

EXPATRIATES

Dominican Republic

Tax facts for International Assignees



INCOME TAX: WHO IS LIABLE

In the Dominican Republic, anyone who receives income from work done is subject to paying taxes, regardless if they are a resident or not.

Dominican Tax Code establishes that a person is considered as a resident, for tax purposes when he/she "remains there for more than 182 days, continuously or discontinuously, in the fiscal year." Regardless of the time spent in the country, you should always pay taxes for the work done. (Paragraph 1 of Article 12).

The Income Tax Revenue (ISR) is the tax payable by anyone who receives or generates income, profits or benefits obtained by individuals, companies, and undivided assets within a fiscal period.

Any natural or juridical person residing in the Dominican Republic and the undivided causal successions domiciled in the country, will pay the tax on their income from a Dominican source, and from sources foreign to the Dominican Republic that come from investments and financial gains.

Even the salary is received from abroad, he/she is working in Dominican territory. The Dominican tax regime is based on the concept of territoriality. This implies that, no matter where the income or the payment is received, it was already originated by the work done in the Dominican Republic and, therefore, is governed by the local tax laws.

Double Taxation Treaties

Dominican Republic has double taxation treaties with Canada and Spain.

BREAKING RESIDENCY - EXIT PROCEDURES

When the expatriate will return to his country of origin or is transferred to another country, a labor agreement termination must be done, and the company must pay him the proportion of all the acquired rights and labor benefits accumulated during the period worked in the Dominican Republic.

The Acquired Rights are made up of not-enjoyed Vacations, Christmas Salary, and Participation for the Benefits (Bonus), as well as any outstanding workday balance, commissions or overtime. Fringe Benefits include, Forewarning (Notice of Termination) and Severance.

Acquired Rights

Vacations:

- Between 1 and 5 years: 14% of ordinary salary
- Over 5 years: 18% of ordinary salary

Christmas Salary:

12th part of the ordinary salary accrued by the worker in the calendar year.

Bonus:

- < 3 years: 45 days ordinary salary
- > 3 years: 60 days of ordinary salary

Fringe Benefits

Forewarning:

- > 3 months and < 6 months: 7 days
- > 6 months and < 1 year: 14 days
- > 1 year: 28 days

Severance pay:

- > 3 months and < 6 months: 6 days
- > 6 months and < 1 year: 13 days
- > 1 year and < 5 years: 21 days x year
- > 5 years: 23 days x year

INCOME TAX RATES

Annual Scale	Tax Rate
Income up to RD\$416,220.00	Exempt
Income from RD\$416,220.01 up to RD\$624,329.00	15% of the surplus of RD\$416,220.01
Income from RD\$624,329.01 up to RD\$867,123.00	RD\$31,216.00 plus 20% of the surplus of RD\$624,329.01
Income of RD\$867,123.01 and above	RD\$79,776.00 plus 25% of the surplus of RD\$867,123.01

SOCIAL SECURITY CONTRIBUTION

Contributions to the payment of the cost of insurance for old age, disability, survivorship, and contributions, and for family health insurance, which will come into force shortly, will be as follows:

CONTRIBUTIONS TO THE SOCIAL SECURITY SYSTEM (TSS)		
Item	Family Health Insurance (SFS)	Pension and Disability Plan (SVDS)
Personal Health Care	9.53	
Children's Stays	0.1	
Subsidies	0.43	
Superintendence	0.07	
Personal account		0.07
Personal Life Insurance		8
Solidarity Fund		0.4
AFP Commission		0.05
Affiliate / Employee	3.04	2.87
Employer	7.09	7.1
TOTAL CONTRIBUTION	10.13%	9.97%

The percentage payment that will be made to the Social Security Treasury (TSS) will be based on the employee's monthly wage earned. It is established a quotable salary equivalent to twenty (20) national minimum wage. Payment is due within three (3) early days of the month.

The contributions made by the employee to the TSS are exempt from the ISR, therefore, they must be deducted from the amount that applies for this tax.

OTHER TAXES (PAID IN FULL BY THE COMPANY)

- Infotep: 1% of gross salary and 0.5% of bonus paid by the employee.
- Occupational Hazard Insurance: varies from 1.1% to 1.36% of salary quotable (assigned by the TSS)

For further information and to register for future updates contact expat@bdo.global

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