



Presidential Decree N°4685

**Income tax payment exemption for income
generated by investments in securities or
other similar instruments issued and endorsed
by the BCV**

MAY, 2022

Income tax payment exemption Decree N°4685 was published in Official Gazette N°42371 of May 6, 2022. The Decree provides for an income tax payment exemption applicable to individuals and companies, residing or domiciled in the country, that obtain income from the settlement of principal, interests or yields from investments in securities or other similar instruments issued and endorsed by the BCV.

Relevant Aspects

The benefit is aimed at exempting individuals and companies residing or domiciled in the country from paying the tax for income obtained from the settlement of principal, interests or yields from investments in securities or other similar instruments issued and endorsed by the BCV.

For exempted income determination purposes, the standards set forth in the Income Tax Law relating to revenue, costs and deductions from taxable income shall be applied.

Common costs and deductions applicable to exempted territorial or extraterritorial income shall be proportionally distributed.

Requirements

- The exemption beneficiaries shall submit the corresponding annual net global taxable and exempted income filing, under the terms and conditions set forth in the Income Tax Law and other applicable standards.

- Those failing to comply with the obligations and requirements established in such exemption decree, in the Income Tax Law and other applicable standards will lose the referred-to benefit.

Effective Date

- Decree N°4685 will be effective for one (1) year as from the date of its publication in Official Gazette; i.e., May 6, 2022.
- The exemption will be applied during current fiscal year as from the decree's effective date.

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