



# DOMINICAN REPUBLIC

Dominican Republic - Civil Law (Napoleonic)

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## Incorporating a company in Dominican Republic

# Dominican Republic taxes

If you want to do business in Dominican Republic, this article explains the tax laws for a LLC which is the most common legal entity in Dominican Republic.

Dominican Republic taxes corporate income on a territorial basis. This means that usually offshore income, from our research, and your results may vary, is not subject to taxation. However, foreign-source income from investments and financial gains may be taxable, but a foreign tax credit up to the amount of the tax payable in the country is usually available. Standard rate of taxation on a LLC entity is 27%. This ranks Dominican Republic as 132nd when compared to CIT globally.

The value added tax (VAT) rate is 18%, which ranks Dominican Republic as 120th when compared to VAT taxation rate internationally. In terms of other taxation, an employer will contribute 7.10% to the equivalent of a social security fund and an employee will contribute 2.87%.

Thin capitalisation standards are in effect. Thin capitalisation refers to any sort of laws on a business and the debt-to-asset ratios. Dividends paid by a resident entity are subject to a final withholding tax of 10%. Dividends are a distribution of a portion of a company earnings, voted by the board of directors, to a particular class of shareholders. Dividends can be either cash payments, shares of stock, or other property. Capital Gains are usually subject to Corporate Income Tax. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 10%. This means that the relevant tax authorities expects relevant legal entities to automatically withhold 10% of interest payments to non-residents. The dividends withholding tax rate is 10%. Which means that the tax authorities expects legal entities to withhold 10% of payments abroad on dividends. The royalties withholding tax rate is 27%. Which means that the taxman expects companies to withhold 27% of payments on royalties to non-residents.

There is a capital duty. There is a tax on individual's net wealth in Dominican Republic. There are real property and transfer taxes. There are inheritance taxes. We are aware of widely used R&D initiatives that provide tax relief and several free trade areas for manufacturing export companies, which benefit of a full tax and duty exemption.

The above is not tax or legal advice for your company's circumstances. We are able to help you to find a lawyer in Dominican Republic who can properly advise you. Want to work together? Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in Dominican Republic is 18% which ranks 120 in the world.

✗ **Patent box**

✓ **RND credit**

✗ **Wealth tax**

✓ **Estate tax**

✓ **Transfer taxes**

✗ **Asset taxes**

✓ **Capital duties**

**3 Tax treaties**

**0% Offshore Tax**

**27% Corp rate**

**- Loss carryback years**

**317 Corporate time**

**18% VAT rate**

**27% Capital gains**

**No AEOI planned**

# Dominican Republic Legalese

For starters, the law in Dominican Republic is civil law (napoleonic) law. You will want to get some local advice as to how to best structure a company in Dominican Republic. E-signatures are allowed.

The letters DO is for Dominican Republic and the most common company type structure in Dominican Republic is a LLC(SARL).

The amount you'll have to wait is about 7 weeks to put together the paperwork and file a LLC(SARL) in DO. The types of currencies you can use to fund your legal entity is frequently any legal tender.

Yes, one is allowed to re-domicile a LLC(SARL) from DO. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least This means it is not possible for you to own a LLC(SARL) in Dominican Republic as a sole shareholder. You must have other shareholders, they can be nominees or de facto shareholders. Corporate Shareholders are allowed, meaning you could have a company as a shareholder. Foreign ownership is tolerated, up to 100% of the ownership of the LLC(SARL).

A company is only required to have one director. Additionally, corporate directors are not permitted. Directors should not have an expectation of privacy, as they are not kept private in Dominican Republic. There is a body of law which requires companies to hold an annual meetings of shareholders.

A registered office is a requirement, whom the company will pay yearly, for a legal services company which can receive a service of process on behalf of the company. Moreover, a company secretary is not always necessary, at least not by law.

There is a legal obligation to file accounts on a yearly basis. Consequently, there is oftentimes a requirement to have these accounts audited.

Overall we think Dominican Republic is a ok option and have given it a score of 49 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✓ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✗ **Corporate director permitted**
- ✗ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 2 Shareholders required**
- 1 Directors required**
- 7 weeks to form**



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## Country Info



🏴󠁧󠁢󠁥󠁮󠁧󠁿 National Flag of

**República Dominicana**  
(spa)

\$ Currency

**DOP**

☎ Area Code

**+1809**

🏰 Capital

**Santo Domingo**

✈ Region

**Caribbean**

🌿 Native Languages

**Spanish**