



Tax Alert

Law on Incentives for Electric Mobility

On 29 August 2022, Decree 40-2022 **Law on Incentives for Electric Mobility** was published in the official gazette. Its main objective is to facilitate and promote the importation and use of electric vehicles, hydrogen vehicles and electric transportation systems in the country, and to promote investment and the production of electricity and the reduction of greenhouse gas emissions to thus comply with Guatemala's international commitments regarding its contribution towards the mitigation and adaptation to climate change, as well as to improve the economy of households and benefit the health of the population.

Some of the main tax incentives established by this law that are applicable to electric vehicles, electric motorcycles, hydrogen-powered vehicles, hybrid vehicles and electric transportation systems are listed below:

- 1 The first sale, importation, assembly and production in the national territory shall benefit from a gradual Value Added Tax exemption.
- 2 The first transfer of ownership will be exempt from 100% of the domestic Value Added Tax.

3

Gradual exemption from the Specific Tax on the First Registration of Land Motor Vehicles (IPRIMA) for the first registration in the tax registry.

4

Gradual exemption from the Annual Vehicle Circulation Tax, based on the vehicle model, which covers up to 5 years prior to the current year.

The exemptions will have a duration of 10 years, counted from the date this law goes into effect and not as of the acquisition of the vehicle. (30 august 2022)

The law also includes the following tax incentives applicable to specific activities related to electric mobility:

1. Exemption from the Value Added Tax on the importation of electrical equipment and devices exclusively used for charging stations and charging points for electric vehicles, hydrogen-powered vehicles or electric transportation systems; this exemption will not exceed two years.
2. The providing of public and collective transportation services through electric, hybrid and hydrogen-powered vehicles and electric transportation systems will be 100% exempt from the Value Added Tax and Income Tax for 10 years, counted from the date of the start of operations.
3. The income generated from the providing of electric and hydrogen charging services, as well as from the assembly and/or production of these vehicles in the national territory will be 100% exempt from the Income Tax for 10 years, counted from the date of the start of operations.



Finally, the law establishes that the Ministry of Energy and Mines will be the one responsible for granting the corresponding licenses to taxpayers that wish to be recognized as providers of charging services or charging stations for these types of vehicles and thus benefit from the applicable exemptions.

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