



Guatemala - Civil Law

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☎ Consultation

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Incorporating a company in Guatemala

Guatemala taxes

If you want to do business in Guatemala, you have to know about taxation for a LLC which is the most common company structure in Guatemala.

Guatemala taxes corporate income on a territorial basis. This means that income accrued offshore, from our research, and your results may vary, is not taxed. Local-source income may be taxed at 25% of profits or 5-7% of total revenues. This ranks Guatemala as 103th overall with regards to CIT globally.

The VAT rate in GT is 12.00%, that ranks Guatemala as 62nd overall with regards to value added tax rate worldwide. In terms of other taxation, an employer will contribute 12.67% to the equivalent of a social security fund and an employee will contribute 4.83%. The overall complexity of the tax system is medium. This is measured by average time to comply with a country's labor tax requirements is as it is 126hours. Contributing to this is the number of yearly labor tax payments, which is 14 in GT.

Thin capitalisation standards aren't officially enacted. This refers to any type of laws on given company with respect to debt-to-asset ratios. Dividends received from a resident entity are taxed separately from CIT, at a rate of 5%. A dividend is a distribution of a portion of earnings of the legal entity, voted by the board of directors, to shareholders. Dividends can be one of the following shares of stock, cash payments, or other property. Capital Gains are also taxed separately from CIT, at a rate of 10%. A capital gains tax is levied on the profits that a corporation or natural person realizes when they sell a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 10%. This should be interpreted that usually the relevant tax authorities expects relevant legal entities to withhold 10% of payments on interests to non-residents. The dividends withholding tax rate is 5%. This means that the tax authorities expects LLCs to pay tax on at least 5% of payments on dividends abroad. The royalties withholding tax rate is 15%. This means that the relevant tax authorities expects relevant legal entities to automatically withhold 15% of payments offshore for on royalties.

There is no known tax on wealth in Guatemala. There are inheritance and real property taxes in Guatemala. We are not aware of any frequently implemented research and development tax incentives in GT.

The above is not tax or legal advice for your individual facts and circumstances. We are able to point you to a lawyer in Guatemala who can give you an answer. Ready to get started? Click the free consultation button above or press Incorporate now if you are in a hurry.

The vat rate in Guatemala is 12% which ranks 61 in the world.

- ✗ **Patent box**
- ✗ **RND credit**
- ✗ **Wealth tax**
- ✓ **Estate tax**
- ✗ **Transfer taxes**
- ✗ **Asset taxes**
- ✗ **Capital duties**

- 13** Tax treaties
- 0%** Offshore Tax
- 25%** Corp rate
- Loss carryback years
- 31** Corporate time
- 12%** VAT rate
- 10%** Capital gains
- No** AEOI planned

Guatemala Legalese

When looking for a jurisdiction in which to incorporate, the first thing to look at is the legal code. The body of law in Guatemala is civil law. You will want to get some local advice as to how to best structure a company in Guatemala. E-signatures are allowed.

The letters GT is for Guatemala and the most common company type in Guatemala is a LLC.

The average time to incorporate is 4 weeks to put together the paperwork and file a LLC in GT. The types of currencies you can use to setup your legal entity is most commonly any legal tender.

Redomiciliation is not common. One is typically not permitted to change the jurisdiction.

There must be at least 1 shareholder. This makes it possible for you to own a LLC in GT by yourself. Corporate Shareholders are permitted, which means you can have a legal entity as a shareholder. Foreign ownership is allowed, up to 100% of the ownership of the LLC.

A company is only required to have 1 director on the board. Moreover, corporate directors are permitted. Directors should not have an expectation of privacy, as they are not kept private in Guatemala. There is a requirement to have annual meetings of shareholders.

A registered legal firm must be retained for an address, paid by the company on an annual basis, for an office which can receive a service of process on behalf of the business. Furthermore, a corporate secretary is another cost you will need to incur.

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

Overall we think Guatemala is a ok option and have given it a score of 55 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**

- 1 Shareholders required**
- 1 Directors required**
- 4 weeks to form**



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Country Info



National Flag of

**República de
Guatemala (spa)**

\$ Currency

GTQ

☎ Area Code

+502

🏰 Capital

Guatemala City

✈ Region

Central America

🌿 Native Languages

Spanish