

## COUNTRY PROFILE



# Paraguay

## Tax overview

Corporate Income Tax	10%
Personal Income Tax	10%, progr.
Gift Tax	None
Inheritance Tax	None
Wealth Tax	None

### Territorial Tax Regime

Paraguay applies the tax principle of territoriality. Income tax is levied principally on local source income, regardless of the residence, domicile or nationality of the taxpayer.

### Corporate Income Tax (CIT)

Corporations are taxed on Paraguayan source income only at a rate of 10%. As part of the 2020 tax reform, the source rules of the territorial regime were expanded, inter alia, to tax Paraguay corporations on certain types of financial income on assets deposited abroad with foreign financial institutions, and dividends and profits obtained from foreign entities.

### Personal Income Tax

Individual residents of Paraguay are subject to tax on local source income at progressive rates up to 10%. Paraguay does not impose wealth tax, gift tax or inheritance tax.

### Anti-Avoidance Rule

Paraguay has no General Anti-Avoidance Rules (GAARs). Paraguay has Transfer Pricing rules, and Thin Capitalization rules, but no Controlled Foreign Corporation (CFCs) rules.

### Double Tax Treaties (DTTs)

Paraguay has DTTs with Chile, Taiwan, and Uruguay.

### International Investment Protection

Paraguay 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 Canada, Costa Rica, Luxembourg, Netherlands, Spain, Switzerland, United Kingdom.

### OECD Multilateral Convention

Paraguay has signed but not ratified the OECD Convention on Mutual Administrative Assistance in Tax Matters. Signatories are required to exchange information on request, and are authorized to exchange information spontaneously and automatically with a further agreement.

### Common Reporting Standard (CRS)

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

### FATCA

Paraguay has not entered into a FATCA Intergovernmental Agreement (IGA) with the United States, but has an "agreement in substance" for a Model 2 IGA.

### Notice

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