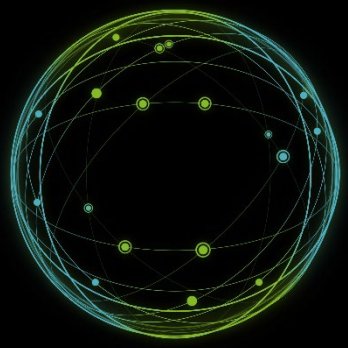
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International Tax
Paraguay Highlights 2026

Updated January 2026



Recent developments

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

Investment basics

Currency: Paraguayan Guaraní (PYG)

Foreign exchange control: There are no foreign exchange controls.

Accounting principles/financial statements: Paraguayan GAAP, which are based on IAS/IFRS. Financial statements must be prepared annually.

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

Corporate taxation

Rates	
Corporate income tax rate	10%
Branch tax rate	10%; 15% withholding tax also applies to gross amounts made available, remitted, or paid to partners, shareholders, a parent company, or other related companies/entities
Capital gains tax rate	10%

Residence: Residence is determined, in order of priority, according to (i) the place of a company's management or direction; (ii) the place where the company's main activities are carried out; and (iii) the address of the company's representative.

Basis: Corporate income tax is levied on a territorial basis. Tax is due, with some exceptions, on business income derived from activities performed, property situated, or economic rights used in Paraguay, regardless of the nationality, domicile, or residence of those participating in the operations or where contracts are signed, including some activities performed abroad, unless those activities incurred a foreign corporate income tax at an equal or higher rate than the regular domestic tax rate. Branches are taxed in the same way as subsidiaries.

Taxable income: Taxable income is the difference between total gross income from economic activities and deductible costs and expenses incurred to derive the income.

Rate

General

The corporate income tax rate is 10%.

Surtax

There is no surtax.

Alternative minimum tax

There is no alternative minimum tax.

Global minimum tax (Pillar Two)

Paraguay has not yet begun 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 multinational enterprise groups with annual consolidated revenue of at least EUR 750 million.

Taxation of dividends: Dividends or profits remitted under dividend concepts that are received by individuals, legal entities, and other entities resident in Paraguay or abroad from entities resident in Paraguay are taxable. The tax is withheld by the paying/remitting entity at rates of 8% on payments to resident shareholders and 15% on payments to nonresident shareholders.

Capital gains: Capital gains derived from the sale of fixed assets, immovable property, and securities are taxed as ordinary income at the 10% general corporate income tax rate.

Losses: Tax losses generated as from fiscal year 2020 may be carried forward for up to five fiscal years to offset up to 20% of taxable income. The carryback of losses is not permitted.

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: Incentives regimes offering reduced taxation include free trade zones, a maquila regime, and a new special regime (Law 7548/2025) for local or foreign investment in the country.

Compliance for corporations

Tax year: The tax year generally is the calendar year, but certain industries (e.g., assurance, beverage, sugar refineries, and agricultural cooperatives focused on industrialization) are required to use specific tax years.

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

Filing and payment: A company must make four advance payments based on the average of the previous three years' tax liability. A return and balance sheet, as a minimum, must be filed for corporate income tax purposes. In general, the return is due within four months of the end of the tax year, but the taxpayer's identification number determines the exact due date.

Penalties: Penalties range from 4% to 14% of the total tax due, plus monthly interest at a rate of 1.5%.

Rulings: Taxpayers may request a ruling from the tax authorities on the tax consequences of a proposed transaction.

Individual taxation

Rates		
Individual income tax rate	**Taxable income (PYG)**	**Rate**
	Up to 50 million	8%
	50 million-150 million	9%
	Over 150 million	10%
Capital gains tax rate		8%

Residence: Individuals are resident in Paraguay if they are in the country for more than 120 days in a calendar year or in the previous 12-month period.

Basis: Tax is levied on Paraguay-source income from services and certain investments, provided the taxpayer's income exceeds a certain amount per year (PYG 80 million for 2026).

Taxable income: Income from services and certain investments is taxable. Income from services includes salary, bonuses, and other remuneration. Income from investments includes profits, dividends, and other benefits as a partner or shareholder; interest or other income from deposits of money and paid by individuals, legal entities, or entities resident in Paraguay; royalties derived from rights used in Paraguay; and any other capital increase.

Rates: Individual income tax rates are progressive from 8% to 10%. Capital gains of individuals generally are taxed at 8% (see "Capital gains," below).

Capital gains: Capital gains are subject to individual income tax at 8% if they are occasional; otherwise, they are subject to corporate income tax. Capital gains include gains from the disposal of real property (including real estate leases) and movable goods located in Paraguay, shares of Paraguayan companies, and rights used in Paraguay. The maximum gain is 30% of the asset's value (50% for real estate leases).

Deductions and allowances: Domestic and foreign expenses are deductible if directly related to the taxable activity generating domestic-source income. Taxpayers and their dependents are entitled to personal deductions, including in respect of education, health, clothing, recreational expenses, charitable gifts, etc.

Foreign tax relief: There is no foreign tax relief.

Compliance for individuals

Tax year: The tax year is the calendar year.

Filing status: Joint filing is not allowed. Each person must file a tax return if individual income exceeds the relevant threshold.

Filing and payment: The annual income tax liability must be paid at the time the annual tax return is filed (i.e., in March of each year for the previous tax year).

Penalties: Penalties range from 4% to 14% of the total tax due, plus monthly interest at a rate of 1.5%.

Rulings: Taxpayers may request a ruling from the tax authorities on the tax consequences of a proposed transaction.

Withholding tax

Rates				
Type of payment	**Residents**		**Nonresidents**	
	Company	**Individual**	**Company**	**Individual**
Dividends	8%	8%	15%	15%
Interest	0%	0%	15% (applied on 30% of gross	15% (applied on 30% of gross payment)

			payment to unrelated entities)	
Royalties	8%	8%	15%	15%

Dividends: Dividends distributed to residents are subject to withholding tax at a rate of 8%. A 15% rate applies to dividends paid to nonresidents, unless reduced under an applicable tax treaty.

Interest: A 15% withholding tax rate applies on 30% of the gross amount of interest or commissions on loans or credit operations paid to nonresident individuals and unrelated nonresident public or private entities and multilateral credit organizations, including interest from the placement of bonds abroad through recognized stock markets. The rate may be reduced under an applicable tax treaty. There is no withholding tax on interest paid to residents.

Royalties: Royalties paid to residents are subject to withholding tax at a rate of 8%. A 15% rate applies to royalties paid to nonresidents, unless reduced under an applicable tax treaty.

Fees for technical services: A 15% withholding tax applies to the gross amount of payments to nonresidents but the rate may be reduced under an applicable tax treaty. Payments to residents are not subject to withholding tax.

Branch remittance tax: A 15% withholding tax applies to gross amounts made available, remitted, or paid to partners, shareholders, a parent company, or other related companies/entities.

Other: Payments to nonresidents for certain international transport services; telephone, radio, audio, or video transmission services; insurance or reinsurance; artistic services; use of containers; movable goods; and digital services are subject to a 15% withholding tax on 30% of the gross amount.

Payments to nonresidents for the leasing of immovable goods in Paraguay are subject to a 15% withholding tax on 50% of the gross amount.

Payments to nonresident individuals for professional and nonprofessional services (e.g., lawyers, engineers, advisers, etc.) are subject to a 15% withholding tax on 70% of the gross amount.

Any service provided from abroad that is used or exploited in Paraguay is subject to the 15% nonresident tax.

Services rendered by nonresident entities and that are used, exploited, etc. within Paraguay are deemed to be from a Paraguayan source and are subject to VAT at a 10% rate, applied as a withholding tax.

Anti-avoidance rules

Transfer pricing: Taxpayers that carry out transactions with resident or nonresident related parties must obtain and maintain a transfer pricing study that includes supporting documentation demonstrating that the taxpayer's income and deductions from such transactions are valued commensurate with similar transactions between independent parties.

Two or more persons are considered to be related if one or more participate directly or indirectly in the administration, control, or capital (50% or more) of another.

The transfer pricing study must be submitted annually to the tax authorities; the due date depends on the taxpayer's tax year end.

Interest deduction limitations: Deductions of interest expense on loans from a shareholder, head office, or another company within the same economic group are limited to 30% of the taxpayer's net income.

Controlled foreign companies: There are no controlled foreign company rules.

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

Economic substance requirements: There are no economic substance requirements.

Disclosure requirements: Large taxpayers, exporters, and other taxpayers designated by the tax authorities are required to declare their purchases and sales monthly through the tax authorities' website.

Exit tax: There is no exit tax.

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

Other: Nameless shares are not considered valid shareholdings, have no economic rights, and may not be exchanged for registered shares.

Value added tax

Rates	
Standard rate	10%
Reduced rate	0%/5%

Taxable transactions: VAT is levied on the supply of goods and services, and on the import of taxable goods and services.

Rates: The standard rate is 10%, with a lower rate of 5% applying to supplies of basic foodstuffs, pharmaceutical products, raw farm products, fruit and vegetable products, and transfers of the right to use immovable property that is exclusively for residential use (otherwise the rate is 10%). Exports are zero-rated. Exemptions include some fuels, foreign currency, books, and newspapers.

Registration: VAT registration is mandatory for all companies and unincorporated businesses whose taxable turnover exceeds a certain amount.

Filing and payment: VAT filings and payments are due monthly, with the due date determined based on the taxpayer's identification number.

Other: E-invoicing is being implemented in phases for large and medium-sized taxpayers from March 2025 through December 2026. Taxpayers may also join the e-invoicing scheme voluntarily. However, new taxpayers that were incorporated on or after 1 April 2025 may only issue e-invoices.

Other taxes on corporations and individuals

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

Social contributions and payroll taxes: The employer is required to pay social security taxes for each employee at a rate of 16.5% on the gross employment income (including bonuses, premiums, etc.). The employee contribution is 9% (3% is applicable to pension and retirement funds) and is withheld by the employer.

Capital duty: There is no capital duty per se, but certain fees apply (e.g., registration and publication) upon the formation of a company.

Real property tax: Real property is subject to an annual tax, collected by the local municipality, at a rate of 1% of the cadastral value of the property (0.5% for certain rural property). Real estate surtaxes also apply for specific types of property, e.g., a tax rate of 0.3% applies on the transfer value of immovable property (calculated on the higher of the transaction price or the cadastral value of the property).

Transfer tax: There is no transfer tax.

Stamp duty: There is no stamp duty.

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

Inheritance/estate tax: There is no inheritance tax or estate tax.

Other: Special regimes apply to certain small and agricultural businesses.

Tax treaties: Paraguay has concluded income tax treaties with close to 10 jurisdictions.

For information on Paraguay's tax treaty network, visit Deloitte International Tax Source.

Tax authorities: Dirección Nacional de Ingresos Tributarios (DNIT)

Contact us:

Daniel Fariña
dfarina@deloitte.com

Víctor Jara
vjara@deloitte.com

Abel Coronel
acoronel@deloitte.com

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