

SETTING UP BUSINESS IN DOMINICAN REPUBLIC



General Aspects

Dominican Republic is a country to share different topics and professional scenarios. We are a country with approximately 10 million inhabitants, with a broad business spectrum and diverse opportunities.

Our most productive sectors are:

Agriculture

Services

Commercial

Manufacturing

Tourism

Legal Forms of Business Entities

From the tax point of view, there are no differences between organizing the business under the form of a company's Branch or a limited society by stocks constituted in Dominican Republic, called "Limited society Responsibilities" (SRL). In all the cases, they would be taxing for their net income at a 27% rate, and they have other treatment over the profits distributed to the Head Office, or partners or stockholders, everyone have to pay 10% for this tax like final tax for dividends.

Legal form	Feature	Remarks
Branch of the Company	It is an extension of the Headquarters, it does not have independent judiciary personality. It can do all trade, industrial or services operations, which are foreseen in the Head Office' aim. It can or can not have capital.	Its creation must be decided by Headquarters' minute, its domicile must be in Argentina and a natural person must be appointed with real domicile also in DR, as a legal representative. The Head Office responds for all Branch's obligations, except for those related to banks.
Limited society Responsibilities" (SRL)	It is made up by 2 partners (minimum), called "stockholders", they can be natural persons residents or not. Its capital is represented by nominative stocks, being the minimum of RD\$ 100.000	It is the tool most used by middle and large scale companies. It limits the stockholders' responsibility to the capital being subscribed. The majority of Directors (administration organ) must have real domicile as well as the President (legal representative). They annually present the audited financial statements to the Control Organization.
Limited Liability Company (S.A)	The minimum number of partners is 2 and the maximum is 50. Foreign capital companies or local SC can not be partners of LLC. There is no need of minimum capital, as it is represented by social fees. There's two type company of these, one public and private. Public is for company like insurance, bank and others for it interest is regulatory.	It is also very used by foreign companies to carry out their activities in Argentina. Since this organization is subject to less formal requirements than the Stock Companies, it shall only present the statute's statements (even though it must write it). Partners' responsibility limited to the capital being subscribed.
Unipersonal Stock Company (EIRL)	It is similar to a stock company, but made up by only one partner.	Its capital must be fully integrated with the birth of the company

Organizational Questions

Topic	Feature	Remarks
Enrolment before the Legal Control Authority	All above-mentioned trade partnerships, must obligatorily request the enrolment of their social contract and bylaws before the General Inspection of Justice if the legal domicile is fixed in DR, or before the Public Registry of Commerce of the Province the domicile corresponds to.	Partners are completely and unlimitedly responsible for the obligations of the company before the enrolment is being done.
Enrolment before tax organizations	In one level: "Unique code of tax id" for the company to pay the all types of taxes that the authorities requires.	For an industrial establishment, commercial shop or rendering of services shop, it shall previously request the working authorized as taxpayer of the rate for services of security and hygienic control foreseen in the regulation of the most of municipalities
Opening of bank account	Non resident natural persons shall get a CDI (Id. Code) number from the AFIP with his/her passport. Judiciary persons shall attach copy of their statutes, evidence of enrolment before the Public Registry of Commerce and before the AFIP (CUIT number). Also, they must attach list of authorized signing persons and pertinent powers of attorneys. Signing persons must fulfill the same requirements than physical persons	Banks do not allow the registration of signing persons in the account who are foreigners or non residents if there are registered signing persons with domicile and permanent residence in the country.

Employment

Topic	Feature	Remarks
Work permit	To work, it is necessary to be more than 18 years old, and if he/she is a minor, he/she must have the parents' or tutors' authorization. DR does not establish any expatriate restrictions or expatriates quota in the employment, as long as they fulfill with regulations regarding immigration, i.e. only if they have valid residence permit.	Companies have to pay social security for all employees without exceptions.
Labour law	Workers enjoy the following protection: dignified and similar working conditions; limited working day; paid rest and leave/holidays; fair salary; minimum salary; same salary for same task; participation in the companies' profits, with control of production and cooperation in the direction; protection against arbitrary dismissal; stability for the public employee; free and democratic syndicate, being recognized by the enrolment in a special registry.	

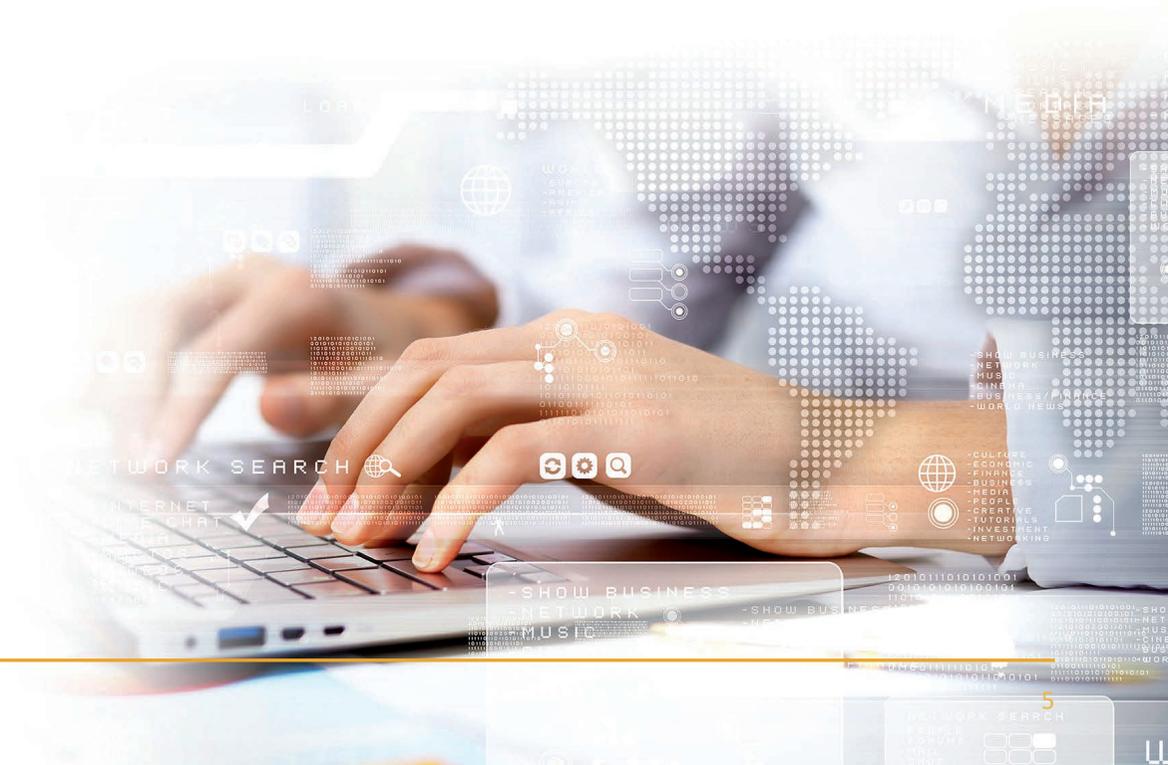
Labour /Working day	The job's duration can not exceed eight daily hours or forty four weekly hours, for every person being hired to work in any public or private company, even if they are non-profitting companies.	There are exceptions for hours, ages, regions, industries, etc.
Social System	The social security system is as follows: employers' contributions (7.01%) destined to Retirement, also a 6.97% destined to Regime of Medical Plans. There is also the business contribution to health Risk Insurance in case of accident that varies depending on the activity of the company and a mandatory life insurance in case of death at a cost of 1.30% of the salary by person.	None

Taxation

Being a country whose form of the tax system of the Dominican Republic as follows:

Tax	Feature	Remarks
Income Tax over companies	The corporate tax rate is 27% for fiscal years. The tax is levied on net income from expenses and costs, not including capital gains. Allows the transfer of tax losses up to 5 periods after the one of origin.	Dividends distributed are taxed at 10%.
Income Tax over Individuals	It also taxes income net of expenditures. It allows annual deductions such as a non-taxable minimum of RD\$ 416,220. The rate is progressive, from 15% for the lower income segment, to 25 % for income.	No Deduction apply
Minimum Assumed income tax	It is a complementary tax to income tax but with a patrimonial structure. It taxes companies, unipersonal companies and natural persons owners of a rural real estate. The taxable base is the total of assets located in the country and abroad (it does not allow the deduction of debts) according to the commercial balance with some adjustments of valuation foreseen by law. There is an exempted minimum of RD\$7,300,000, but if the total value of the subject's assets surpasses it, then the total would be taxed. The rate is 1 %.	None

Transfer of Real Estate Tax	It taxes the sale of real estate, or the transfer of a sales contract. Subject is the natural person. The rate is 3% and is applied on the sale price, usually is retained by the Selling part's notary at the moment of the signing of the title deed. If the seller is a non-resident, previously a legal representative in the country shall request a certificate in order to represent him/her at the signing of the title deed.	None
Simplified Regime For Small Taxpayers	This regime is applicable to taxpayers who sell goods below RD\$ 12 millions - annual. Using this option replaces the income tax mentioned above.	





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