

LAW FOR THE PROMOTION AND DEVELOPMENT OF EXPORT AND MAQUILA ACTIVITIES (DECREE 29-89) OTHER INDUSTRIES



CHARACTERISTICS

The purpose of this Law is to promote, encourage and develop, within the national customs territory, the activities by individuals or legal entities with domicile in the country, which operate within the customs regimes, in accordance with this Law.

Limited to two sectors (benefited by all incentives):



- a) Apparel and textiles 1 Article 8 bis*: Temporary suspension (up to 1 year) of the payment of customs duties and import taxes, including the Value Added Tax -VAT- on raw materials, semi-finished products, products intermediates, containers packaging and labels"



- b) Services: the individual or legal entity that provides services related to information and communication technologies, offered by call centers or contact centers, software development, digital content development, as long as their services are provided to non-residents in the national territory.

Authorization time: 30 days from the moment the documentation is submitted to MINECO.
Authorizes: Directorate of Trade and Investment Services of the Ministry of Economy (MINECO)
8 Avenida 10-43, zona 1
Phone +502 2412-0200
<https://www.mineco.gob.gt/hode/107>



APPLICABLE INCENTIVES TO THE APPAREL AND TEXTILE + SERVICES SECTORS

- Temporary suspension (up to 1 year) of the payment of customs duties and import taxes, including Value Added Tax (VAT) on raw materials, semi-finished products, intermediate products, containers, packaging and labels.
- Temporary suspension (up to 1 year) of the payment of customs duties and import taxes, including Value Added Tax (VAT). On samples, engineering samples, instructions, patterns, patterns, models necessary for the production process or for research or demonstration purposes.
- Total tax exoneration on customs duties and import taxes, including Value Added Tax - VAT- on the import of machinery, equipment, parts or components necessary for the production process.
- Total income tax exoneration -ISR- for a period of 10 years.
- Total exoneration of taxes, customs duties and other charges applicable to the importation and consumption of fuel oil, butane gas, propane or bunker strictly necessary for power generation.
- The acquisition of locally produced inputs to be incorporated into the final product and services that are used exclusively in its activity are not subject to Value Added Tax.
- Other benefits: Users who qualify under decree 29-89 are not circumscribed to a specific location, they can be located anywhere in the country.



INCENTIVES FOR OTHER SECTORS



- Temporary suspension (up to 1 year) of the payment of customs duties and import taxes, including Value Added Tax (VAT) on raw materials, semi-finished products, intermediate products, containers, packaging and labels.
- The acquisition of locally produced inputs to be incorporated into the final product and services that are used exclusively in its activity are not subject to Value Added Tax.
- Other benefits: Users who qualify under decree 29-89 are not circumscribed to a specific location, i.e. they can be located anywhere in the country.

¹ Industrial goods related to the apparel and textile industry are understood to be those included in section XI, relating to textile materials and their manufactures, comprising chapters 50 to 63 of the Harmonized System, as well as those inputs classified in any other item of the Harmonized System, which shall be described by tariff items in the qualification resolution issued and notified by the Ministry of Economy, as well as the services and goods necessary exclusively for the production, transformation, assembly, assembly and processing of industrial goods related to the apparel and textile industry, which shall also be described in the referred resolution.



REQUIREMENTS

1. Application on letterhead, signed and stamped by the company's owner or legal representative, addressed to the Director of Trade and Investment Services of the Ministry of Economy.
2. Technical economic report of the project to be carried out, signed and sealed by the legal representative or owner of the company. Instructions <https://www.mineco.gob.gt/node/112>.
3. Photocopy of a duly registered copy of the public deed of incorporation of the company.
4. Photocopy of the appointment of the duly registered Legal Representative.
5. Photocopy of the appointment of the duly registered Legal Representative.
6. Photocopy of the proof of registration in the Unified Tax Registry -RTU- 2 of the owner.
7. Photocopy of the Company's and/or Society's Commercial Patents.
8. Affidavit of the Legal Representative before a Notary Public.
9. Proof of the last payment of labor and employer's contributions to the National Security Program (Instituto Guatemalteco de Seguridad Social -IGSS-).
10. Proof of lack of fines pending payment to IGSS.³
11. Tax solvency statement issued by the Superintendence of Tax Administration of the individual or legal entity, legal representative, partners and shareholders.
12. Tax solvency statement issued by the Superintendence of Tax Administration of the individual or legal entity, legal representative, partners and shareholders.
13. Certification of Registration of Partners and Shareholders.
14. Photocopy of the lease contract of the real estate property where the company will be installed.
15. Publication in at least one newspaper of national circulation, the name of the individual or legal entity requesting benefits under decree 29-89.



COMPANIES QUALIFIED ACCORDING TO SECTOR UNDER DECREE 29-89

AUGUST 2024



ACTIVITY

COMPANIES



Farming and stockbreeding	156
Food and beverages	73
Cardboard and paper	19
Communications, software and BPO	76
Power generation	3
Hydrobiological	14
Hygiene and beauty	15
Miscellaneous manufacturing	100
Machinery	5
Metals and Minerals	3
Metal and wood furniture	25
Paints and similar	5
Plastics	39
Chemical and pharmaceutical	29
Apparel, textiles, accessories and services	382

² The RTU is the unique tax registry and serves as a kind of proof of your registration with the SAT. This is useful for companies to know your taxpayer status.

³ Guatemalan Social Security Institute (Instituto Guatemalteco de Seguridad Social): is a governmental, autonomous institution dedicated to providing health and social security services to the population that is affiliated with the institute, known as the insured or beneficiary.

⁴ Law for the Promotion and Development of Export and Maquila Activities, Decree 29-89; Law of Free Zones, Decree 65-89; and Organic Law of the Free Zone of Industry and Commerce Santo Tomas de Castilla, Decree 22-73, all from the Congress of the Republic of Guatemala.