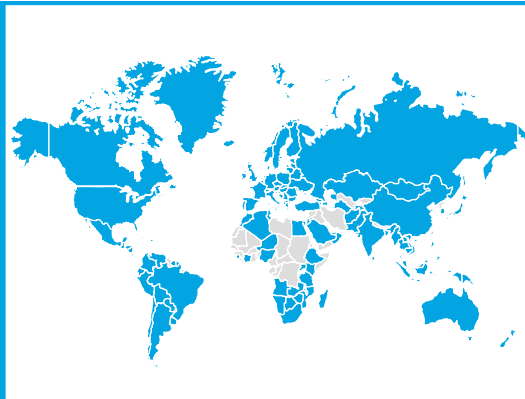


EXPATRIATES

DOMINICAN REPUBLIC

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE

In Dominican Republic everyone who receives income from work done is subject to paying taxes, regardless is whether a resident or not.

Dominican Tax Code establishes that a person is considered as a resident, for tax purposes when he/she "remains there for more than 182 days, continuously or discontinuously, in the fiscal year." Regardless of the time spent in the country, you should always pay taxes for the work done. (Paragraph 1 of Article 12).

The Income Tax Revenue (ISR) is the tax payable by everyone who receives or generates income, profits or benefits obtained by individuals, companies, and undivided assets in a given fiscal period.

Any natural or juridical person residing in the Dominican Republic and the undivided causal successions domiciled in the country, will pay the tax on their income from a Dominican source, and from sources foreign to the Dominican Republic that come from investments and financial gains.

Even the salary is received from abroad, he/she is working in Dominican territory. The Dominican tax regime is based on the concept of territoriality. This implies that, no matter where the income or the payment is received, it was already originated by the work done in the Dominican Republic and, therefore, is governed by the local tax laws.

Double Taxation Treaties

Dominican Republic has double taxation treaties with Canada and Spain.

BREAKING RESIDENCY - EXIT PROCEDURES

When the expatriate will return to his country of origin or is transferred to another country, a labor agreement termination must be done, and the company must pay him the proportion of all the acquired rights and labor benefits accumulated during the period worked in the Dominican Republic.

The Acquired Rights are made up of not-enjoyed Vacations, Christmas Salary, and Participation for the Benefits (Bonus), as well as any outstanding workday balance, commissions or overtime. Fringe Benefits include: Forewarning (Notice of Termination) and Severance.

Acquired Rights

Vacations:

- Between 1 and 5 years: 14% of ordinary salary
- Over 5 years: 18% of ordinary salary

Christmas Salary:

12th part of the ordinary salary accrued by the worker in the calendar year.

Bonus:

- < 3 years: 45 days ordinary salary
- > 3 years: 60 days of ordinary salary

Fringe Benefits

Forewarning:

- > 3 months and < 6 months: 7 days
- > 6 months and < 1 year: 14 days
- > 1 year: 28 days

Severance pay:

- > 3 months and < 6 months: 6 days
- > 6 months and < 1 year: 13 days
- > 1 year and < 5 years: 21 days x year
- > 5 years: 23 days x year

INCOME TAX RATES

Annual Scale	Tax Rate
Income up to RD\$416,220.00	Exempt
Income from RD\$416,220.01 up to RD\$624,329.00	15% of the surplus of RD\$416,220.01
Income from RD\$624,329.01 up to RD\$867,123.00	RD\$31,216.00 plus 20% of the surplus of RD\$624,329.01
Income of RD\$867,123.01 and above	RD\$79,776.00 plus 25% of the surplus of RD\$867,123.01

SOCIAL SECURITY CONTRIBUTION

Contributions to the payment of the cost of insurance for old age, disability, survivorship, and contributions, and for family health insurance, which will come into force shortly, will be as follows:

CONTRIBUTIONS TO THE SOCIAL SECURITY SYSTEM (TSS)		
Item	Family Health Insurance (SFS)	Pension and Disability Plan (SVDS)
Personal Health Care	9.53	
Children's Stays	0.1	
Subsidies	0.43	
Superintendence	0.07	
Personal account		0.07
Personal Life Insurance		8
Solidarity Fund		0.4
AFP Commission		0.05
Affiliate / Employee	3.04	2.87
Employer	7.09	7.1
TOTAL CONTRIBUTION	10.13%	9.97%

The percentage payment that will be made to the Social Security Treasury (TSS) will be based on the employee's monthly wage earned. It is established a quotable salary equivalent to twenty (20) national minimum wage. Payment is due within three (3) early days of the month.

The contributions made by the employee to the TSS are exempt from the ISR, therefore, they must be deducted from the amount that applies for this tax.

OTHER TAXES (PAID IN FULL BY THE COMPANY)

- Infotep: 1% of gross salary and 0.5% of bonus paid by the employee.
- Occupational Hazard Insurance: varies from 1.1% to 1.36% of salary quotable (assigned by the TSS)

For further information and to register for future updates contact expat@bdo.global

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations. The information contained within this publication is based upon information available up to the version date indicated in the document footer, and is accurate only as of such version date. While every reasonable effort has been taken by BDO to ensure the completeness and accuracy of the matter contained in this publication, the information contained herein does not constitute an examination of any recipient's compliance with laws, regulations, or other matters. You should not act, or refrain from acting, upon the information contained herein without obtaining specific professional advice. Please contact the appropriate BDO Member Firm to discuss these matters in the context of your particular circumstances. Neither the BDO network, nor the BDO Member Firms or their partners, employees or agents accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO is an international network of public accounting, tax and advisory firms, the BDO Member Firms, which perform professional services under the name of BDO. Each BDO Member Firm is a member of BDO International Limited, a UK company limited by guarantee that is the governing entity of the international BDO network. Service provision within the BDO network is coordinated by Brussels Worldwide Services BVBA, a limited liability company incorporated in Belgium. Each of BDO International Limited, Brussels Worldwide Services BVBA and the member firms of the BDO network is a separate legal entity and has no liability for another such entity's acts or omissions. Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BVBA and/or the member firms of the BDO network.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

© Brussels Worldwide Services BV, December 2020

www.bdo.global