



GUATEMALA YOUR INVESTMENT DESTINATION

Dear investors,

On behalf of the people of Guatemala, I am delighted to extend a warm welcome to you as you explore the investment opportunities in our country.

Guatemala stands as a beacon of opportunity in Central America, a stable economy, strategic location, and a supportive business environment. As you navigate the landscape of investment possibilities, we are eager to show you the countless reasons why Guatemala should be at the forefront of your considerations.

Our nation's commitment to economic stability and growth is unwavering. With a robust legal framework, transparent regulations, and a proactive approach to investment facilitation, Guatemala offers a secure and conducive environment for businesses prosperity.

Moreover, our strategic location bridging North and South America represent an unparalleled access to key markets, facilitating seamless trade and connectivity. Whether you seek to establish manufacturing facilities, explore lucrative sectors such as food and beverages, renewable energy, or tap into our tourism and health services ecosystem, Guatemala offers a wealth of opportunities to explore.

Beyond the business landscape, Guatemala's rich cultural heritage, breathtaking landscapes, and warm hospitality offer a unique living experience. Our nation is moving fast towards a modern, diverse, and more inclusive society where investors and their families can prosper.

As you embark on this journey, be sure that our National and Foreign Investment Attraction Agency is here to support and guide you every step of the way.

Our dedicated team of experts are ready to provide tailored assistance, facilitate connections, and navigate any challenges that may arise, ensuring your investment journey is as smooth and successful as possible.

I extend my sincere gratitude for considering Guatemala as your investment destination of choice. We are eager to partner with you in achieving your investment goals and contributing to the mutual prosperity of our nations.

PhD. Bernardo Arévalo de León
President of the Republic of Guatemala



With the support of USAID

GUATEMALA YOUR INVESTMENT DESTINATION



Ministry of
Economy



Photography Roberto Destadac

A place to invest

Why GUATEMALA?

GENERAL INFO

Capital:
Guatemala City

Area:
108,889 km²

Official language
Spanish, 22 Mayan languages, 1 Garifuna and 1 Xinca

Form of government:
Democratic Republic

Head of state:
President

POPULATION

Population 2024:
17,843,132

Economically active population (EAP) 2022:
7.4 millions

ECONOMY

Real Economic Growth 2023²:
3.5%

Nominal GDP 2023²:
US\$ \$105,555.35 million

GDP per capita 2023²:
US\$ 5,932.6

Foreign Direct Investment 2023²:
US\$ 1,552.3 million

Remittances 2023²:
US\$ 19,804.0 million

Exports 2023²:
US\$ 14,186.1 million

Imports 2023²:
US\$ 30,320 million

Tax revenue 2023¹⁰:
US\$ 12,332.23 million

Currency:
Quetzal (Q)



FAVORABLE BUSINESS CLIMATE

STABLE EXCHANGE RATE
in the last 20 years
US\$ 1 = Q 7.75²

3.4% Macroeconomic stability
average growth year-on-year
in the last 8 years.²

10TH In Latin America and the Caribbean in the
macroeconomic stability pillar of the
Global Competitiveness Index (2019).⁷

US\$ 68.16 Solid financial system,
billions of total assets.¹²


Territorial, insular and maritime dispute pending resolution.

4.24% Moderate and stable **inflation rate**
during the last 12 years².


US\$ 21.32 Billion in international **reserves**,
the largest in Central America⁵
(2023).


US\$ 92.25 Billion, the country in Central America with
the highest household final consumption
expenditure² (2023).

27.20% Central America's lowest
sovereign debt to GDP
ratio⁴. (2023).

 Country risk rating ³
Fitch Ratings (BB Stable), Moody's (Ba1 Stable),
Standard & Poor's (BB Positive).

 Nominal GDP² 2023 US\$ 105,555.35 million,
the largest economy in Central
America.

 Customs union between Guatemala, Honduras
and El Salvador, that represented a commercial
exchange of more than US\$ 5,770.71 MM in 2023.²

 Central America's Largest installed capacity for
energy production in the north triangle⁹ 3,381
MW, exceeding El Salvador (2,468 MW) and
Honduras (2,993 MW).

67.28% population of¹
working age -WAP-.

60.2% of the working age population¹
is economically Active -EAP-.

**26.9% of the population from the
WAP between 15 -24 years**
And 73.1% is 25 years or older.¹

HUMAN CAPITAL

Technical institute of training and productivity (aka INTECAP in Spanish)¹¹
Provides technical assistance to business: +32 centers, 4 departmental
delegations, 5 regions,
72 specialties and 26 high-tech laboratories.

14 private universities and 1 public Technical,
professional and graduate training.⁶

LOGISTICS PLATFORM⁵



Direct access to the coastlines on both the Pacific and Atlantic Oceans.
(400 km between both coastlines).



Connectivity: 2 international airports, 9 local aerodromes, 16 cargo airlines.



The largest maritime cargo operation in Central America (35.79%) in 3 main seaports: Santo Tomás de Castilla, Puerto Barrios on the Atlantic and Puerto Quetzal on the Pacific.¹³

ACCESS TO MAIN MARKETS⁸

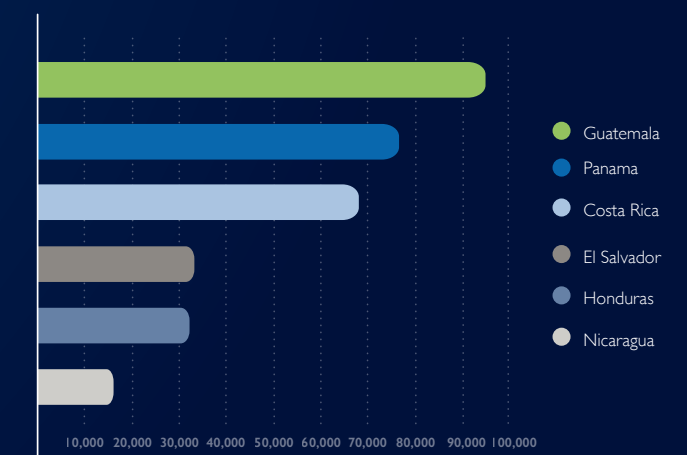


Gateway to the largest Hispanic American market, Mexico, US\$1.465 trillion GDP in 2022.

Closeness and Free Trade Agreement with the United States, the largest market in the world, +US\$25.44 trillion GDP in 2022.

Opportunity to access the Central American market (US\$ 320.64 billions GDP) from the country with the largest economy in the region.

GDP CA 2022
Million US\$



SOURCES
1. National Statistics Institute, INE in Spanish.
2. Bank of Guatemala, Banguat in Spanish.
3. Central American Monetary Council.

4. Public Credit Operations Report.
5. Guatemala Exporters Association, ACEXPORT.
6. Private Higher Education Board.

7. World Economic Forum.
8. World Bank.
9. National electric market operators' website.
10. Superintendency of Tax Administration, SAT in Spanish.
11. Technical Institute of Training and Productivity, INTECAP in Spanish.
12. Superintendency of Banks, SIB.
13. Central American Maritime Transport Commission * Data do not include Panama.

The reference exchange rate for the figures in this document is US\$ 1= Q7.75

SOURCE
World Bank



TAX OBLIGATIONS

The Superintendency of Tax Administration -SAT- is the ruling and exclusive entity of the tax and customs administration. In order for an entity to be authorized to operate in Guatemala, it must register in the Unified Tax Registry -RTU-, at SAT, in which the Tax Identification Number -NIT- will be assigned, in the case of a Mercantile Society, the registration at SAT is carried out simultaneously with the registration at the Mercantile Registry, and in the case at the mercantile company, the registration at SAT is carried out after the registration at the Mercantile Registry. *This allows the organization to begin operating and invoicing for the provision of services or the sale of items. It is recommended to enable its virtual agency before, which will allow it to carry out numerous procedures electronically, including:*



Annual
data update



Verify declaration
status



Authorization of
electronic invoices

VALUE ADDED TAX • VAT • (IVA FOR ITS ACRONYM IN SPANISH)

The value of the commodity or service given is taxed at a rate of 12%. The tax is already factored into the transaction price. It is generated by sales, rendering of services on national territory, imports, leasing of movable and immovable property, adjudications of movable and immovable property in payment, donation of movable and immovable property between living persons, and other activities as defined by the Value Added Tax Law, Decree 27-92 of the Congress of the Republic of Guatemala.

INCOME TAX • (ISR FOR ITS ACRONYM IN SPANISH)

Tax on income or profits obtained by individuals legal entities (companies, foundations, associations, amongst others, or national or foreign assets, resident or non-resident). *It taxes three types of income: lucrative activities, capital income and labor income.* The taxpayer can select between two income tax regimes for profitable activities:

- **Payments on profit - 25%** (expenses are deductible).
- **Optional Regime** A 5% tax is paid on the first Q30,000 and 7% over the exceeding amount.





TAX OBLIGATIONS

SINGLE TAX ON PROPERTIES • (IUSI FOR ITS ACRONYM IN SPANISH)

Tax on rustic or rural and urban real state ownership, including land, structures, constructions and facilities of the property and its improvements, as well as permanent crops. The revenue obtained belongs to the municipalities.

To be paid quarterly or annually. The ranges vary according to the value of the property:

 RANGE	 RATE
Up to Q2,000	Exempted
From Q2,001 to Q20,000	1 per mille
From Q20,001 to Q70,000	6 per mille
From Q70,001 or more	9 per mille

Note: These are the main taxes related to investment. There may be other taxes, depending on the economic activity. There is a regulatory framework that regulates each tax that can be consulted at:

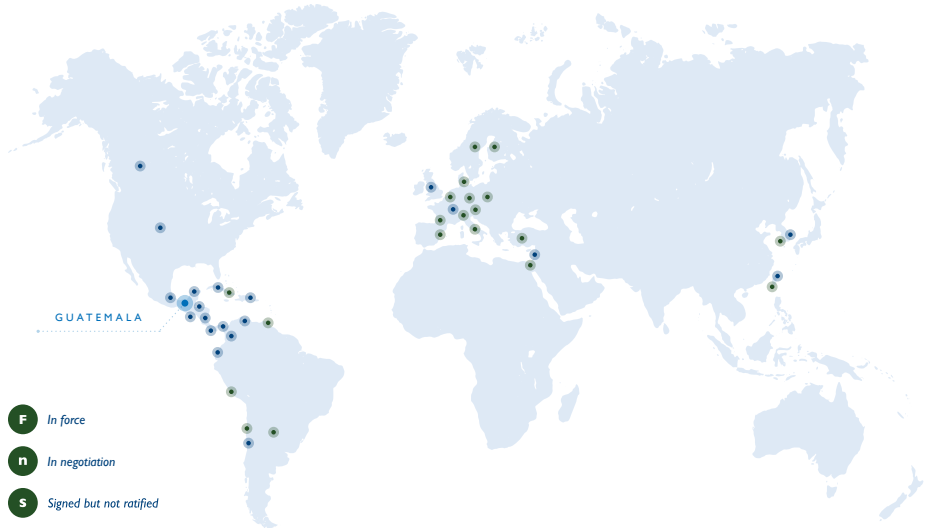


<https://portal.sat.gob.gt/portal/biblioteca-en-linea-sat/legislacion/>

Reference exchange rate US \$ 1 = Q7.75



TRADE AND INVESTMENT AGREEMENTS



TRADE AGREEMENTS ●

Partial Scope Agreements: Belize (f), Cuba (f), Ecuador (f) and Venezuela (f). **Free Trade Agreements (FTA)** Chile (f), Taiwan (f), Colombia (f), Dominican Republic (f), DR-CAFTA (f), Mexico (f), Panama (f), Israel (n), Canada (n), United Kingdom (f), South Korea (n), EFTA (s) and Peru (s). **Regional Integration:** Central American Economic Integration (F). **Association Agreement:** European Union (F).

BILATERAL INVESTMENT TREATIES ●

Argentina, Austria, Belgium-Luxembourg Economic Union, Chile, Cuba, Czech Republic, Finland, France, Germany, Israel, Italy, The Netherlands, Republic of Korea, Spain, Switzerland, Chinese Taipei, Trinidad and Tobago, Türkiye, Sweden.



LABOR AND SOCIAL SECURITY

The employment relationship is formalized with an employment contract. This can be registered online, on the Ministry of Labor and Social Welfare website. A trial period of 2 months is allowed before being definitively hired.

LABOR OBLIGATIONS OF EMPLOYERS

- File within the first 2 months of the year a report at the Labor Statistics department detailing information about the employees at the Labor Statistics department of the Ministry of Labor and Social Welfare.
- Nursery when having more than thirty female workers.
- Payment of travel expenses if workers travel abroad or within the country.
- Recognize unions and comply with collective agreements.
- Proportional compensation for the time worked after an dismissal without cause.
- Contribute to the Guatemalan Social Security Institute (IGSS in Spanish). The company covers 10.67% of the employee's monthly salary and the employee covers an additional 4.83%.
- Contribute to the Technical Institute of Training and Productivity (INTECAP in Spanish), which represents 1% of the employee's monthly salary.
- Contribute to the Recreation Institute for Private Sector Workers of Guatemala (IRTRA in Spanish), which represents 1% of the monthly salary paid to its employees.

FAIR CAUSES OF DISMISSAL

- If the worker does not show up two days in a row or 6 days in the same month, without a fair cause.
- When revealing sensitive information and when violating a non-disclosure agreement.
- When having to serve a sentence.
- Any serious offense that is contemplated in the employment contract.

LABOR BENEFITS

- Seventh day off, after working 6 consecutive days. If worked, it must be paid as "extraordinary work".
- 13 recognized national holidays.
- Vacation, minimum 15 days of vacation after one consecutive year of work.
- Bonus 14, equivalent to one month's salary after one consecutive year of work or proportionally to time worked.
- Christmas bonus, equivalent to one month's salary after one consecutive year of work or proportionally to time worked.
- Severance indemnity is provided in cases of unjustified dismissal with an indefinite term contract. It is calculated as one monthly salary for each year worked.



LABOR AND SOCIAL SECURITY

WORKING SHIFTS:



DAYTIME

06:00 – 18:00

8 hours Maximum work hours
48 hours Maximum weekly work



NIGHTTIME

18:00 – 06:00

6 hours Maximum work hours
36 hours Maximum weekly work



COMBINED

Daytime-nighttime

7 hours Maximum work hours
42 hours Maximum weekly work

The ordinary workday could be extended up to 4 hours a day. Every extra hour must be paid 1.5 times the regular hour payment.

WAGES

The minimum wage is established by the Guatemalan Economic Constituency (Department of Guatemala)



AGRICULTURAL ACTIVITIES

US\$ 13.82 * per day

US\$ 421.53 per month

US\$ 32.26 bonuses per month

US\$ 453.79 monthly



NON AGRICULTURAL ACTIVITIES

US\$ 14.32 * per day

US\$ 436.72 per month

US\$ 32.26 bonuses per month

US\$ 468.98 monthly



EXPORT AND LIGHT MANUFACTURING ACTIVITIES

US\$ 13.09 * per day

US\$ 399.10 per month

US\$ 32.26 bonuses per month

US\$ 431.36 monthly

Economic Constituency II (All departments except Guatemala)



AGRICULTURAL ACTIVITIES

US\$ 13.22 * per day

US\$ 403.15 per month

US\$ 32.26 bonuses per month

US\$ 435.41 monthly



NON AGRICULTURAL ACTIVITIES

US\$ 13.66 * per day

US\$ 416.49 per month

US\$ 32.26 bonuses per month

US\$ 448.75 monthly



EXPORT AND LIGHT MANUFACTURING ACTIVITIES

US\$ 12.36 * per day

US\$ 377.02 per month

US\$ 32.26 bonuses per month

US\$ 409.28 monthly

The Governmental Agreement for the 2024 salaries is 307-2023, published in Diario de Centroamérica on December 19, 2023. Said salaries are effective as of January 1, 2024.

Source: Ministry of Labor and Social Welfare, MINTRAB in Spanish, and calculated based on daily data from Bank of Guatemala, Banguat in Spanish.

*Reference exchange rate US\$1 = 7.75



INVESTMENT LEGAL FRAMEWORK

FOREIGN INVESTMENT LAW • DECREE 9-98

It guarantees national treatment to foreign investors, authorizes their participation in any lawful economic activity in the country and any proportion in the capital stock of a legally constituted company, unless there is a special law stipulating otherwise.

FREE FOREIGN CURRENCIES EXCHANGE LAW • DECREE 94-2000

Stipulates the freedom in the disposition, holding, remittance, transfer, purchase, sale, collection and payment of and with foreign currency, as well as in the holding and management of deposits and accounts in foreign currency. The exchange rate calculated and published daily by the Bank of Guatemala will be used for obligations with the State and conflict resolution.

CODE OF COMMERCE • DECREE 2-70

It is the main legal framework for commercial and mercantile activity. There is no limitation for foreign persons or corporations to appear as shareholder partners in corporations in Guatemala or to obligate Guatemalan people or entities to participate. In addition, respect for private property and the free disposition of assets and capital is guaranteed in equal treatment for nationals and foreigners. Bearer shares are prohibited.

LAW FOR THE SIMPLIFICATION OF ADMINISTRATIVE REQUIREMENTS AND PROCEDURES • DECREE 5-2021

Regulations that require the modernization of administrative management through the simplification, streamlining and digitalization of administrative procedures, using information and communication technologies to move towards an Electronic Government.

LAW OF INCENTIVES FOR THE DEVELOPMENT OF RENEWABLE ENERGY PROJECTS • DECREE 52-2003

The incentives apply to municipalities, the National Electrification Institute - INDE, joint ventures, and individuals and legal entities that carry out energy projects with renewable energy resources. The incentives are:

- Exemption from import duties, including VAT.
- Exemption from income tax (ISR).





INVESTMENT LEGAL FRAMEWORK



SPECIAL REGIMES

	EXPORT ACTIVITY & MAQUILA PRO- MOTION AND DE- VELOPMENT LAW & ITS REFORMS • DECREE 29-89	FREE ZONE LAW & ITS REFORMS- • DECREE 65-89 (FOR USERS)	PUBLIC SPECIAL ECO- NOMIC DEVELOP- MENT ZONES (ZDEEP BY ITS ACRONYM IN SPANISH) • DECREE 22-73 (FOR USERS)
• Income Taxes (ISR)	• 10-year exemption (for specific activities)	• 10-year exemption	• 10-year exemption
• Value Added Tax and tariffs on imports of raw materials or imported products	• Suspension of payment for 1 year	• Import exemption	• Import exemption
• Value Added Tax and tariffs port Duties on machinery imports	• Total exemption	• Total exemption	• Total exemption
• Local sale	• Payment of tariffs and VAT (Not exempt from ISR) Article 39 bis)	• Payment of tariffs and VAT (Not ISR exempt)	• Payment of tariffs and VAT (Not ISR exempt)



STARTING OPERATIONS IN GUATEMALA?

Visit www.asisehace.gt, a web portal that facilitates information regarding processes, estimated times, costs and required documents to carry out the main commercial procedures. These are some of the procedures that are available online:

- Company registration (Local or Foreign)
- Trademark and patent registration
- Tax payment
- Registration as an exporter or manufacturing plant
- Work permits for foreigners with residency
- Sanitary permits

Once the required legal documents are available, the companies' registration process is carried out on the Mercantile Registry's website (<https://minegocio.gt/>). Through this site, several governing institutions registration is completed (Superintendency of Tax Administration -SAT for its acronym in Spanish-, Guatemalan Institute of Social Security -IGSS for its acronym in Spanish- and the Ministry of Labor and Social Welfare -MINTRAB for its acronym in Spanish-).

A foreign company can do business in Guatemala through the following figures:

- Constitution of a Public Limited Company (Sociedad Anónima in Spanish), the most common in Guatemala
- Branch of the parent company, registered as a foreign company
- Purchase of a Guatemalan company already constituted or the purchase of shares

COSTS AND TIMING ESTIMATED

Registration of a company, 9-15 days process

- US\$ 77- authorized capital up to US\$65,200
- US\$475 authorized capital up to US\$65,200 (+US\$ 1 tariff for each additional thousand, after US\$ 65,189 up to a maximum tariff of US\$ 5,215)

Registration of a foreign company

- If the company wishes to be established for an indefinite period of time: US\$413, from 12 to 19 days process
- If the company wishes to be established for a definite time: US\$ 447, from 14 to 21 days process



IMMIGRATION PERMITS

IMMIGRATION LAW DECREE • 44-2016 AND ITS REGULATION

Foreigners can either be classified as “residents” and “non-residents”

Ordinary migratory status: This is the migratory category provided to foreigners based on their entry and stay in Guatemala, which is classified as follows:

- Traveler or tourist
- Temporary resident
- Permanent resident
- **Initial admission:** Visitor's visa or business visa, valid just for the trip requested. It permits you to enter and exit the nation as many times as you need over a three-year term. Tourists or travelers can remain in Guatemala for up to 90 days, which can be extended once.
- **Temporary residency visa for investors:** The foreigner must complete out and submit an application form to the Guatemalan Migration Institute which can be obtained at <https://igm.gob.gt/wp-content/uploads/2024/01/1.-Residencia-Temporal-para-trabajadores-migrantes.pdf>. Applicants can apply for up to 5 years of residence.
- **Temporary or permanent residency visa application:** The application form for permanent residency may be obtained on the website <https://igm.gob.gt/wp-content/uploads/2024/01/12.-Residencia-Permanente-para-personas-que-han-sido-RT-por-5-anos.pdf>. This must be completed and sent to the Guatemalan Migration Institute.

Guatemala offers temporary residence for up to five years. Permanent residence must be obtained if you want to stay for an extended period of time. For a favorable outcome, the solvency of the person or entity who will appear as a guarantee of the guarantor of the application is critical.

*Reference exchange rate US\$1 = 7.75



STARTING OPERATIONS IN GUATEMALA?

Once the permanent residency is obtained, the foreigner is registered as a foreign resident in the Immigration Department, and likewise in the National Registry of People (RENAP for its acronym in Spanish), where they are given a Personal Identification Document (DPI for its acronym in Spanish).

Temporary residency fees:

- 1 year, \$ 200.00
- 2 years, \$ 300.00
- 3 to 5 years, \$ 500.00
- Permanent residence \$ 700
- Permanent residence for Central Americans- \$ 500.00

General Residency Requirements:

- Residency application form.
- Original and full legalized copy of a valid passport.
- Passport validity certificate issued by the applicant's country accredited embassy or consulate in Guatemala.
- If there is no Embassy or Consulate in Guatemala, the applicant must provide a birth certificate with an apostille in line with the Law of the judicial Organ, as applicable to their legal passports.
- A current valid criminal and police record issued by the appropriate authorities in the country or countries where he/she has had legal abode in the previous five years.
- Certification of migratory movement where the last entry to the country is recorded.
- Guarantor who is required to react jointly and severally on behalf of the foreigner at the Guatemalan Institute of Migration.

WORK PERMITS FOR FOREIGNERS

90% of the company's employees must be Guatemalan and should receive at least 80% of the total salaries, except in cases where special laws stipulate it, as in the case of lack of national technicians in the area.

A written request is presented, indicating the place to receive notifications before the General Employment Directorate of the Ministry of Labor and Social Welfare. Extension is requested every year:

- **Ordinary request:** Positions of managers, directors, administrators, superintendents and general managers.
- **Technical position:** governing body makes a verification in its human resources bank.

Required documentation:

- Photocopy of the complete passport of the foreigner with the respective residency visa, proof of procedure or photocopy of application, with stamp of receipt, of the General Directorate of Immigration.
- Request signed by the representative of the company that requires the permit, as well as an affidavit of the applicant company legal representative declaring to be responsible for the foreigner to hire, and that he can speak and understand the Spanish language.
- Abroad criminal record certificate, apostilled.
- Accounting certification stating the percentages of salaries paid on payroll. If the company has not started its operations, an affidavit that stipulates it is accepted.
- Act of appointment of the executive position of the foreigner to hire.
- Express declaration of the applicant for commitment to training Guatemalan personnel.



Estimated processing time

From 5 to 7 days



Estimated cost of processing

Q3,000

*Reference exchange rate US\$1 = 7.75

KNOW WHY
GUATEMALA
IS YOUR INVESTMENT
DESTINATION

