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Recent Developments in International Taxation

Bolivia

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During the past year, the most important international tax developments that have occurred in Bolivia include the regulation of the exchange of information with other tax agencies and other measures related to the recommendations of the Organization for Economic Cooperation and Development ("OECD"), corresponding to the list of countries with no or low taxation. It should be noted that Bolivia has made adjustments to the regulatory standards of double taxation.

1. Board Resolutions No. 10180000037

In 2018, the main International Tax-related regulatory changes in Bolivia were set out in Board Resolutions No. 10180000037 that applies to the double taxation agreements.

By this resolution, the tax administration established the obligations, procedure and requirements that must be met by individuals or legal entities that apply the provisions contained in the Agreements to avoid Double Taxation signed with Bolivia.

According to this regulation, the information agents reached must send the complete information of the operations or transactions until the expiration date of the VAT, using the Virtual Office or the Double Taxation Agreement Operations Module component of the Information Agents Application (Tax Administration System), for the period in which operations or transactions were carried out through which Bolivian income was remitted.

This resolution complements the Board Resolution No. 10170000030, which provided that withholding agents for rent, such as business profits, interest, dividends, royalties and others under the Double Taxation Agreement, which are paid or credited in transactions or transactions with persons natural or legal residents of another Contracting State with which Bolivia have signed an agreement, and on which the withholding of the tax on the amount paid or accredited, or correspond to their retention in lesser amount, must support the application of the agreement with the Certificate of Residence or Current Tax Address delivered by the resident subject in that State.

2. Board Resolutions No.101900000002

In early 2019 the Tax Administration update of the annex list of countries considered to have low or no taxation based on the criteria act by the OECD.

The list initially comprised 76 countries (Board Resolutions N° 101700000001), but on 9 March 2018 the list was updated by means of Board Resolutions N° 101800000006 excluding, the Dutch Antilles, Guatemala, Madeira, Micronesia and Western Samoa, and including Bonaire, Christmas Island, Cocos (Keeling) Island, the Falklands, Guam, Palau, Puerto Rico, Saba, Saint Eustatius, Sri Lanka, Tokelau, Tuvalu and the United Arab Emirates.

Through the Board Resolution No.101900000002, the list of countries with low or no taxation is expanded to include Curacao among them.

The list has an important effect on local companies that carry out business and/ or commercial transactions with entities domiciled in the listed jurisdiction need to be analyzed as if they were carried out between related parties and thus need to be reported in the annual transfer pricing report.

Information Exchange Agreement with the tax administration of the listed jurisdiction, said countries or regions may be excluded from the list.

3. Board Resolutions No .101800000024 and N° 101800000015

The Tax Administration issued the electronic formulary 541 V.3, for the declaration and payment of the tax on the supposed net profit for activities partially carried out in the country. This profit assumes that the gross income obtained in the country is sixteen percent (16%), to which the Income Tax rate (25%) must be applied.

Likewise, by means of Board Resolution N° 101800000015, the electronic Forms are approved and put into effect: i) 530 V.3 (Tax on Profit-Beneficiaries from Abroad), ii) 551 V.3 (Income Tax-Beneficiaries from Outside Activities Partially carried out in the Country) and iii) 550 V.3 (Income Tax - Remittances Abroad for Activities Partially Carried Out in the Country), as well as the Payment Vouchers 3050 V.3 (Tax on Profits - Payments to Beneficiaries Abroad) and 3051 V.3 (Income Tax - Payments to Beneficiaries Abroad for Activities Partially Carried Out in the Country); for the declaration and payment of Withholding Tax on the Profits of the Companies to Beneficiaries Abroad.

Accordingly, all payments, remittances or accreditations of the period, for Bolivian source income must be consolidated in the form 530 V.3.

4. Law N° 1105

Under the Law No. 1105, the Bolivian Tax Administration may grant information to tax administrations of other countries within the legal systems for the exchange of information.

To date, there is no express regulation on the matter, however it is expected that the tax administration will soon issue a resolution that establishes what the legal parameters will be for the exchange of information.