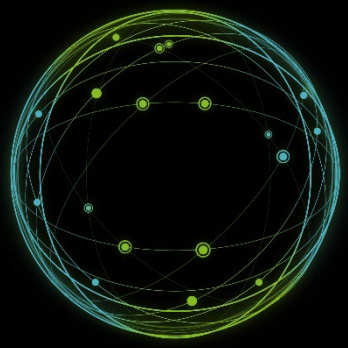
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International Tax

Nicaragua Highlights 2026

Updated January 2026



Recent developments

For the latest tax developments relating to Nicaragua, see Deloitte tax@hand.

Investment basics

Currency: Nicaraguan Cordoba (NIO)

Foreign exchange control: There is a fixed exchange rate regime, and the Nicaraguan Central Bank maintains the official exchange rate. There are no restrictions on the import or export of capital. Repatriation payments may be made in any currency. In principle, residents may hold bank accounts in any authorized currency and nonresidents may do so in certain cases.

Accounting principles/financial statements: IFRS/IAS. Financial statements must be prepared annually.

Principal business entities: These are the public and private limited liability company, partnership, and branch of a foreign corporation.

Corporate taxation

Rates	
Corporate income tax rate	30%
Branch tax rate	30%
Capital gains tax rate	15%

Residence: A company is resident in Nicaragua if it is incorporated or domiciled in Nicaragua or has its place of effective management in Nicaragua. In accordance with the permanent establishment (PE) concept, a PE in Nicaragua may be treated as a resident for tax purposes. A PE for these purposes includes a head office of management or administration; a branch office, representative office, factory, or workshop; and a mine, an oil or a gas well, a quarry, or any other place where natural resources are extracted.

Basis: Nicaragua operates a territorial tax system under which residents and nonresidents are taxed only on Nicaraguan-source income. Branches are taxed in the same manner as subsidiaries.

Taxable income: Taxable income is defined as gross income, less costs and expenses allowed by Nicaraguan legislation. Taxable income includes income from economic activities, labor income, capital income, and capital gains. Certain income is exempt.

Rate

General

The standard corporate income tax rate is 30%.

Surtax

There is no surtax.

Alternative minimum tax

An alternative minimum tax is imposed annually on gross income at a rate of 3% for large taxpayers (grandes contribuyentes), 2% for main taxpayers (principales contribuyentes), and 1% for other taxpayers (otros contribuyentes).

Global minimum tax (Pillar Two)

Nicaragua has not committed to implementing rules that generally are in line with the global anti-base erosion (GloBE) or "Pillar Two" model rules published by the OECD/G20 Inclusive Framework on BEPS that are designed to ensure a global minimum level of taxation of 15% for certain multinational enterprise groups.

Taxation of dividends: Dividends from economic activities are not included in taxable income; however, if considered capital income, gross dividends are taxed at a rate of 15%.

Capital gains: A 15% capital gains tax applies to gains derived by both residents and nonresidents.

Losses: Losses may be carried forward for three years but may not be carried back.

Foreign tax relief: There is no foreign tax relief.

Participation exemption: There is no participation exemption.

Holding company regime: There is no holding company regime.

Incentives: Reduced tax rates are available to companies operating in the tourism and energy sectors.

Compliance for corporations

Tax year: The tax year generally is the calendar year, although a taxpayer may request permission to adopt instead a tax period of April-March or October-September.

Consolidated returns: Consolidated returns are not permitted; each company must file a separate return.

Filing and payment: The tax return must be filed within three months after the company's year end.

Penalties: Penalties apply for late filing or failure to file, or for engaging in tax avoidance or evasion.

Rulings: A taxpayer may request a binding ruling on the tax consequences of a particular transaction that affects the taxpayer. Advance pricing agreements (APAs) are available.

Individual taxation

Rates

Individual income tax rate	Taxable income (NIO)	Rate
	Up to 100,000	0%
	100,000.01–200,000	15%
	200,000.01–350,000	20%

	350,000.01–500,000	25%
	Over 500,000	30%
Capital gains tax rate		15%

Residence: A national or a foreign individual who is present in Nicaragua for more than 180 days in total during the calendar year (not necessarily consecutively) is considered a resident for tax purposes.

Basis: Residents and nonresidents are taxed only on Nicaraguan-source income.

Taxable income: Taxable income includes income from employment, trading income, and income from investments in Nicaragua that exceed NIO 100,000.

Rates: The rates for a resident individual are progressive up to 30%. The rate is 20% for a nonresident individual deriving Nicaraguan-source income.

Capital gains: Capital gains are subject to tax at 15%.

Deductions and allowances: There are no deductions or allowances.

Foreign tax relief: There is no foreign tax relief.

Compliance for individuals

Tax year: The tax year is the calendar year.

Filing status: A married couple living together may elect joint or separate assessment.

Filing and payment: Employers must withhold tax from employees' wages in accordance with the progressive rates ranging from 0% to 30%, as shown in the table above.

Individuals with annual income exceeding NIO 100,000 must file an income tax return. No return is required where the taxpayer's sole source of income is employment income from which the employer has withheld tax.

Penalties: Penalties apply for late filing, failure to file, or for engaging in tax avoidance/evasion.

Rulings: A taxpayer may request a binding ruling on the tax consequences of a particular transaction that affects the taxpayer.

Withholding tax

Rates

Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	15%	15%	15%/30%	15%/30%
Interest	15%	15%	15%/30%	15%/30%
Royalties	15%	15%	15%/30%	15%/30%

Dividends: Dividends paid to a resident or nonresident generally are subject to a 15% withholding tax. A 30% rate applies to dividends paid to a resident of a tax haven jurisdiction.

Interest: Interest paid to a nonresident or a resident nonfinancial institution generally is subject to a 15% withholding tax. A 30% rate applies to interest paid to a resident of a tax haven jurisdiction.

Royalties: Patent royalties paid to a resident or nonresident generally are subject to a 15% withholding tax. A 30% rate applies to patent royalties paid to a resident of a tax haven jurisdiction.

Fees for technical services: Technical service fees (defined as fees payable in respect of work or other activities requiring certain expertise) paid to a resident individual are subject to a 10% withholding tax. No tax is withheld on technical service fees paid to a resident company. Technical service fees paid to a nonresident are subject to a 20% withholding tax.

Branch remittance tax: There is no branch remittance tax.

Other: Specialized services provided by one resident company to another are subject to a 2% withholding tax. Income from insurance premiums, and maritime and air transport, is subject to a 3% withholding tax (1.5% on reinsurance premiums). The rate in other cases generally is 20%.

Anti-avoidance rules

Transfer pricing: Nicaragua has transfer pricing rules. The following methodologies are accepted: comparable uncontrolled price, cost plus, resale price, profit split, and transactional net margin. APAs are available. Transfer pricing studies must be prepared on the methodology used.

Interest deduction limitations: Interest paid on loans from nonfinancial institutions generally is deductible up to the amount calculated by applying the average lending rate of the national bank at the date of obtaining the loan (where the interest rate on the loan is fixed) or at the date each payment is made (where the interest rate on the loan is variable).

Interest paid to a nonresident is deductible only where the payer withholds and accounts for the corresponding 15% withholding tax.

Controlled foreign companies: There is no controlled foreign company legislation.

Anti-hybrid rules: There are no anti-hybrid rules.

Economic substance requirements: There are no economic substance requirements.

Disclosure requirements: There are no specific disclosure requirements.

Exit tax: There is no exit tax.

General anti-avoidance rule: There is no general anti-avoidance rule.

Value added tax

Rates	
Standard rate	15%
Reduced rate	0%

Taxable transactions: VAT is imposed on the sale of goods and the provision of services.

Rates: The standard rate is 15%. Exports of goods and services are zero rated.

Registration: All traders carrying out activities in Nicaragua must be registered for VAT purposes.

Filing and payment: The VAT return must be filed monthly, no later than the fifth calendar day (i.e., including weekends and holidays) of the following month. Taxpayers falling within the scope of the large or main taxpayer regime must pay VAT within the first five calendar days of the following month; for other taxpayers, payment must be made within the first 15 calendar days of the following month.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply to both companies and individuals and are imposed at the national level.

Social contributions and payroll taxes: An employer with at least 50 employees must make social security contributions of 22.5% of the gross salary of each employee; for other employers, the rate is 21.5%.

The employee's contribution is 7.5% of gross salary and must be withheld and declared by the employer.

Capital duty: There is no capital duty.

Real property tax: The municipalities levy a 1% tax on the value of real estate.

Transfer tax: There is no transfer tax.

Stamp duty: Stamp duty is levied on certain types of documents issued in Nicaragua or abroad that have effect in Nicaragua. The amount varies depending on the transaction.

Net wealth/worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: Where a property is required to be registered with the Public Register of Property, withholding tax at rates ranging from 1% to 7% applies.

Other: Mining and oil companies are subject to corporate income tax and additional taxes.

Tax treaties: Nicaragua has not entered into any tax treaties.

Tax authorities: Dirección General de Ingresos (National Tax Administration)

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