

Tax Alert

Temporary provisions declare that the Christmas Bonus is non-taxable, up to a maximum amount of US\$1,500, for the 2025 fiscal year



On 15 October 2025, the Legislative Assembly of El Salvador passed Legislative Decree No. 432. This decree contains temporary provisions declaring that for the 2025 fiscal year, the income received by workers as their Christmas bonus, in accordance with the Labor Code and the Law on Additional Cash Compensation, up to US\$1,500, should be considered as non-taxable income, and consequently, will not be subject to income tax withholdings.

If the amount of the Christmas bonus exceeds the maximum amount indicated above, the income tax withholding should be calculated only on the excess amount.

The legislative decree was published in the Official Gazette on 15 October 2025, the date on which it went into effect.

If you have any questions or comments regarding the application of these provisions, our Tax & Legal Services team of El Salvador is available to assist you.



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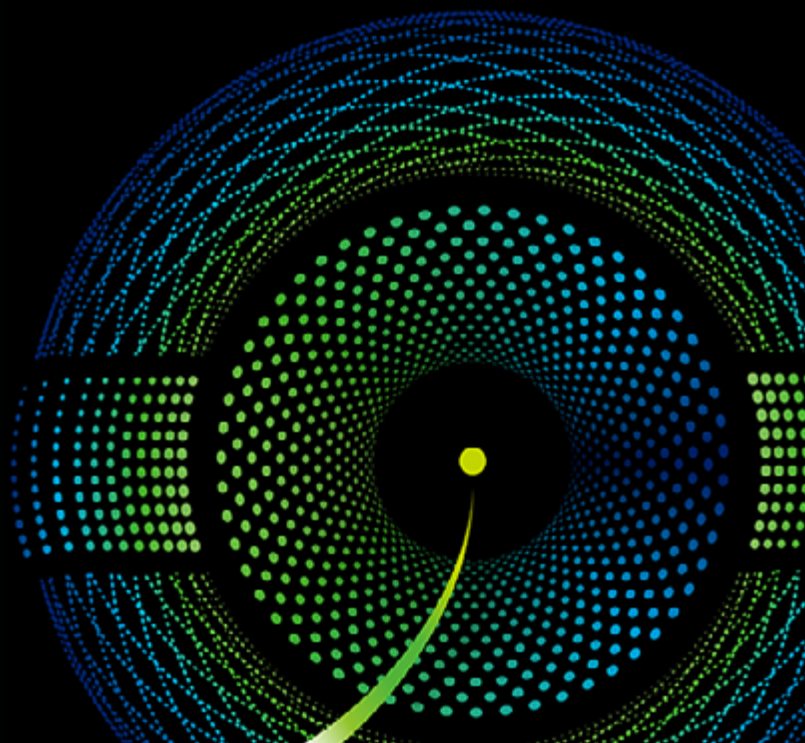
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