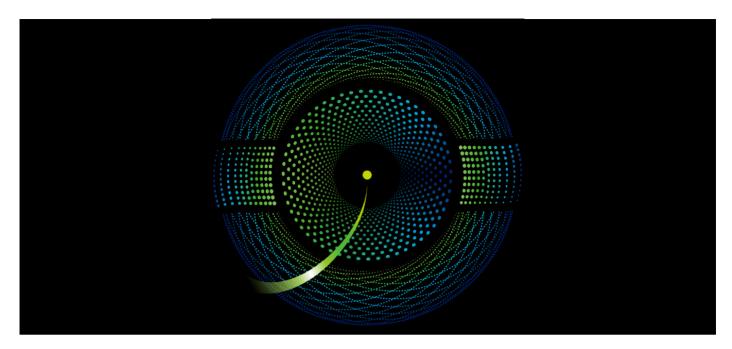
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Tax Newsletter

Timely news and information on national tax issues

Amendments to the Law for the Registration and Special Control of Taxpayers (NIT)

Since the entering into effect of the Law for the Registration and Special Control of Taxpayers on 06 September 1972, its main objective has been to create a better way of identifying taxpayers and others subject to the control of the Salvadorian tax office, but this law has not undergone any significant changes to keep it in line with the advances being made in new technologies. Consequently, the existing opportunities for streamlining filing processes and the cross-checking of information among the various government institutions are not being tapped. However, on 09 November 2021, amendments to this law were passed, which will take advantage of the developments made in technological systems to speed up the related formalities within the different institutions responsible for them.

Objective of the amendments to the law

The current law does not take advantage of the interconnectivity that currently exists among the various government institutions. This is made evident by the duplication in information requests and the lack of adoption of a registry that electronically consolidates taxpayer information, as well as the lack of a way for issuing Tax Identification Numbers (NIT) digitally. All of these deficiencies end up affecting the effectiveness and efficiency, of both current and future companies, in doing business, thus slowing down economic dynamism and affecting adequate tax oversight.

These amendments seek, to some extent, to take the necessary steps for closing this technological gap and contributing towards making El Salvador, once again, a more attractive destination for both local and foreign investment. Take, for instance, the Doing Business rankings published by The World Bank. El Salvador is not ranked in the top positions globally for its ease of doing business. However, when we evaluate the criteria, one-by-one, we observe that one of the factors that is most affecting the country's performance is its ranking for Starting a Business. El Salvador ranks low when being considered by any serious investor, and this is a red flag when it comes to the time and difficulties the investor must face in order to establish their company in El Salvador.

Who do these amendments apply to?

Salvadorian individuals of legal age: The identification document (DUI) number issued by the corresponding registry (National Civil Registry – RNPN) will be linked with the authorities of the Tax Administration's registration system upon the issuance of the DUI, and thus this number will be incorporated into the system for the Registration and Special Control of Taxpayers, and the data established by Article 87 of the Tax Code will be captured.

Legal entities: A Tax Identification Number (NIT) will be assigned, which will be a unique and permanent number that once issued cannot be modified or assigned to another party. The NIT will be assigned through technological means upon requesting the entity's registration at the respective registry where its legal personality is being obtained. For such purpose, the competent authorities of this registry will link up with the Tax Administration's system and the data established by Article 87 of the Tax Code will be captured. Government institutions, international organizations, foreign nationals, children and teenagers, and entities without legal personality: The NIT will be assigned upon previous request before the authorities of the Tax Administration's registration system or through the technological means that such authorities determine.

What information does the Taxpayer Registry contain, based on Article 87 of the Tax Code (TC)?

- a) Name, company or business name of the taxpayer
- b) Commercial name of the establishment(s)
- c) Tax Identification Number -NIT- and Taxpayer Registration Number
- d) Economic activity
- e) Address for receiving notices
- f) Name of the Legal Representative and/or Agent
- g) Address of the parent company, establishments, and warehouses

Process for requesting, verifying, issuing and delivering the Tax Identification Number

All the established requirements must be completed and submitted: forms, corresponding payment of fees, and submission of the information requested by the authorities of the registration system. The registry's authorities will use information and communications technology to issue the NIT, in such a way that guarantees the authenticity, confidentiality, integrity, effectiveness, availability and retention of the information, within the terms and conditions established by such authorities. It is important to note that the spirit of these amendments to the law is to provide a mechanism to public institutions in order to continue developing their interconnectivity, thus facilitating the formalities for both resident and non-resident individuals and legal entities. This represents a new step towards the digitalization of the services at public institutions.



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Tax Calendar November 2021

The updated 2021 tax calendar is now available on the Tax Administration's website, which includes public holidays and deadlines for all tax obligations.

S	М	Т	W	Т	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

Download the 2021 Obligations Calendar



November 15 VAT

Declaration and payment of the Tax on the Transfer of Movable Goods and the Rendering of Services (F-07)

Financial Income and Transactions

Monthly declaration of Payment on Account, and Tax Withheld on Income, Financial Transactions, and the Special Contribution for Citizen Security and Coexistence (F-14)

Specific and Ad Valorem Taxes

Declaration and payment of Specific Taxes, Ad Valorem Taxes and Special Contribution (F-06)

Other Obligations

- Report on donations (F-960)
- Report on Specific and Ad Valorem Taxes on Producers and Importers of

Alcoholic Beverages, Potable Ethyl Alcohol and Beer, Carbonated Beverages, Isotonic Beverages, Fortified Beverages or Energy Drinks, Juices, Nectars, Soft Drinks and Concentrated or Powder Mixtures for the Preparation of Drinks (F-955)

- Report on Specific and Ad Valorem Taxes on Producers and Importers of Firearms, Ammunitions, Explosives and Similar Items, Producers of Tobacco and Producers, Importers and Those That Clear Fuels Through Customs (F-988)
- Monthly Report of Sales to Producers, Distributors or Retailers of Tobacco and Tobacco Products (F-956)

November 22

VAT

Monthly Report on Withholdings, Collections, or Payments on Account of VAT (F-930)

Printing presses

Monthly Report on Documents Printed for Taxpayers Registered under the VAT (F-945)

November 1 Other Obligations

Form for Report on Representation Letter regarding the Report on Compliance with the Obligations Contained in the International Services Law corresponding to the first half of the year 2021 (F-455)

November 2

Public holiday due to observance of All Saints Day

November 2021

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