International Bar Association Annual Conference 2022

Recent Developments in International Taxation

Bolivia

Christian Olea
Villegas Aldazosa, Santa Cruz
colea@villegasaldazosa.com
Recent highlights

Over the past year, the fiscal policy of Bolivia has focused on raising revenue for the state through new taxes and stimulating the economy through special temporary tax regimes for industry. Bolivia has also introduced a new VAT reimbursement regime for individuals.

VAT

VAT exemptions

Bolivia has approved\(^1\) tax incentives regarding VAT for the import and commercialisation of capital goods and industrial plants in agricultural and industrial sectors. The driver for these measures is to stimulate the economy through support for the pharmaceutical industry, and encouraging the mining sector to explore and exploit minerals.

The incentives are a VAT exemption for imports and a VAT zero rate for marketing capital goods, industrial plants, and high-capacity and tonnage cargo vehicles (including refrigerated vehicles, and heavy construction and mining machinery) for the agricultural and livestock sectors. These incentives will be valid for one year until 8 September 2022.

E-invoicing

For at least three years, Bolivia has been attempting to encourage online e-invoicing at the tax administration with a new system of invoicing (the virtual system of invoicing). New regulations\(^2\) have been introduced on three different forms of e-invoicing with digital signs and tokens. This is a milestone in the connection between tax administrations and taxpayers: it directly connects all information on VAT invoices to the tax administration system, reducing the risk of tax fraud. It was supposed to come into force in late 2021, but, to date, has only been implemented for groups of taxpayers.

As a consequence, invoicing in Bolivia will be governed by both the old system of invoicing (electronic system of invoicing) and the new system of invoicing until the end of 2022.

VAT tax reimbursement regime

Bolivia has approved a VAT reimbursement regime\(^3\) for individuals with an average monthly income up to US$1,300. The amount to be reimbursed is five per cent of purchased goods included in fiscal invoices, up to US$60 every month. Individuals must register with the tax authorities to access this regime.

VAT on digital services bill

In June 2022, Congress discussed a law proposal\(^4\) regarding VAT on digital services presented by the President. The bill proposes a change to the VAT law, expanding its scope according to the following characteristics:

- Any company or person that provides or intermediates digital services of any nature from abroad, for consumption or use in Bolivia, is designated as taxpayer.
- The services scope of the tax will be (with a non-limiting character): sale of goods, downloads, supply of software, data storage, streaming of music, videos, games, photos, magazines and data, and advertising by any other means.
• The tax base will consist of the price paid to the supplier located abroad, applying a single rate of 13 per cent.
• The taxable event is perfected with the use, consumption or payment of the digital service. Likewise, the issuance of an invoice by the taxpayer is not required.
• Taxpayers have two alternatives for tax compliance obligations:
  - register with the Bolivian tax administration and obtain a tax identification number; or
  - the local financial entities will withhold the tax from users.

Currently, the bill is on the agenda of Congress, but is not being discussed due to public pressure to stop the project.

The new wealth tax

On 28 December 2020, Bolivia approved a law\(^5\) introducing a wealth tax (impuesto a las grandes fortunas) on resident and non-resident individuals who hold net wealth exceeding US$4.3m as of 31 December of each year, with progressive rates between 1.4 per cent and 2.4 per cent. This tax entered into force from 2020 onwards.

The taxable persons are Bolivian residents for assets located in Bolivia and abroad, and non-residents for its assets located in Bolivia. A number of assets are excluded from the taxable base. The law also introduces a definition of tax residence for wealth tax purposes.

---

1 Law No 1391 of 31 August 2021; Supreme Decree No 4579 of 1 September 2021.
2 Tax Administration Resolution No 10210000011.
3 Law No 1355; Supreme Decree No 4435.
4 Bill No 164-20 of 21 April 2021 proposes to expand the articles of Law No 843.
5 Law No 1357; Supreme Decree No 4436.