

COUNTRY PROFILE



Nicaragua

Tax overview

Corporate Income Tax	30%
Personal Income Tax	30%, progr.
Gift Tax	None
Inheritance Tax	None
Wealth Tax	None

Territorial Tax Regime

Nicaragua applies the tax principle of territoriality. Income tax is levied only on Nicaraguan source income. Foreign sourced income is not taxed.

Corporate Income Tax (CIT)

Corporations are subject to tax only on Nicaraguan source income at progressive rates with a maximum rate of 30%. Capital gains are subject to a 15% tax rate.

Personal Income Tax

Residents of Nicaragua are subject to tax only on Nicaraguan source income at progressive rates up to a maximum rate of 30%. Capital gains are generally subject to a 15% tax rate. Nicaragua does not levy gift, inheritance or wealth tax. However, although Nicaragua does not have a per se gift tax, certain gifts may be subject to capital gains tax.

Anti-Avoidance Rule

Nicaragua has no General Anti-Avoidance Rules (GAARs). Nicaragua has Transfer Pricing rules based on OECD guidelines, but has no Thin Capitalization rules. Nicaragua has no Controlled Foreign Corporation (CFC) rules.

Transactions with Tax Havens

Expenses paid by Nicaraguan resident taxpayers, or foreign taxpayers with a permanent establishment in Nicaragua, to residents of tax havens are subject to a 30% withholding tax. Tax havens are defined as jurisdictions where the income tax rate is substantially lower than the Nicaraguan income tax rate, jurisdictions listed as un-cooperative by the OECD's Global Forum, or jurisdictions identified as tax haven by the Nicaraguan tax authorities.

Double Tax Treaties (DTTs)

Nicaragua does not have any DTTs in force.

Foreign Investment Protection

Nicaragua has agreements with a number of jurisdictions for the protection of investments that provide for international arbitration in the event of nationalization or expropriation, including with Netherlands, Spain, Switzerland, and Panama.

Tax Info. Exchange Agreements (TIEAs)

Nicaragua does not have any TIEAs in force.

OECD Multilateral Convention

Nicaragua is not a signatory to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. The Convention requires signatories to exchange information on request, and authorizes spontaneous and automatic information exchange.

Common Reporting Standard (CRS)

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

FATCA

Nicaragua has not executed a FATCA Intergovernmental Agreement (IGA) with the United States, but does have an "agreement in substance" for a Model 2 IGA.

Notice

CISA Trust is not a legal or tax advisor and this material is for information only and is not advice.