by withholding.

Penalties: Interest is charged (at the rate of inflation) on late payments of tax, calculated on a daily basis (compound interest). A fine of up to 60% 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%

Dividends: Dividends paid to a resident are not subject to withholding tax. Dividends paid to a nonresident are subject to a 25% withholding tax on 50% of the gross dividend, resulting in an effective rate of 12.5% (potentially reduced in accordance with an applicable tax treaty).

Interest: Interest paid to a resident is not subject to withholding tax. Interest paid to a nonresident is subject to a 25% withholding tax on 50% of the gross amount, resulting in an effective rate of 12.5% (potentially reduced in accordance with an applicable tax treaty).

Royalties: Royalties paid to a resident are not subject to withholding tax. Royalties paid to a nonresident are subject to a 25% withholding tax on 50% of the gross amount, resulting in an effective rate of 12.5% (potentially reduced in accordance with an applicable tax treaty).

Fees for technical services: Technical service fees paid to a resident are not subject to withholding tax. Technical service fees paid to a nonresident are subject to a 25% withholding tax on 50% of the gross amount, resulting in an effective rate of 12.5% (potentially reduced in accordance with an applicable tax treaty).

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. The amount of tax-deductible interest on member/shareholder loans cannot exceed 30% of the total interest paid to third parties in the relevant period.

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

Anti-hybrid rules: 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 final prices 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. The employer must contribute 14.71% (16.71% for mining companies) of the employee's income, and the employee must contribute 12.71%.

The employee must make contributions to the National Solidarity Fund of: i) 1% of the amount of the employee's total earnings between BOB 13,000 and BOB 24,999; ii) 5% of the amount of the employee's total earnings between BOB 25,000 and BOB 34,999; and iii) 10% of the amount of the employee's total earnings in excess of BOB 34,999. The employer also must contribute 2% to the National Housing 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 tax or net worth tax.

Inheritance/estate tax: Tax is imposed 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 concluded tax treaties with the Andean Community (Colombia, Ecuador, and Peru), Argentina, France, Germany, Spain, Sweden, and the UK.

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

Contact us:

Pablo Minniti

Email: pminniti@deloitte.com

Richard Castillo

Email: richcastillo@deloitte.com

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (DTTL), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our people deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society, and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte's approximately 457,000 people worldwide make an impact that matters at www.deloitte.com.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms or their related entities (collectively, the "Deloitte organization") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.