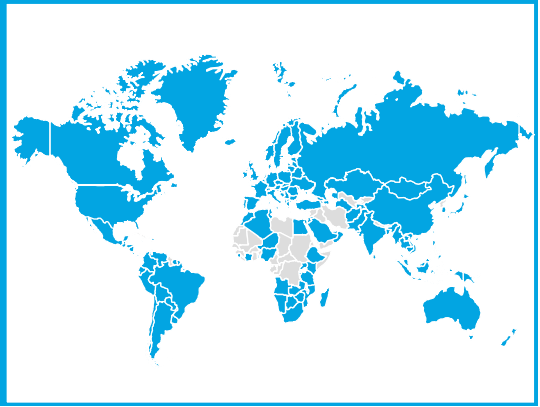


# INPATRIATES

## Paraguay

### Tax facts for International Assignees



#### INCOME TAX: WHO IS LIABLE/RESIDENCY

##### Foreign workers

There are no restrictions on hiring foreigners, so long as the worker has complied with the requirements of the Immigration Act (*Ley de Migraciones*). Foreigners residing in Paraguay have the same rights and obligations as Paraguayan nationals (though foreigners do not have to serve in the military and they cannot vote or hold political office.)

##### Visas

Foreigners entering Paraguay may do so under the following visas:

- *Permanent residence visa*-these are for persons who intend to be in the country for more than a year and who require a permanent address to satisfy various legal requirements.
- *Temporary residence visa*-these are for persons who come to work but who do not plan on staying a year and who do not intend to become a permanent resident. Temporary residence visas are usually granted for 1 year, but they can be renewed.
- *Tourist visa*.
- *In transit visa*.

A tourist visa allows a visitor to stay up to 90 days in the country but holders of a tourist visa are not entitled to work in Paraguay.

The estimated time it takes to obtain a temporary residence visa is approximately two months.

##### Compensation to foreign workers

Foreigners authorized to work temporarily in the country (in other words, those on a temporary residence visa) can freely receive compensation for their activities in Paraguay, regardless of any compensation they may receive from outside the country.

In the case of compensations from Paraguayan sources paid to foreign workers, the compensation is subject to VAT withholding (10%) and also Non - resident income tax (INR) at the rate of 10.5% on the income after deducting the VAT withholding. (In effect, on compensation from a Paraguayan source, foreign workers are subject to tax about 20.5%: 10% VAT + INR of 10.5% on salary-VAT.)

##### Temporary import and export of belongings

Foreign persons working in Paraguay temporarily (regardless of their position) may bring in with them certain family belongings (furniture, equipment, etc.). Expatriate executives of foreign companies who are working in Paraguay for specific periods receive special treatment regarding customs duties and certain family belongings enter and leave the country without paying taxes, with the exception of vehicles, which are subject to special rules.

##### Breaking residency - exit procedures

There are no special procedures for abandoning fiscal residence in Paraguay.

If the person was registered before, this would need to be communicated to the tax authorities.

## SOCIAL TAX RATES

Contributions to the Social Security Institute (*Instituto de Previsión Social*) (IPS), which is an independent government body that administers the social security system, are mandatory and must be made by both the employer and the employee. The IPS provides benefits (including coverage for sickness or injury, maternity, work accidents, pensions for disability, old age and death) for the worker and the worker's family. The table below shows the required employer and employee contributions.

Monthly contribution	Percentage of total salary
Employee Contribution to the IPS	9%
Employer Contribution to the IPS	16.5%
Total Contribution	25.5%

*Non-residents who contribute to the Social Security System are exempt from VAT (10%).*

**For further information and to register for future updates contact [expat@bdo.global](mailto:expat@bdo.global)**

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