

## COUNTRY PROFILE



# Guatemala

## Tax overview

Corporate Income Tax	25%
Personal Income Tax	5/7%, progr.
Gift Tax	None
Inheritance Tax	None
Wealth Tax	None

### Territorial Tax Regime

Guatemala applies the tax principle of territoriality. Income tax is levied on Guatemalan source income only. Income from foreign sources is not taxed.

### Corporate Income Tax

Corporations incorporated in Guatemala are subject to tax on local source income at a rate of 25% of net income. Corporations can elect to be taxed on net income or gross revenue. Foreign sourced income is not subject to tax. Passive income is taxed separately at different rates. Capital gains sourced in Guatemala are taxed at 10%. There are withholding taxes on dividend payments at 5% and interest at 10%, except in the case of interest payments between banking entities.

### Personal Income Tax

Guatemalan residents are only subject to tax on local source income. Employment income is taxed at 5% or 7%; and passive income is generally taxed at 10%. Guatemala does not impose gift, inheritance tax or wealth tax.

### Anti-Avoidance Rule

Guatemala has no General Anti-Avoidance Rules. Guatemala has Transfer Pricing rules, which require transactions between related parties to be arms-length, and has Thin Capitalization rules. However, Guatemala has no Controlled Foreign Corporation (CFC) rules.

### Double Tax Treaties (DTTs)

Guatemala does not have any DTTs in force.

### Foreign Investment Protection

Guatemala has Bilateral Investment Treaties (BITs) and Free Trade Agreements (FTAs) with a number of jurisdictions for the protection of investments that provide for international arbitration in the event of nationalization or expropriation, including with the Dominican Republic (FTA), Luxembourg (BIT), Netherlands (BIT), Panama (FTA), Spain (BIT), Switzerland (BIT), and Trinidad and Tobago (BIT).

### OECD Multilateral Convention

Guatemala is a signatory to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. Signatories to the Convention are required to exchange information on request, and are authorized to exchange information spontaneously and automatically.

### Common Reporting Standard (CRS)

Guatemala has not adopted CRS for the automatic exchange of financial account information.

### FATCA

Guatemala has not executed a FATCA IGA with the United States for FATCA implementation, and is not treated as having an "agreement in substance" with the United States.

### Notice

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