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Tax Alert

VAT Withholding in Purchases of Goods and Services performed by the Government

Withholding of Sales Tax on Purchases of Goods and Services performed by the Government, by article 174 of decree 171-2016 which contains the provisions of the General Budget of Revenues and Expenditures of the Republic Published in the Official Gazette La Gaceta dated December 272016.

Article 174

The GOVERNMENT shall proceed to make the withholding of the VAT generated in the purchase of goods and services contracted by the Government that are taxed by said tax.

This withholding must be made on each payment document.

The VAT withheld will be in the General Treasury of the Republic within ten (10) calendar days following the transaction.

GOVERNMENT ENTITIES SUBJECT TO THE DISPOSITION BEFORE INDICATED

Decentralized Institutions

Deconcentrated

All Executing Units of Projects without exception

WITHHOLDING VOUCHER

- Government Retaining Agents must provide the supplier of goods and / or services with the withholding voucher, in order to prove to the Rent Management Service (SAR) the amounts paid for this concept.

OPERATIONS OF THE CENTRAL ADMINISTRATION

- The above mentioned results in an automatic transaction at the time of payment of the corresponding Form F-01.



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