



NATIONAL ASSEMBLY EMITS CRITERIA OF AUTHENTIC INTERPRETATION ON THE ENTRY INTO FORCE OF THE INCREASE IN THE ALIQUOT OF FINAL MINIMUM PAYMENT

Through Law No. 987 published on February 28th of the year 2019 in La Gazette No. 41, a series of reforms and additions were made to Law No. 822, Tax Harmonization Law. Among the main changes involved in the aforementioned reform is an increase in the final minimum payment aliquot that prior to the reform of Law No. 822 corresponded to a 1% for all taxpayers without exception, as established in its Article 61. Consequently, the increase in the aliquot of final minimum payment was established according to the following scale:

- a. Large taxpayers (or GRACO according to its initials in Spanish): It is increased to 3%, taking into account that large taxpayers are those with taxable gross income higher than 160 million córdobas. The only exception of this increase is the fishing activity developed in the Caribbean Coast of Nicaragua, which will have an aliquot of 2%.
- b. Main taxpayers (or PRICOS according to its initials in Spanish): There is an increase from 1% to 2% for the PRICOS category. This category was incorporated by Law No. 987 and includes taxpayers with taxable gross income between 60 and 160 million córdobas.
- c. The 1% remains the same for the rest of the taxpayers.

After the publication of Law No. 987, there was debate and confusion among taxpayers about the entry into force of the increase in the aliquot of final minimum payment. The confusion was initially about Art. 5 of Law No. 562, Tax Code by which it is established that when a tax reform arises that adjusts "taxes determined or liquidated for annual or greater periods, the relative norms about the existence or amount of the tax shall come into force from the first day of the year following its promulgation, or from the first day of the following month in the case of shorter periods ..."

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Since the Tax Code is the special rule that prevails over the general rule that in this case is Law No. 987, it was interpreted that according to the provisions contained in Art. 5 of Law No. 562, the reforms made through Law No. 987 are not immediately applicable as from the entry in force of the law due to the impossibility of applying the provisions established for having already started the annual period that affects such tax.

For the abovementioned and to clarify the confusion of the application of the referred article, by Decree No. 8544, published in La Gazette No. 68 of April 5th, 2019 the National Assembly establishes its criterion about the authentic interpretation of Article 61 clarifying that the aliquots

of the final minimum payment increased by means of Law No. 987 are of obligatory application as of the operations of the month of March of the year 2019, being the maximum payment date April 15th of that same year.

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