



Tax Newsletter

Timely news and information on national tax issues

New Decree on “Special Provisions for the Promotion and Granting of Tax Incentives to Encourage the Development of High-Rise Real Estate Projects”

On 23 September 2024, the Legislative Assembly passed the bill “Special Provisions for the Promotion and Granting of Tax Incentives to Encourage the Development of High-Rise Real Estate Projects,” published in the official gazette No. 181 Volume No. 444 dated 24 September 2024. This law will go into effect eight days after its publication in the official gazette.



The purpose of this law is to promote investments and economic activities in high-rise real estate development projects, as well as grant income tax incentives for these projects.

For purposes of this law, “**high-rise real estate developments**” are defined as the construction of new buildings initiated after this law came into effect and that have 35 floors or more, measured from the street level in front of these buildings.

Benefitted parties and activities:

The individuals, legal entities and partnerships, whether domiciled or not in the country, that are owners of new investments in the construction of high-rise real estate development projects and that perform activities related to them, will benefit from tax incentives in accordance with the law. The investments must be related to the marketing of some of the following items or to the following conditions:

- 1) The first purchase-sale of high-rise properties, whether it is the first total sale of the building or, in the case of sale or partial

sale, the first sale of previously determined areas, such as, the sale of apartments or spaces for offices, establishments or businesses.

- 2) The rental of high-rise properties for tourism or commercial purposes, or for the providing of services, as long as the owner of the property is the initial investor.
- 3) The rental of spaces and providing of hospitality services, when the service provider is also the owner of the project.
- 4) The providing of construction services for high-rise buildings.
- 5) When the owners of the high-rise real estate development projects, within the effective term of this benefit, restructure their economic activity, as in the case of a condominium of offices that is converted into a hotel or vice versa.

Tax incentives:

- Income Tax exemption on the profits and income of individuals, legal entities and partnerships that as of the entry into effect of the law are owners of investments in the construction of high-rise real estate development

projects (provided that such income is exclusively obtained from these projects).

- When it refers to legal entities or partnerships, the exemption will apply to both the entity owner of the project and their partners, shareholders or members (only applicable to the profits from the benefitted activity). In the event that the partner shareholders are legal entities, this right will be exclusively for them, and thus cannot be subsequently transferred to other partners.
- This income will also not be subject to the capital gain stipulated in articles 14 and 42 of the Income Tax Law, nor to withholdings at the source or payment or advance payment on account of the tax.

A man with dark hair and a beard, wearing a dark suit, white shirt, and striped tie, is smiling while looking at a laptop. He is sitting at a desk in an office environment. A bright light fixture is visible in the background, creating a soft glow. The overall scene is professional and positive.

Term for the tax incentives

The tax exemption will be effective for a period of 15 years, which will be counted from the tax period in which the taxpayer starts obtaining the profits and income.

To benefit from this exemption, the beneficiaries indicated in this law must inform the General Office of Internal Revenue (DGII) at least 30 days in advance of the start of construction of the high-rise properties mentioned in this law. The DGII will be the entity to declare, in a term no longer than 10 days, that the petitioner is a beneficiary of the incentive.

In light of these **new provisions**, it is **important to thoroughly review the law** to identify possible options for expanding business in the real estate sector, seeking financing, or making investments within the national territory.

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Tax Calendar

Use our [2024 Tax Calendar](#) to keep informed about:



Tax Obligations before the Tax Office (Ministerio de Hacienda)



Municipal Tax Obligations



Payroll Management Obligations

October 2024

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

To learn more about **October's** obligations:



Download the 2024 Tax Calendar

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