

Tax Alert

COVID-19: Law includes VAT and import duty exemption for certain donations

Decree 11-2021, a national emergency law containing measures in response to the COVID-19 pandemic that include a VAT and import duty exemption for certain donations made to the Guatemalan public health care system, was published in the official gazette on 21 September 2021 and is effective as from 22 September 2021 up to 31 December 2021. Regulations to implement the law must be issued within eight days from the effective date of the law (i.e., by 30 September 2021) and the regulations must not alter the intent and scope of the law.

The law includes the following provisions:

a.

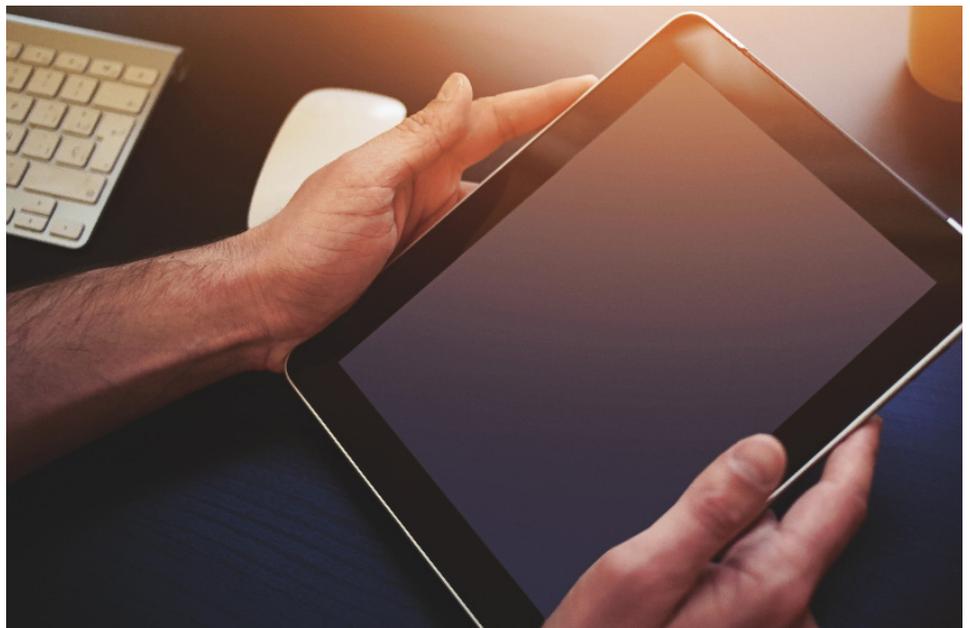
The “GUATECOMPRAS” system must be used for the acquisition of surgical medical goods made with public funds, as well as for the hiring of temporary technical or professional service personnel intended to provide patient care relating to COVID-19. The Ministry of Public Health and Social Assistance must enter into agreements under the United Nations’ procurement system to carry out its acquisitions. Imports of health supplies acquired based on these agreements will be exempt from VAT;

b.

A “basic list of purchases and contracts” that must be made or entered into using the GUATECOMPRAS system is provided; and

c.

An exemption from all import taxes, VAT, and customs duties is established for donations that are directly related to the prevention of COVID-19 and that are made to the Ministry of Public Health and Social Assistance or the Guatemalan Social Security Institute to support charities that have signed agreements with these entities and that provide health care services during the period when the law is valid, i.e., up to 31 December 2021. To qualify for the exemption, imports of merchandise and goods must be related to and exclusively used for nonprofit and charitable purposes in combating the COVID-19 pandemic. A request for the tax and customs duty exemption must be submitted to the Superintendency of Tax Administration, which must respond within a timeframe of no more than three business days; if no response is received within this timeframe, the request will be considered to be approved. The exemption is available for requests made as from the effective date of the law, i.e., as from 22 September 2021.



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Byron Martínez

CEO Guatemala & El Salvador.
Tax and Legal Lead Partner
bymartinez@deloitte.com



Marina Mijangos

Tax Manager
amijangos@deloitte.com

Deloitte.

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