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PATHWAY TO PROSPERITY – AN INSIDER'S GUIDE TO INVESTING IN LATIN AMERICA



ARGENTINA

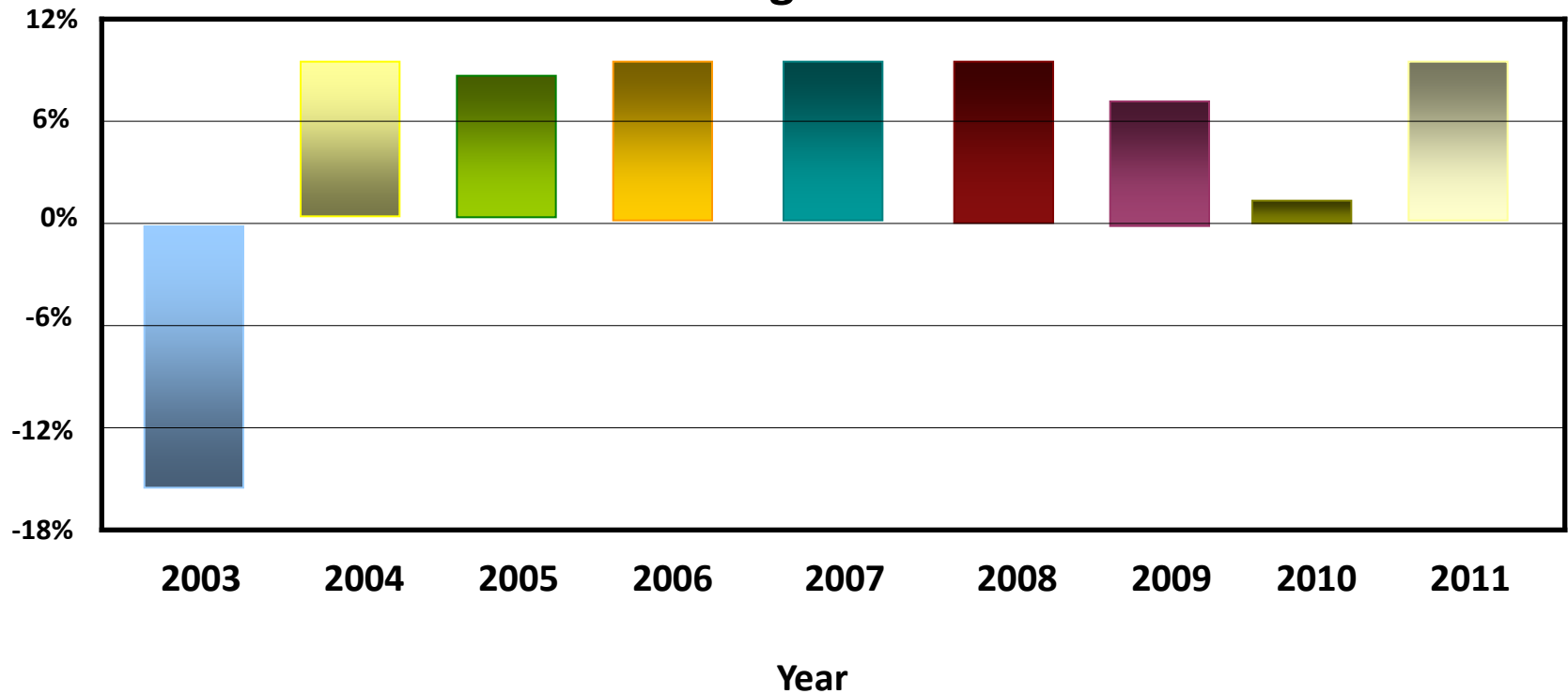


AREA: 2.780.092 km²
CAPITAL: Buenos Aires
POPULATION: 40 million (2010 estimate)
CURRENCY: Argentine Peso
OFFICIAL NAME: Argentine Republic
NACIONALITY: Argentina
NATIONAL DATES: May 25 (May Revolution) and June 9 (Independence Day)
GOVERNMENT: Presidential Republic
PRESIDENT: Cristina Fernandez de Kirchner

ARGENTINA

Political and Economic Environment

GDP –annual growth index



Political and Economic Environment

- Significant growth of the Argentine economy during the last years favored the re-election of the current president.
- Economic growth motivated by the high prices of commodities and the international competitiveness of the Argentine exports after the devaluation of the Argentine peso.
- Inflation came along with the devaluation and the high economic growth.
- Major drain of foreign currency out of the country during the last weeks made the government worsen exchange controls:
 - On 10.26.11 decree 1722 forced oil & gas and mining exports to bring back all of their export proceeds.
 - On 31.10.11, ARS resolution 3210 aimed at scrutinizing the purchase of foreign currency by resident aliens.

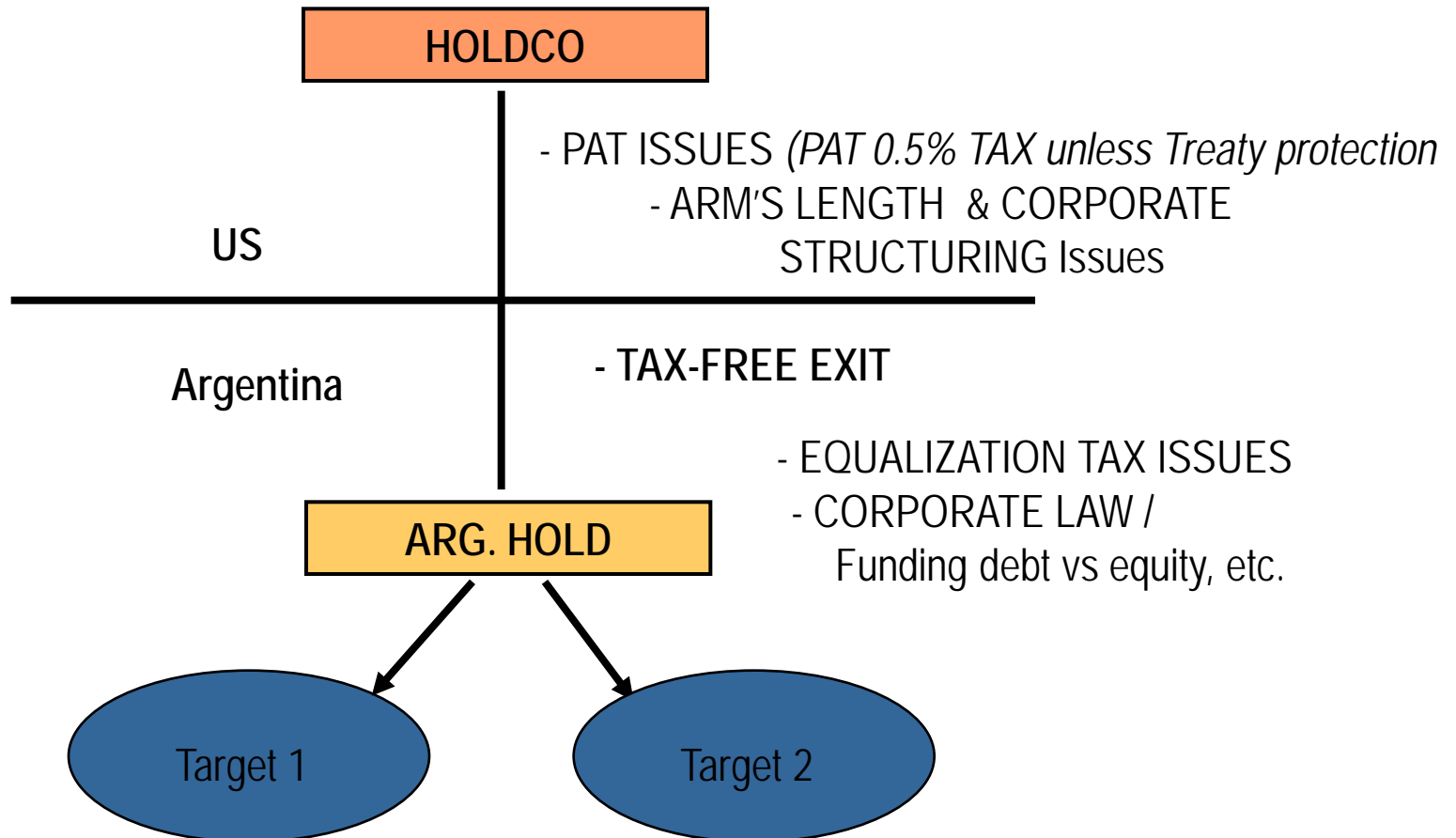
Political and Economic Environment

- Corporate regulations:
 - Unsubstantiated foreign SPVs are not eligible to be shareholders of ArgCos

- Forex Rules:
 - Export proceeds to be repatriated.
 - FX items freely transferable vs. unlisted items
 - Financial loans subject to mandatory 30% deposit. Exceptions: fixed assets.

ARGENTINA

Basic Foreign Investment Structure



ARGENTINA - Highlights

National Level Tax Rates:

Corporate Income Tax:	35%
Capital Gains Tax:	Regular corporate income tax rate
Branch Profits Tax:	35%
Dividends Tax:	0%
Withholding Taxes on:	
- Interest:	15.05% / 35%
- Royalties:	21% / 28% / 31.5%
- Other Services:	31.5%
Tax losses carry-forward term:	5 years
Transfer Pricing Rules:	OE CD like
Tax-free Reorganizations:	i) mergers; ii) divisive reorganizations, and iii) sales and transfers within an economic group.

ARGENTINA - Highlights

National Level Tax Rates:

VAT on Sales:	21%
VAT on Services:	21%
VAT on Imports:	21%
Custom Duties:	from 0% to 35%
Excise Taxes:	4% to 70%
Bank Debits and Credits (Transfers) Tax Rate:	0.6%
Personal Assets Tax:	0.5%

Local Level Tax Rates:

Stamp (Documentary) Tax:	1%
Gross Turnover Tax:	1% to 3%
Real Estate Tax:	1.5%

ARGENTINA – Treaty Taxation

ITEMS OF INCOME:

Countries	Interest	Dividends	Royalties
Australia	12%	10/15%	10/15%
Austria	Repealed as of 1.1.09	Official Gazette: 7.22.08	
Belgium	12%	10/15%	3/5/10/15%
Bolivia	No limits	No limits	No limits
Brazil	No limits	No limits	No limits
Canada	12.5%	10/15%	3/5/10/15%
Chile	No limits	No limits	No limits
Denmark	12%	10/15%	3/5/10/15%
Finland	15%	10/15%	3/5/10/15%
France	20%	15%	18%

ARGENTINA – Treaty Taxation

ITEMS OF INCOME:

Countries	Interest	Dividends	Royalties
Germany	10/15%	15%	15%
Great Britain	12%	10/15%	3/5/10/15%
Italy	20%	15%	10/18%
Netherlands	12%	10/15%	3/5/10/15%
Norway	12.5%	10/15%	3/5/10/15%
Russia	15%	10/15%	15%
Spain	12.5%	10/15%	3/5/10/15%
Sweden	12.5%	10/15%	0/3/5/10/15%
Switzerland	12%	10/15%	0/3/5/10/15%

ARGENTINA

HOT TOPICS

- ✓ Corporate Income Tax:
 - ✓ Transfer pricing audits and assessments
 - ✓ Debt to equity characterizations
 - ✓ Export tax claims:
 - ✓ Value of exported goods
 - ✓ Level of tax rates

- ✓ Use of Tax Treaties for both CIT & PIT

- ✓ Personal Income Tax:
 - ✓ Tax efficient wealth management (outbound).
 - ✓ Audits of trust structures
 - ✓ Audits of int'l structures for investment abroad

HOT TOPICS

- 2010 and 2011 transfer pricing rules and litigation.
- Tax authorities attacks on the agricultural industry.
- Other tax rulings of the Supreme Court.

BRAZIL



AREA: 8.514.876,599 km²

CAPITAL: Brasilia

POPULATION: 190.732.694 million (2010 census)

CURRENCY: Real

OFFICIAL NAME: Federative Republic of Brazil

NACIONALITY: Brazilian

NATIONAL DATES: September 7 (Independence Day) and November 15 (Republic Day)

GOVERNMENT: Presidential Republic

PRESIDENT: Dilma Rouseff

BRAZIL - Highlights



Political and Economic Environment

- Brazil has long experience in receiving foreign investment
 - Economic stability, large consumer market, continuous growth and reaction to the international crisis stimulate foreign investment in Brazil
 - Until September 2011, US\$ 50.5 billion in Direct Foreign Investment – Highest amount of investments in the period of January – September since 1947 and an increase of 123% in comparison with the same period in 2010
 - Since 1995, the Brazilian legislation does not differentiate between companies owned by national capital from those owned by foreign investors
 - Few restrictions to foreign investments, mainly related to areas of national interest, such as public health, news media and broadcasting companies, etc., and new developments regarding ownership of rural properties by foreigners
 - Particularities of foreign investment: investment through companies instead of branches and registration with the Central Bank of Brazil system required
 - General practice: bureaucratic procedures and increase in control measures
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BRAZIL - Highlights

National Level Tax Rates:

Corporate Income Tax (IRPJ)	25%
Social Contribution on Net Profit (CSLL)	9%
Capital Gains Tax	25%
Branch Profits Tax	25%
Dividends Tax	0%
Withholding Taxes on	
- Interest	15%
- Royalties	15%
- Technical Assistance	15%
- Technical Services	15%
- Administrative Assistance Services	15%
- Other Services	25%
- Remittances to "tax havens"	25%

BRAZIL - Highlights

National Level Tax Rates:

Tax losses carry-forward term	unlimited years
Tax losses carry-back term	not applicable
Transfer Pricing Rules	Yes
Custom Duties (II)	from 0% to 35%
Excise Tax (IPI)	from 0% to 330%
Contribution for the Social Integration Program (PIS)	
- Non-cumulative system	1 .65%
- Cumulative system	0.65%
Contribution for Social Security Funding (COFINS)	
- Non-cumulative system	7.6%
- Cumulative system	3%
Tax on Financial Transactions (IOF)	from 0% to 25%
Tax on Rural Property (ITR)	from 0.03% to 20%

BRAZIL - Highlights

Local Level Tax Rates:

VAT on Sales and Services (ICMS)	from 7% to 38%
Tax on Services (ISS)	from 2% to 5%
Tax on Urban Property (IPTU)	from 1% to 1.5%
Tax on Vehicles' Ownership (IPVA)	from 1.5% to 4%
Tax on Real Estate Transfer (ITBI)	2%
Tax on Donation and Inheritance (ITCMD)	from 4% to 8%

BRAZIL - Highlights

Import Taxes:

Imports of services

- Withholding Income Tax (WHT)	15 % or 25%
- ISS	from 2% to 5%
- PIS-Import	1.65%
- COFINS-Import	7.6%
- Economic Intervention Contribution (CIDE)	10%
- IOF	0.38%

Imports of goods

- II	from 0% to 35%
- IPI	from 0% to 330%
- ICMS	from 17% to 38%
- PIS-Import	1.65%
- COFINS-Import	7.6 %

BRAZIL – Treaty Taxation

ITEMS OF INCOME:

Countries	Interest	Dividends	Royalties	Technical Services	Technical Assistance
Argentina	15%	0%	15%	15%	15%
Austria	15%	0%	10/15%	15%	15%
Belgium	10/15%	0%	10/15%	10%	10%
Canada	10/15%	0%	15%	15%	15%
Chile	15%	0%	15%	15%	15%
China	15%	0%	15%	15%	15%
Czech Rep.	10/15%	0%	15%	15%	15%
Denmark	15%	0%	15%	15%	15%
Ecuador	15%	0%	15%	15%	15%
Finland	15%	0%	10/15%	15%	15%

BRAZIL – Treaty Taxation

ITEMS OF INCOME:

Countries	Interest	Dividends	Royalties	Technical Services	Technical Assistance
France	10/15%	0%	10/15%	15%	15%
Hungary	10/15%	0%	15%	15%	15%
India	15%	0%	15%	15%	15%
Israel	15%	0%	10/15%	10%	10%
Italy	15%	0%	15%	15%	15%
Japan	12.5%	0%	12.5/15%	12.5%	12.5%
South Korea	10/15%	0%	10/15%	10%	10%
Luxembourg	10/15%	0%	15%	15%	15%
Mexico	15%	0%	10/15%	10%	10%
Netherlands	10/15%	0%	15%	15%	15%

BRAZIL – Treaty Taxation

ITEMS OF INCOME:

Countries	Interest	Dividends	Royalties	Technical Services	Technical Assistance
Norway	15%	0%	15%	15%	15%
Peru	15%	0%	15%	15%	15%
Philippines	15%	0%	15%	15%	15%
Portugal	15%	0%	15%	15%	15%
Slovak Rep.	10/15%	0%	15%	15%	15%
South Africa	15%	0%	10/15%	10%	10%
Spain	10/15%	0%	10/15%	10%	10%
Sweden	15%	0%	15%	15%	15%
Ukraine	15%	0%	15%	15%	15%

HOT TOPICS

- Incentives for the 2013 FIFA Confederations Cup and the 2014 World Cup, Incentives for the Construction, Reform or Modernization of Sport Stadiums and incentives for Infrastructure Development that may apply to investments related to such events and to the 2016 Olympic Games
- ICMS Issues:
 - Recent decision by Federal Supreme Court on benefits granted by States on VAT sphere and the “tax war” among States
 - ICMS Tax Substitution – problems to calculate the tax base and to offset/refund accumulated tax credits
- Tax planning and substance over form approach

HOT TOPICS:

- Thin capitalization rules.
- Transfer pricing rules.
- Public System of Digital Accounting (SPED)
- Transitory Tax Regime (RTT)

CHILE



AREA: 756.626 km²
CAPITAL: Chile Santiago
POPULATION: 17,09 million (2010 estimate)
CURRENCY: Chilean Peso
OFFICIAL NAME: Republic of Chile
NACIONALITY: Chilean
NATIONAL DATE: September 18 (Independence Day)
GOVERNMENT: Presidential Republic
PRESIDENT: Sebastián Piñera

CHILE - Highlights

National Level Tax Rates:

Corporate Income Tax

(First Category Tax):

17%

Capital Gains Tax:

17%

Branch Profit Tax:

35%

Dividend tax:

35%

Withholding Taxes on:

- Interest:

35% or 4%

- Royalties:

15% or 30%

- Technical Assistance:

15% or 20%

- Other Services:

35%

- International leasing:

1,75%

Tax loss carry-forward term:

No time limit

Tax loss carry-back term:

No time limit

Transfer Pricing Rules:

Yes

Tax-free Reorganizations:

Mergers, stock-for-stock, divisions,
changes of the legal characteristics

CHILE - Highlights



National Level Tax Rates:

VAT on Sales:	19%
VAT on Services:	19%
VAT on Imports:	19%
Customs Duties:	6% flat rate
Stamp (Documentary) Tax:	0.05 up to 0.6%
Real Estate Tax:	15 per thousand on fiscal appraisal value %

Local Level Tax Rates:

Municipal Tax: 2 to 5 X mil

CHILE – Treaty Taxation

ITEMS OF INCOME:

Countries	Interest	Dividends	Royalties	Tech. Services and Assistance (Local Rules are Applicable)
Argentina	4/35%	35%	15/30%	15/20/35%
Belgium	5/15%	0/15%	5/10%	15/20/35%
Brazil	15%	10/15%	15%	15/20/35%
Canada	10/15%	35%	10%	15/20/35%
Croatia	5/15%	5/15%	5/10%	15/20/35%
Colombia	5/15%	0/7%	10%	10%
Denmark	5/15%	5/15%	5/10%	15/20/35%
Ecuador	5/15%	5/15%	10%	15/20/35%
Ireland	5/15%	5/15%	5/10%	15/20/35%

CHILE – Treaty Taxation

ITEMS OF INCOME:

Countries	Interest	Dividends	Royalties	Tech. Services and Assistance (Local Rules are Applicable)
Malasia	15%	5/15%	10%	15/20/35%
Mexico	5/15%	5/10%	10%	15/20/35%
Norway	5/15%	5/15%	5/10%	15/20/35%
Paraguay	10/15%	10%	15%	15/20/35%
Peru	15%	10/15%	15%	15/20/35%
Poland	5/15%	5/15%	5/10%	15/20/35%
Portugal	5/10/15%	10/15%	5/10%	15/20/35%
Spain	5/15%	5/10%	5/10%	15/20/35%
South Korea	5/15%	5/10%	5/10%	15/20/35%

CHILE – Treaty Taxation

ITEMS OF INCOME:

Countries	Interest	Dividends	Royalties	Tech. Services and Assistance (Local Rules are Applicable)
Switzerland	5/15%	15%	5/10%	15/20/35%
Thailand	10/15%	10%	10/15%	15/20/35%
United Kingdom	5/15%	5/15%	5/10%	15/20/35%
France	5/15%	15%	5/10%	15/20/35%
New Zealand	10/15%	15%	10%	15/20/35%
Sweden	5/15%	5/10%	5/10%	15/20/35%

HOT TOPICS:

- Corporate income tax increase.
- Possible tax reform due to political turmoil in the country.
- Proposed laws in Congress.
- Changes in the court system.

COLOMBIA



AREA: 1.141.748 km²

CAPITAL: Bogota

POPULATION: 45,92 million (2010 estimate)

CURRENCY: Colombian Peso

OFFICIAL NAME: The Republic of Colombia

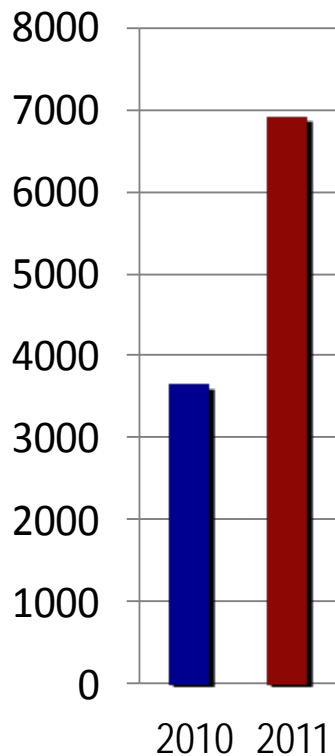
NACIONALITY: Colombian

NATIONAL DATE: July 20 (Independence Day)

GOVERNMENT: Presidential Republic

PRESIDENT: Juan Manoel Santos

Political and Economic Environment



- Foreign investment inflow increased 91% from 2010 to 2011 (oil/mining).
- 3rd largest FDI destination in the region, 4th in private equity.
- Investment grade awarded by the rating firms Moody's and Standard and Poors.
- Highest outbound investment growth rate in the region (oil & mining, electricity, Banking).

COLOMBIA - Highlights



National Level Tax Rates:

Corporate Income Tax	33%
Free Trade Zones Reduced Corporate Income Tax Rate	15%
Capital Gains Tax	33%
Regular Withholding Taxes on Cross-border Payments	
- After Tax Dividends (if untaxed at Corporate level)	0% (33%)
- Branch Profits	0%
- Interest	In general, in-bound credit facilities and leasing transactions are subject to a 14% withholding.
	Interest payments on certain Qualified Credit Facilities continue to be not subject to Colombian withholding tax
- Royalties (on software)	33% (26.4%)
- Technical Assistance, Technical and Consulting Services	10%

COLOMBIA - Highlights

National Level Tax Rates:

- Imports	no withholding
- Tax Havens	33%
Tax Loss Carry-forward Term	Unlimited
Tax Loss Carry-back Term	not available
Transfer Pricing Rules	yes, OECD-like
Tax-free Reorganizations	Statutory Mergers, Statutory Divisions, Transformations, and cash-for-stock reorganizations of "simplified stock companies"
General VAT Rate on Sales, Services and Imports	16%
Custom Duties	0% - 20%
Bank Debits Tax	4 per thousand
Stamp Tax	0%

COLOMBIA - Highlights



Local Level Tax Rates:

Tax on Industrial, Commercial and Service Activities	2-13.8 per thousand
Property Tax (including Real Estate)	0.5%-0.16%
Registration Tax	0.3%-1.5%
Local Stamp Taxes	1%, usually

COLOMBIA – Treaty Taxation

ITEMS OF INCOME:

Country	Dividends	Interest	Royalties
Bolivia	Source	Source	Source
Chile	Up to 7%	Up to 15%	Up to 10%
Ecuador	Source	Source	Source
Peru	Source	Source	Source
Spain	Up to 5%	Up to 10%	Up to 10%

COLOMBIA



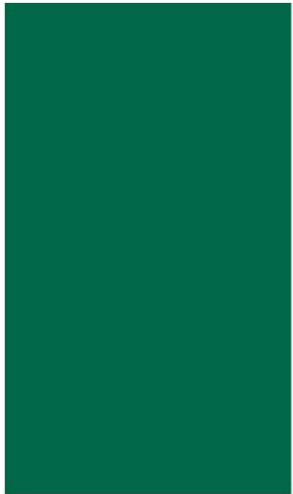
HOT TOPICS

- FTA COL-US (Investor protection standard, customs duty, trade barriers reduction) / FTA network.
- Upcoming tax reform (companies/shareholders taxation, oil and mining special tax regime, anti-avoidance rules, thin-cap rules, full review of the Colombian Tax System).
- Upcoming Constitutional Court Decision concerning the entry in force of the latest tax reform (Fixed Assets Special Deduction/Net Worth Tax).
- Transfer pricing litigation/Tax treaty policy.

HOT TOPICS:

- No tax reform in 2011.
- Increase in the number of tax treaties.
- Tax incentives for scientific and technology research and development.
- Tax benefits available for new companies
- Legal stability agreements

MEXICO



AREA: 1.972.547 km²

CAPITAL: Mexican City

POPULATION: 112,3 million (2010 estimate)

CURRENCY: Mexican Peso

OFFICIAL NAME: The United States of Mexico

NACIONALITY: Mexican

NATIONAL DATE: February 5 (Constitution Day);
September 16 (Independence Day); November 20
(Mexican Revolution)

GOVERNMENT: Presidential Republic

PRESIDENT: Felipe Calderón

MEXICO - Highlights

Political and Economic Environment

- Political stability, although elections are coming up in 2012, either the continuation of a PAN president or a new PRI president would maintain the current political course, including the fight against drugs and violence
- Very favorable economic situation
- Low inflation (3.14% annualized, Sept 11) and interest rates (4.5% target rate)
- Stable FX (MXN/USD between 11.50-13.50 in the last 12 months)
- Developed financial and capital markets that can help foreign investors

MEXICO - Highlights

Political and Economic Environment

- During the first quarter of 2011, the direct foreign investment in Mexico increased by 10.5%, with respect to the previous year
 - Main investors in Mexico: United States of America, Switzerland, Spain and Canada
 - Main areas of investment: manufacturing, commercial, mining, and professional services
- In 2010 Mexico became the second highest recipient of foreign direct investment in Latin America
- The Mexican industry is well recognized at worldwide levels, due to its good workmanship, culture, proximity to the United States of America and its time zone

MEXICO - Highlights

National Level Tax Rates:

Corporate Income Tax:	30%
Capital Gains Tax:	30%
Branch Profits Tax:	30%
Dividends Tax:	0%

Tax Withholding on:

- Interest:	From 4.9% to 30%
- Royalties:	5%, 25% or 30%
- Technical Assistance:	25%
- Technical Services:	25%
- Other Services:	From 0% to 25%

MEXICO - Highlights

National Level Tax Rates:

Net Operating Tax Losses Carry-Forward Term:

10 years

Transfer Pricing Rules:

Yes

Tax Free Reorganizations:

Mergers, spin-offs, transfer of shares, etc., provided that certain requirements are met.

VAT on Sales:

16% (11% on border region)

VAT on Services:

16% (11% on border region)

VAT on Imports:

16% (11% on border region)

Flat Rate Business Tax:

17.5%

Tax on Cash Deposits:

3%

MEXICO – Treaty Taxation

ITEMS OF INCOME:

Contracting State	Dividends	Interest	Patent and know-how Royalties	Tech. Services	Tech. Assistance
Australia	0/15%	10/15%	10%	0%	0%
Austria	5/10%	10%	10%	0%	0%
Barbados	5/10%	10%	10%	0%	0%
Belgium	5/15%	10/15%	10%	0%	0%
Brazil	10/15%	10/15%	10/15%	0/15%	0/15%
Canada	5/15%	10%	10%	0%	0%
Chile	5/10%	15%	15%	0%	0%
China	5%	10%	10%	0%	0%
Czech Rep.	10%	10%	10%	0%	0%

MEXICO - Treaty Taxation

ITEMS OF INCOME:

Contracting State	Dividends	Interest	Patent and know-how Royalties	Tech. Services	Tech. Assistance
Denmark	0/15%	5/15%	10%	0%	0%
Ecuador	5%	10/15%	10%	0%	0%
Finland	0%	10/15%	10%	0%	0%
France	0/5/15%	5/10/15%	10/15%	0%	0%
Germany	5/15%	5/10%	10%	0%	0%
Greece	10%	10%	10%	0%	0%
Iceland	5/15%	10%	10%	0%	0%
India	10%	10%	10%	10%	10%
Indonesia	10%	10%	10%	0%	0%

MEXICO - Treaty Taxation

ITEMS OF INCOME:

Contracting State	Dividends	Interest	Patent and know-how Royalties	Tech. Services	Tech. Assistance
Ireland	5/10%	5/10%	10%	0%	0%
Israel	5/10%	10%	10%	0%	0%
Italy	15%	10/15%	15%	0%	0%
Japan	0/5/15%	10/15%	10%	0%	0%
Korea	0/15%	5/15%	10%	0%	0%
Luxembourg	5/8/15%	10%	10%	0%	0%
Netherlands	0/5/15%	5/10%	10%	0%	0%
New Zealand	15%	10%	10%	0%	0%
Norway	0/15%	10/15%	10%	0%	0%

MEXICO - Treaty Taxation

ITEMS OF INCOME:

Contracting State	Dividends	Interest	Patent and know-how Royalties	Tech. Services	Tech. Assistance
Panama	5/7.5%	5/10%	10%	0%	0%
Poland	5/15%	10/15%	10%	0%	0%
Portugal	10%	10%	10%	0%	0%
Romania	10%	15%	15%	0%	0%
Russia	10%	10%	10%	0%	0%
Singapore	0%	5/15%	10%	0%	0%
Slovakia	0%	10%	10%	0%	0%
South Africa	5/10%	10%	10%	0%	0%
Spain	5/15%	5/10/15%	10%	0%	0%

MEXICO - Treaty Taxation

ITEMS OF INCOME:

Contracting State	Dividends	Interest	Patent and know-how Royalties	Tech. Services	Tech. Assistance
Sweden	5/15%	10/15%	10%	0%	0%
Switzerland	0/15%	5/10%	10%	0%	0%
United Kingdom	0/15%	5/10/15%	10%	0%	0%
United States	0/5/10%	4.9/10/15%	10%	0%	0%
Uruguay	5%	10%	10%	0%	0%

- Preferred tax regime
 - In case of income to be paid to foreign residents subject to a preferred tax regime, the applicable withholding income tax rate will be 40% on the income obtained (no deductions allowed), provided that they are related parties.
 - Certain exceptions are applicable, such as dividends, certain interests, among others

MEXICO

HOT TOPICS:

- Supreme Court of Justice decision regarding the IETU.
- Report filed by Ministry of Finance and Public Credit regarding the IETU.
- Private sectors point of view of the IETU.
- Status of Mexican consolidation tax regime litigation.
- 4.9% withholding tax on interest payments to qualify taxpayers for 2012.
- Tax reform for 2012.
- FATCA reciprocity
- IMMEX Credit

PERU



AREA: 1.285.220 km²

CAPITAL: Lima

POPULATION: 29,4 million (2010 estimate)

CURRENCY: Peruvian Nuevo Sol

OFFICIAL NAME: Republic of Peru

NACIONALITY: Peruvian

NATIONAL DATE: July 28 (Independence Day)

GOVERNMENT: Presidential Republic

PRESIDENT: Ollanta Humala

PERU - Highlights

National Level Tax Rates:

Corporate Income Tax:	30%
Dividends Tax:	4.1%
Withholding Taxes (Non Resident) on:	
- Interest:	4.99% or 30%
- Royalties:	30%
- Technical Assistance:	15% or 30%
- Independent personal services:	24%
- Employment:	30%
- Imports:	N/A
- Capital Gains - sale of shares	
- Lima Stock Market:	5%
- Others:	30%
Tax losses carry-forward term:	4 years or unlimited up to 50% each year
Tax losses carry-back term:	Not permitted
Transfer Pricing Rules:	OECD Guidelines

PERU - Highlights

National Level Tax Rates:

Tax-free Reorganizations: Mergers and Spin offs

VAT on Sales: 18%

VAT on Services: 18%

VAT on Imports: 18%

Custom Duties: 0%, 9% or 17%

Temporal Net Assets Tax: 0.4%

Stamp (Documentary) Tax: N/A

Financial Transactions Tax: 0.005%

Local Level Tax Rates:

Real Estate Property Tax: Up to 1%

Motor Vehicular Property Tax: 1%

Real Estate Transfer Tax: 3%

PERU – Treaty Taxation

ITEMS OF INCOME:

Countries	Interest	Dividends	Royalties	General Services	Technical Assistance
Colombia					Unlimited source taxation only (*)
Bolivia					Unlimited source taxation only (*)
Ecuador					Unlimited source taxation only (*)
Chile	15%	10/15%	15%		Residence taxation, unless a Permanent Establishment in the Source State
Canada	15%	10/15%	15%		Residence taxation, unless a Permanent Establishment in the Source State
Brasil	15%	10/15%	15%	15%	

(*) Under Andean Community Decision to avoid international double taxation.

PERU

HOT TOPICS:

- New government since July 2011.
- No tax increases except for mining companies and increase in tax audits.
- New head of the Peruvian IRS and hiring more qualified personal.
- Legal stability agreements of mining companies.
- Fight against poverty.

VENEZUELA



AREA: 916.445 km²

CAPITAL: Caracas

POPULATION: 29,1 million (2010 estimate)

CURRENCY: Bolivar Fuerte

OFFICIAL NAME: The Bolivarian Republic of Venezuela

NACIONALITY: Venezuelan

NATIONAL DATE: July 5 (Independence Day)

GOVERNMENT: Presidential Republic

PRESIDENT: Hugo Chávez

VENEZUELA - Highlights

National Level Tax Rates:

Corporate Income Tax:	Bracket 2 – 15% to 34%
	Upstream Oil Activities at 50%
Capital Gains Tax:	Bracket 2 – 15% to 34%
Branch Profits Tax:	(equalization tax) 34%
Dividends Tax:	(equalization tax) 34% (50% oil)

Withholding Taxes on (for non resident entities payees):

- Interest:	Bracket 2 (top 34%)
- Interest to Qualified Financial Institutions	4.95%
- Royalties:	30.60%
- Technical Assistance:	10.20%
- Technical Services:	17.00%
- Services Other than Professional Services:	Bracket 2 (top 34%)
- Professional Services:	Bracket 2 (top 34%)
- Commissionaire Agent:	5 .00%

VENEZUELA - Highlights

National Level Tax Rates:

- Insurance Premiums (and payment upon reinsurance):	3.00%
- Lease of property (personal or immovable)	Bracket 2 (top 34%)
- Sale of Shares in a Venezuelan Company	5%
- Sale of Shares in Venezuelan Stock Exchange	1%

Tax losses carry-over term: 3 years (1 year for adjustment per inflation –API- losses)

Tax losses carry-back term: No loss carry-back

Transfer Pricing Rules: Yes (OECD Guidelines 1995 apply supplementary)

Tax-free Reorganizations: Statutory mergers, change of legal form to partnership (see-through), and contributions to equity at cost.

VENEZUELA - Highlights



National Level Tax Rates:

VAT on Sales: 12% (WHT applies)

VAT on Services: 12% (WHT applies)

VAT on Imports: (reverse charge) 12%

Custom Duties: from 0% up to 20% (reductions provided for MERCOSUR members)

Net-worth (Assets) Tax: Repealed in 2004

Financial Transactions Tax (corporate) 1.5% (each withdrawal) (repealed)

Special Petroleum Windfalls Tax 50% / Brent over 70 USD

60% / Brent over 100 USD

VENEZUELA - Highlights

Excise Tax:

- Spirits & Alcohol (on retail sale price) 8.5 - 10%
- Spirits & Alcohol 0.0006 – 0.102 T.U./liter
- Tobacco
(Cigarettes & Tobacco Products) (on retail sale price) 30 - 45%

Science & Technology Contribution (on Large Ventures)

- Hydrocarbon activities (on turnover) 2%
- Mining activities (on turnover) 1%
- General activities (on turnover) 0.5%

Anti Drug Enforcement Contribution

- In General (on net earnings) 1%
- Alcohol & Tobacco Companies (on net earnings) 2%

VENEZUELA - Highlights

Local Level Tax Rates:

Stamp (Documentary) Tax:

Varies w. each transaction.

State and Capital District Contribution

Tax on Industrial, Commercial & Service Activities:

Established by each Municipality, commonly 1% to 5% of turnover (proceeds)

Tax on Real State property (currently only urban property)

Established by each Municipality, commonly 0.01% to 0.2% on assessed value

Motor Vehicles Tax:

1 -4 Tax Units (T.U.) p/a

Legal Gaming & Gambling:

5 -10% p/a

Commercial Advertisement Tax:

1 T.U. per Square Meter

Tax on Public Shows and Performances:

10%

Duties:

Vary for each service

VENEZUELA – Treaty Taxation

Countries	Interest	Dividend	Royalties	Tech. Services	Tech. Assistance
Austria	4.95/10%	5/15%	5%	5%	0/5%
Germany	5%	5/15%	5%	No WHT	No WHT
Barbados	5/15%	5/10%	10%	10%	10%
Belgium	10%	5/15%	5%	No WHT	No WHT
U.A. Emirates	10%	5/10%	10%	10%	10%
Brazil	15%	10/15%	15%	15%	15%
Canada	10%	10/15%	5/10%	5/10%	No WHT
China	5/10%	5/10%	10%	10%	10%
Korea	5/10%	5/10%	5/10%	5/10%	0/10%
Cuba	10%	10/15%	5%	5%	5%
Denmark	10%	10/15%	5%	5%	5%

VENEZUELA – Treaty Taxation

Countries	Interest	Dividend	Royalties	Tech. Services	Tech. Assistance
Spain	4.95/10%	0/10%	5%	5%	No WHT
USA	4.95/10%	5/10%	5/10%	No WHT	No WHT
France	5%	0/5/15%	5%	No WHT	No WHT
Indonesia	10%	10/15%	20%	20%	10%
Iran	5%	5/10%	5%	5%	5%
Italy	10%	10%	7/10%	10%	10%
Kuwait	5%	5/10%	20%	20%	20%
Malaysia	15%	5/10%	10%	10%	10%
Mexico	4.95/15%	5%	10%	0/10%	10%
Norway	5/15%	5/10%	12%	12%	9%
Netherlands	5%	0/10%	5/7/10%	No WHT	No WHT

VENEZUELA – Treaty Taxation

Countries	Interest	Dividend	Royalties	Tech. Services	Tech. Assistance
Portugal	10%	10%	12%	12%	10%
UK	5%	0/10%	5/7%	5%	No WHT
Czech Republic	10%	5/10%	12%	12%	12%
Russia	5/10%	10/15%	15%	10/15%	10%
Sweden	10%	5/10%	7/10%	7%	7%
Switzerland	5%	0/10%	5%	5%	No WHT
Trinidad & Tobago	15%	5/10%	10%	10%	10%
Qatar	5%	5/10%	5%	No WHT	5%
Biolorussia	5%	5/15%	5/10%	5/10%	0/10%

HOT TOPICS

- ✓ *Exchange Controls.*
- ✓ *Expropriations, Confiscations, Other Takings & the Like.*
- ✓ *Public Works Contract Structuring.*
- ✓ *Financing Projects. Potential Issues.*
- ✓ *Price and ROI controls and regulations*

HOT TOPICS:

- For purposes of the income tax, the deduction for exchange losses and the fact that we have more than one exchange rate is generating a large risk that this amounts could be disallowed by the tax authorities.
- With regards to the municipal tax, the rates continue to increase and the issues with the various municipalities create some real risks.
- With regards to special contributions, the increase and the adjustment to the existing contributions have substantially increased the tax pressure on companies.

LATIN AMERICA



*“Variety is
the
Spice of Life”
Thank you!*

Miguel A. Valdés

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