

FLASH LEGAL # 001204

Amendments to the Tax Code

Dear Clients and Friends:

On October 19, 2026, the Reforming Organic Law to the Tax Code (*Ley Orgánica Reformativa al Código Tributario*) was published in the Ninth Supplement to Official Register No. 392, introducing the following significant amendments.

- 1) AUTHORITY TO ISSUE TAX REGULATIONS:** The reform reiterates and clarifies that the authority to issue tax regulations rests exclusively with the President of the Republic, while the highest authorities of the tax administrations may issue general resolutions. It further provides that circulars, which may not amend tax provisions, shall be binding solely on officials of the tax administration and shall not be binding on taxpayers.
- 2) ADMINISTRATIVE CLAIMS:** The reform provides that administrative claims may be filed against any administrative act and establishes a maximum period of 120 business days for the issuance and service of notice of the corresponding resolution. It also specifies the circumstances in which such period may be suspended.
- 3) REQUESTS FOR TAX REFUNDS:** The reform specifies that, where requests for the refund of taxes paid in excess or unduly are not addressed within 120 days of submission, or where the amount refunded is incorrect, the taxpayer may file a claim within the 20 business days following service of notice of the act denying the refund in whole or in part, or may file a challenge action directly before the District Court of Contentious-Tax Matters (*Tribunal Distrital de lo Contencioso Tributario*).
- 4) TIME LIMIT FOR REVIEW PROCEEDINGS:** For most of the grounds permitting the filing of a motion for review (*recurso de revisión*), the time limit is reduced from three years to one year from service of notice of the act.

The tax administration must resolve the motion for review within 180 days of its filing. Failure to do so shall result in the challenged act being deemed ratified by tacit denial, without prejudice to the obligation to issue an express resolution.

Motions for review pending as of the date of publication of the Law must be resolved within the following 180 days; otherwise, tacit denial shall be deemed to have occurred.

- 5) **PENALTY FOR CONTRAVENTIONS OF TAX LAWS:** Fines for contraventions of tax laws shall range from 6% of one unified basic salary to three unified basic salaries.
- 6) **PENALTY FOR REGULATORY VIOLATIONS:** Fines for regulatory violations (*faltas reglamentarias*) shall range from 6% of one unified basic salary to two unified basic salaries.
- 7) **PENALTIES RELATING TO THE NET-WORTH DECLARATION:** Taxpayers required to report assets held abroad who fail to file their net-worth declaration, as well as taxpayers who, when filing such declaration, omit—in whole or in part—information regarding their assets held abroad, shall be subject to a fine equivalent to 0.5% of the total value of the unreported assets held abroad, **as identified by the Tax Administration in the exercise of its powers.**

The fine may not exceed the value of 2,075 unified basic salaries (US\$1,000,150.00). Where the declaration is filed late, but before the infringement is notified by the Tax Administration, the penalty set forth in the preceding paragraph shall be reduced by half and may not exceed the aforementioned cap.

- 8) **0% VAT RATE FOR THE ELECTRICITY SECTOR:** Article 55 of the Internal Tax Regime Law (*Ley de Régimen Tributario Interno*), concerning transfers and imports subject to the 0 % VAT rate, is amended in numeral 11, relating to electricity, to include an express cross-reference to the Regulations for the Application of the Internal Tax Regime Law. This cross-reference enables the implementation of the 0 % VAT rate for equipment and inputs necessary for the generation of electric power.

We hope that you find this general information helpful. Please note that it is not intended to constitute legal advice. Should you have any specific inquiries, we would be pleased to provide further assistance

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