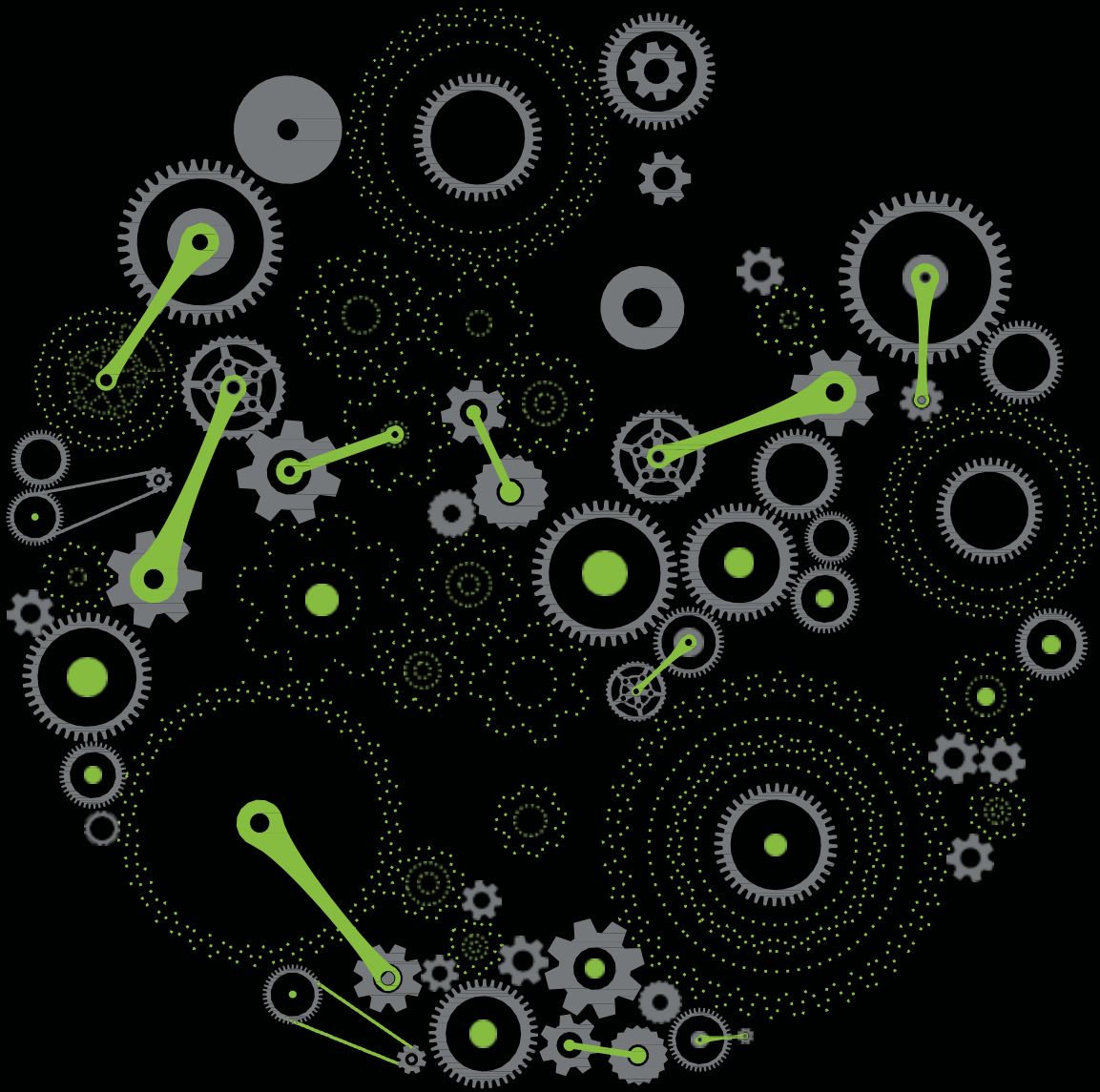


Deloitte.



**Deloitte Soft Landing
2020**



**CREANDO UN
IMPACTO
SIGNIFICATIVO**
Desde 1845



Is your company prepared to establish itself in

Guatemala? Prior to starting operations, it is important to analyze whether your organization understands and is aware of the regulations and requirements it must comply with in order to avoid any delays.

The proven experience and distinctive capabilities of Deloitte Guatemala in this area allow us to offer a turnkey service, which from a legal and administrative standpoint, provide you with the framework that will allow your company to dedicate its time exclusively to the development of a business plan.

With our advisement, you will succeed in establishing the legal entity, determining the appropriate tax regime, hiring expatriate employees, producing accounting records, ensuring compliance with the existing regulations and maximizing the foreign trade benefits, among other aspects.



Legal requirements

When a company decides to start operations in Guatemala, previous and timely advisement is fundamental, in search of the proper identification and selection of the best alternatives.

The first strategic decision is to select the type of legal organization to be used, which involves deciding between establishing a company (subsidiary) or a branch of a foreign entity, taking into consideration the particular characteristics of the investment and its objectives.

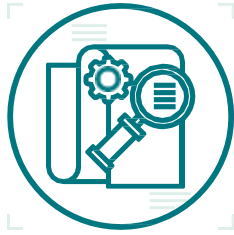
Due to the above, in order for a company to formally enter the Guatemalan market, it is necessary to first perform the following activities:

1. Legal, corporate and tax analysis of the characteristics of the investment, in order to prepare a strategy.
2. Request for information related to the establishment of the company or the branch, as applicable.
3. Preparation of proxies or agreements, which will be issued abroad, in order to establish the company or branch in Guatemala.
4. Opening of a bank account in Guatemala with the amount of the initial paid-in capital. Likewise, posting of a bond, in the case of a branch.
5. Verification of the name, company name or commercial name at the Mercantile Registry.
6. Preparation of the articles of incorporation/organization in the case of a company, or in the case of a branch, the file for requesting the establishment of the branch.

Once the activities listed in the previous section have been performed, our Legal division will start the second phase, that is, the incorporation process:

1. Execute a notarial instrument before a Notary Public, containing the articles of incorporation/organization in the case of a company, or the duly notarized foreign documents, in the case of a branch.
2. Register the company or branch before the Mercantile Registry.
3. Obtain the Tax Identification Number (NIT **per its Spanish abbreviation**).
4. Open the corporate books and prepare the corresponding annotations for its incorporation, as applicable.
5. Obtain the original policy for the bond, in the case of a branch.
6. Obtain the Commercial Licenses.
7. Based on the legal structure adopted, we can perform all of the activities related to corporate maintenance: annual shareholders' meetings, bond renewals, and shareholders' meetings for granting or revoking powers of attorney, among others.

At Deloitte, we have the necessary credentials for providing comprehensive and ongoing legal advisement, in relation to the activities that a company undertakes in Guatemala.



Evaluation of the tax impact

The tax elections of a new company in Guatemala must be made upon its registration. This is why when an investor wishes to start operations in Guatemala, such investor must consider the following:

- Election of the most advisable regime for paying Income Tax, since Guatemala offers two regimes: a traditional regime taxing net profits, and an optional regime taxing gross revenues, without deducting costs and expenses.
- Determination of the impact of the Solidarity Tax, which is levied on total assets or income, and may be credited to the Income Tax or vice versa.
- Planning of the impact of the Value Added Tax in the investment and pre-operating stages, as well as the recovery of the accumulated tax credits. For projects consisting of the export of goods and services, it is necessary to identify the most appropriate VAT credit refund regime.
- Proper pricing of transactions with related parties that are non-residents of Guatemala, in order to comply with local transfer pricing rules.
- The lack of international double taxation agreements requires the identification and planning of the impact of the Guatemalan withholdings.

At Deloitte Guatemala, we have expert tax professionals that offer a comprehensive service, which helps you analyze the expected tax effects in the country resulting from the various business models, and provides alternatives for their efficient implementation.



Accounting, payroll and tax compliance

A company duly established in Guatemala must comply with the following obligations:

1. Prepare monthly accounting records, in quetzales and in Spanish.
2. Prepare and file corporate tax returns (Income Tax, VAT, tax withholdings).
3. Prepare the books of purchases and sales (VAT books) on a monthly basis.
4. Pay monthly to the Social Security office, both the employer and employee contributions.
5. Make the monthly entries in the book of salaries and wages.

Our Business Process Solutions practice has extensive experience in providing these services, and has the ability to work in coordination with your parent company's personnel to define the information we require, the calendars with key deadlines, and the accounting and tax policies to be applied.



Expatriate employees

We provide services to national and international companies with expatriate employees. Our objective is to provide advisement on the tax implications resulting from having foreigners working in Guatemala, as well as from Guatemalans working outside the country.

Guatemala has not signed any international double taxation agreements, and thus the analysis would be performed based on the current Guatemalan legislation.

Deloitte Guatemala
is your business
partner,
offering a
comprehensive solution
for the start of your
operations in the
country.



Foreign trade operations

Knowing the import and export frameworks that are available is a fundamental part of successfully starting operations in Guatemala. It allows you to maximize the use of benefits and achieve compliance, in terms of time and form, with all customs and international trade regulations.

Before a company starts foreign trade operations—or even before the company is established—it is necessary for it to design the customs structure for its organization, considering the types of goods it will market, the origin of its goods and raw materials of such goods, and the different customs regimes that are compatible with its established objectives, among other elements.

After the company has been established in Guatemala, it is important to start the formalities for its registration in the registry for importers, registry for exporters, and its registration before the government entities that regulate the foreign trade of the goods to be marketed, in order to obtain permits and comply with the regulations for the import and/or export of goods.

In addition, in Guatemala it is possible to take advantage of tax and customs benefits deriving from the application of tax benefit laws. It is also possible to recover the tax credits generated by exports, reduce the number of customs inspections, and consolidate operations, all as a result of obtaining authorizations or certifications established for different trade facilitation frameworks, conditioned upon compliance with a series of requirements.

Finally, prior to introducing goods into the national customs territory, the company should know their tariff classifications, tariff rates, the implications of the regime under which the goods will be declared, and if applicable, the application of any free trade agreement or program that allows for the obtaining of a preferential benefit.

At Deloitte Guatemala, through a specialized department, we can assist you and be your guide with respect to any foreign trade related matter, thus becoming a partner that will accompany you any time you need it: from the start of your implementation process all the way through to your daily operations.

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