



INTERNATIONAL BANKS WITH INVESTMENT GRADE

RECEIVE TAX BENEFITS

On March 19th, 2019, the Superintendence of Banks and Other Financial Institutions (SIBOIF, in Spanish) issued Resolution No. CD-SIBOIF-1102-1-MAR19-2019, Law on the Application of Article 87, section 1) of Law No. 822, Tax Law, with its Amendments and Additions, publishing a list of international financial institutions with an investment grade rating.

In accordance with the referred article, "... The Tax Rate of the Income tax payable on capital income and capital gains and losses are the following: 1. Ten percent (10%), for the income generated by loans granted by international banks with investment grade, according to regulations on such matter issued by SIBOIF...". Consequently, entities included in this list will have a lower withholding on capital income from loans granted to entities domiciled in Nicaragua, paying a ten percent (10%) tax rate instead of the generally applicable fifteen percent (15%).

Borrowers whose lending banks are not included in the aforementioned list, may request they be included by SIBOIF, by presenting

information that evidences that the international financial institution has the required investment grade rating and the rating agency that provided it.

The abovementioned updated version of the list may be found at the following web address:

<http://bit.ly/2HCmnsy>

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