

VAT NEWS

Dominican Republic : call for public consultation for the Draft Regulation for Nonresident Digital Service Providers

The General Directorate of Internal Taxes (DGII) and the Legal Consultancy of the Executive Power opened a public consultation on a draft regulation to establish the procedure for the application of VAT on the transfer of industrialized goods and services (ITBIS) for digital services provided by foreign suppliers.

What is ITBIS?

ITBIS (Impuesto sobre Transferencia de Bienes Industrializados y Servicios) stands for the value-added tax for transferring industrial goods and services.

Key elements of the project:

- › The draft regulation requires all digital services used, consumed, or captured in the country by nonresident suppliers to pay ITBIS
- › It also requires resident taxpayers in the country to pay ITBIS if digital services are supplied through a local permanent establishment
- › According to article 344 of the Tax Code, digital services are not exempt from the ITBIS regime. This includes:
 - Online advertising
 - Online intermediation (commission)
 - Data transmission
 - Online streaming
- › Foreign suppliers will be taxed electronically and will submit the ITBIS via a special declaration due on the 20th of each month.

VAT NEWS

- › The ITBIS will be paid by the foreign supplier for its intermediation services (e.g., Amazon, Expedia, Google, Netflix, Spotify, DiDi, Uber, Expedia, Airbnb, Indriver, among others).
- › The payment may not be transferred to or reimbursed in the Dominican Republic unless and until these suppliers establish a permanent presence in the country.

The consultation will run from 15 February until 21 March.

Global VAT Compliance's (GVC's) indirect tax team and tax advisory team can assist your business in VAT determination, VAT registration, Fiscal representation, VAT return preparation, VAT filing, VAT remittance (VAT payments) and VAT audits support.

We are happy to speak to you should you want to discuss our capabilities and where we can deliver our services.

Contacts

Paul Bakker

T +31 (0) 702390342

paul@gvc.tax

Henk Hop

T +31 (0) 703083111

henk@gvc.tax

© Global VAT Compliance B.V. All Rights Reserved.

The content of this publication is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances. No responsibility can be accepted by us for loss caused to any person acting or refraining from acting as a result of the content in this publication.

Global VAT Compliance B.V.

Loire 192, 2491AM, The Hague, The Netherlands

info@gvc.tax , +31 70 308 3110, www.globalvatcompliance.com