

wts global

Assignments to the Americas

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Editorial

In times of globalization, the importance of international employee deployment is growing. As a global company, you are therefore faced with the ever increasing complexity of managing your expatriates' cross-border taxation, social security, legal and immigration-related matters. The legal regulations in these fields are not only subject to constant change but they are also becoming more and more complex when applied in different jurisdictions at the same time. Incorrect decisions can be both difficult and costly to rectify.

At WTS Global, we can help you identify cross-border work-related risks at an early stage and optimize tax and social security payments for you and your employees while keeping the administrative burden to a minimum. Our expertise helps you strategically plan and manage your intercompany assignment cost and compliance. Our Global Expatriate Services specialists guide you smoothly through the planning, structuring and implementation of any cross-border work (e.g. assignments, remote work, foreign local hires). Jointly with our international network, WTS Global can assist you in more than 100 locations worldwide. We provide local expertise from international professionals wherever you are.

This booklet offers you a brief overview of tax, social security and immigration-related matters you might consider for your cross-border work to and from the Americas.

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Argentina	04
Bolivia	06
Brazil	09
Colombia	12
Costa Rica	15
Dominican Republic	17
Ecuador	21
El Salvador	23
Guatemala	25
Honduras	27
Mexico	29
Panama	31
Paraguay	33
Peru	35
USA	39
Appendix	41
Contacts	44
Imprint	45



Argentina

Personal Income Tax

- › Individuals resident in Argentina are taxable on worldwide income and may obtain a foreign tax credit for taxes paid on income from a foreign source.
- › Non-residents ("foreign beneficiaries") are only taxable on their Argentine-sourced income; subject to a 35% withholding tax on the amounts paid.
- › Residents are taxed using a progressive tax system, which means that the rates range between 5% and 35%, depending on the total yearly income.
- › In addition, special tax rates apply to specific types of operations/income (i.e. interest, real estate property, among others).
- › The tax period is the calendar year. The annual income return must be filed electronically the year following the taxable period by July/August, according to the identification number (CUIT). The specific deadline is defined each year by the Argentine Revenue Services (ARS).

Social Security

Social security contributions are mandatory. The contribution depends on the employee's monthly income. The employer is responsible for withholding and paying part of the social security contributions on behalf of its employees, and also for paying the portion required on its own behalf.

EMPLOYEE

- › Is required to pay contributions to retirement and pension funds (14%) and the welfare fund (3%).
- › The employer withholds these percentages from its employee's salary and pays to the ARS.

EMPLOYER

Employer social security contributions vary depending on the employer's activity and size, particularly whether the employer qualifies as a Micro, Small or Medium-sized Enterprise (MiPyME) and holds a valid MiPyME certificate.

a) Employers in the private sector engaged in services or commerce, whose total annual turnover exceeds the thresholds for MiPyME classification

In this case, employer contributions apply at an overall rate of 26.4% of the gross remuneration, allocated as follows:

- › 12.35% to the retirement and pension system (SIPA),
- › 1.58% to INSSJP – PAMI,
- › 5.40% to Family Allowances,
- › 1.07% to the National Employment Fund,
- › 6.00% to the health care system (Obra Social).

b) Other private sector employers holding a valid MiPyME certificate

- For employers not included in the category above, employer contributions apply at an overall rate of 24% of the gross remuneration, allocated as follows:
- › 10.77% to the retirement and pension system (SIPA),
 - › 1.59% to INSSJP – PAMI,
 - › 4.70% to Family Allowances,
 - › 0.94% to the National Employment Fund,
 - › 6.00% to the health care system (Obra Social).

In all cases, employers must additionally pay contributions to the Labour Risk Insurance (ART). The applicable rate depends on the activity performed and the risk classification determined by the insurance provider. Minimum and maximum contribution bases apply and are updated periodically by the Argentine authorities.

- › As of December 2025, several labour and tax reform initiatives are under discussion in the Argentine Congress. These legislative proposals, if enacted, could introduce material changes to the legal, tax and social security framework applicable to employment relationships, including aspects related to employment contracts, termination costs, payroll taxation and employer social security contributions. While the final scope and timing of these reforms remain uncertain, legislative developments should be closely monitored, as any approved measures may affect the topics described in this overview during 2026.

Immigration

VISA

- › Argentina has signed agreements with some countries so that its citizens can enter the national territory directly with a valid and current travel document of their nationality without the need to apply for a visa beforehand.

- › Beyond these specific cases, which should in any case be checked, any foreign citizen who wants to work as an employee in Argentina must apply for a working visa.

WORK PERMIT

- › Among the requirements of the visa application, an employment contract signed by the employer and including the registration number of the contracting company with the National Registry of Petitioners on behalf of Foreign Applicants (RENURE) must be submitted.

REGISTRATION

- › Applications for a working visa may be submitted to the consular office of the Argentine Republic in the place of residence of the foreign national, while he remains abroad. Once he moves to Argentina, he can file it with the National Department of Migration ("DNM").

Employer's Obligations

START OF EMPLOYMENT

- › The employer must register the employment relationship regardless of the type of contract.
- › Before registering the employment relationship, the employer must have the Unique Tax Identification Code (CUIT) and be registered as an employer.
- › If the worker does not have their Labour Identification Code (CUIL), they must request it from the National Social Security Administration (ANSES).

DURING EMPLOYMENT

- › The employer must file the affidavits and pay the social security contributions for its employees each month.
- › Same goes for the social security contributions which must also be paid and declared by the 15th of the following month to the competent social security authority.
- › A payroll account must be kept for every employee.
- › An annual income tax settlement summarizing employment income and income tax withholdings must be prepared by the employer and made available to the employee and the tax authorities by the end of April of the following year.

TERMINATION OF EMPLOYMENT

- › The employer must prepare the settlement documentation that is then signed by the former employee and deregister the employee with the social security authorities.

Comparisons

Taxation of Fringe Benefits

Housing	B
Home Flights	B
Education for children	B

A Tax exempt | B Taxable | C Tax relief under certain conditions

Tax Rates

Single, no children	35%
Employment Gross Income ¹ 100,000 EUR p.a.	
Married, 2 children	35%
Employment Gross Income ¹ 100,000 EUR p.a.	

Maximum Effective² Personal Income Tax Rates for the past 3 years

2023	2024	2025
35%	35%	35%

Social Security Rates

Employment Gross Income ¹ 100,000 EUR p.a.	
Employee	17%
Employer – Services/Commerce (non-MiPyME)	26.4%
Employer – MiPyME (other activities)	24%

Social Security Agreements (SSA)

Belgium, Bolivia, Brazil, Chile, Colombia, Ecuador, El Salvador, France, Greece, Italy, Israel, Luxembourg, Paraguay, Peru, Portugal, Slovenia, Spain

¹ Excluding fringe benefits such as housing.

² Employer's rates exclude Labour Risk Insurance (ART), which applies at variable rates.



Bolivia

Personal Income Tax

- › Bolivia does not have a personal income tax as such, thus it only taxes individuals when they are in a labor relationship and/or are carrying out independent commercial activities on a habitual basis (e.g. lease of real estate and goods, serving as board directors, controllers, consultancy services, etc.). This tax also applies to foreign tax residents on their Bolivian-sourced income.
- › The tax rate is 13%.
- › Tax-free threshold up to Bs 8.250 (USD 1,185.34).
- › Employers should withhold an amount equal to 13% of the amount paid as salary to each employee, unless said employees are able to offset this tax with all the VAT credit resulting from purchases of goods and services within the month.
- › This withholding is calculated monthly and does not apply to employees earning less than Bs 8.250 per month (USD 1,185.34).

Social Security

In Bolivia, social security is divided into two areas, long-term social security and short-term social security.

Short-term social security is regulated by the Social Security Code, its specific regulations and annexed regulations. Short-term social security is in charge of providing permanent health care to the employees and is quoted based on employer contributions.

On the other hand, long-term social security is regulated by the pension law and is in charge of the worker's retirement pension, quoted based on labor contributions.

EMPLOYEE

- › The workers must contribute 12.71% of their salary to long-term social security, which is automatically deducted from their salary by the employer.

EMPLOYER

- › The employers have a legal obligation to contribute 10% of the total payroll to the short-term social security, in order to finance the public health insurance for the employees and their relatives.

- › On the other hand, the employer would be obliged to contribute 7,21% to long-term social security for the worker's retirement pension.
- › The employer is required by law to withhold the worker's social security contributions and pay them directly to the pension administration entity (AFP). The employer is solely responsible in the event of failing to pay.

Immigration

VISA

- › Bolivia is part of the integration agreements of Mercosur, the Andean Community of Nations (CAN), a bilateral agreement between Argentina and Bolivia related to temporary residence visas and the establishment of benefits to obtain this type of visa easily.
- › Any foreigner whose nationality is within these integration agreements may apply for a temporary residence visa for two (2) years, subject to some requirements.
- › In the other cases of nationalities that are not part of the integration agreements that Bolivia has subscribed to, they must apply first for the temporary residence visa for one (1) year. Then, after the first year of temporary residence, they are entitled to apply for their temporary residence visa for (2) two years. Finally, only after the term of the (2) two year visa is complete, they are entitled to apply for a permanent residence visa.
- › There is neither differentiated tax between nationals and foreigners nor differentiated social security contributions. Every employee, despite their nationality, falls under the same regulation.

WORK PERMIT

- › For a foreigner to be able to work in Bolivia, they need to have a temporary residence visa of one (1) year or two (2) years and have their foreign identity card issued by the Bolivian Authorities.
- › Additionally, once the foreign employees have a visa, their written contracts must be endorsed and registered with the Ministry of Labor in Bolivia within 30 days from the signing of the contract.

REGISTRATION

- › The employer must be registered with the Ministry of Labor, the short-term management entity (public health insurance) and the Pension Fund Administrator (AFP/retirement).
- › The employer is obliged to register the worker's employment contract with the Ministry of Labor and register the workers with the short-and long-term social security entities.

Employer's Obligations

START OF EMPLOYMENT

- › At the start of the employment relationship, the employer has the obligation to register the worker's employment contract with the Ministry of Labor.
- › Additionally, the employer has the obligation to register their employees with the public health insurance, which is the short-term social security.
- › Likewise, the employer must register their employees with the pension fund administrator (Gestora Pública).

DURING EMPLOYMENT

- › Wage tax must be withheld monthly and paid to the tax office the following month according to the last digit of its tax registration number.
- › Prepare and submit monthly reporting documents on the wages and salaries of the employees, as well as social security withheld and paid for them.
- › During the employment relationship, the employer must pay a Christmas bonus, which is equivalent to the monthly salary of the employee that receives it and must be paid at the end of the year. Additionally, employers must pay a profit premium, which must only be paid when the company has obtained profits as management, and of which 25% of the profits must be allocated to the payment of this premium.
- › Likewise, the employer is obliged to grant holidays according to the holiday scale established by law in accordance with the time the employee is working for the company (from 15 to 30 working days).



- › Finally, after the employee has completed their second year of work, the employer must pay a "seniority bonus" (Bono de Antigüedad), which is equivalent to 5% of three (3) national minimum wages the first time this bonus is paid. The percentage increases over time the longer the employee is working for the company.

TERMINATION OF EMPLOYMENT

- › At the end of the employment relationship, the employer is required to pay compensation, which is the equivalent of one (1) salary for each year worked. In the same way, they are obliged to pay for any non-taken holidays and the Christmas bonus (if applicable).
- › If the employee is dismissed by the employer, the employer is obliged to pay a severance which is equivalent to three (3) monthly salaries. The severance will not be applicable if the dismissal is caused by justified reason established by law.

Comparisons

Taxation of Fringe Benefits

Housing	B
Home flights	B
Education for children	B

A Tax exempt | B Taxable | C Tax relief under certain conditions

Tax rates

Single, no children	13%
<small>Employment Gross Income¹ 100,000 EUR p.a.</small>	
Married, 2 children	13%
<small>Employment Gross Income¹ 100,000 EUR p.a.</small>	

Maximum Effective Personal Income Tax Rates for the past 3 years²

2023	2024	2025
13%	13%	13%

Social Security Rates

Employment Gross Income³ 100,000 EUR p.a.

Employee	12.71%
Employer	17.71%

Social Security Agreements (SSA)

Argentina
Brazil
Colombia
Costa Rica
Chile
Ecuador
Spain
Paraguay
Peru
Uruguay

¹ Excluding fringe benefits such as housing.



Brazil

Personal Income Tax

- › Tax residents are subject to income tax on their worldwide income, irrespective of whether the funds are remitted or transferred to Brazil.
- › Tax on income received from Brazilian entities is withheld and paid by such entities.
- › The individual is responsible for the monthly calculation and payment of tax on income received from Brazilian individuals or from any foreign sources (except for financial investments and profits from some controlled companies abroad).
- › Salaries and rental income (from Brazil or abroad) are taxed at progressive rates from 0% to 27.5%.
- › Capital gains (from Brazil or abroad) are taxed at progressive rates from 15% to 22.5%.
- › Income earned from financial investments abroad, such as remunerated bank deposits, remunerated deposit certificates, virtual assets, digital wallets, retirement or pension funds, fixed income and variable income securities, derivatives and equity interests, except for some controlled entities located abroad are taxed at a 15% rate in the Annual Income Tax Return;
- › Profits of controlled companies (i) located anywhere abroad with passive income equal to or greater than 40% or (ii) located in tax havens or countries with privileged tax system are taxed at a 15% rate in the Annual Income Tax Return of the individual even if not distributed during the year;
- › As from 2026, a minimum tax rate up to 10% will be applied on total income superior to BRL 600k (equivalent to approximately EUR 95k).
- › Income tax returns must be filed by 30 April for the previous calendar year (but lately it has been postponed to 31 May). The income tax return must not only include the worldwide income (even when exempt due to an international treaty to avoid double taxation) but also deductible expenses and payments made to individuals who are tax residents in Brazil, as well as the cost of acquisition of all debts and assets held by the individual in Brazil or abroad.

Social Security

Unless provided otherwise by an international agreement, social security contributions on salaries carried on the company's payroll are compulsory and

apply to all employees. Employers also support some welfare services for employees (such as SESI, SENAI, SESC, SENAC, INCRA and Salário Educação), the so-called "third parties". The basis for the calculation of social security contributions and welfare services is the total gross compensation paid to employees. The employer is responsible for withholding and paying the social security contributions.

EMPLOYEE

- › Employees are subject to the social security contribution at progressive rates varying from 7.5% to 14% (to be withheld by the employer), limited to a current maximum monthly contribution of BRL 988,09, equivalent to approximately EUR 156 (for 2026).

EMPLOYER

- › Social security contributions payable by employers are made up of:
 - a fixed rate of 20% on the gross monthly compensation paid to employees; and
 - rates varying from 0.5% to 6% on the gross monthly compensation paid to employees. The criteria for establishing the variable rate depend on the employer's core business, the occupational hazards related to the working environment, and the company's annual Accident Prevention Factor ("FAP" in the Brazilian acronym), which is calculated according to the number, cost and seriousness of work accidents, among other factors; and
 - the contributions to support welfare services comprise rates of up to 5.8% (depending on the company's business) of the compensation paid to employees.
- › The employer is liable for all the payments on a monthly basis.
- › Depending on the type of business of the company, an alternative social security regime may apply, whose contributions are conditioned on the company's gross revenue (1% to 4.5%) rather than the entity's payroll amounts. Such special social security regime is valid until the end of 2027. 17 types of industries are eligible to this regime: (i) manufacturing and clothing; (ii) footwear; (iii) civil construction; (iv) call center;

(v) communication; (vi) construction and infrastructure; (vii) leather; (viii) vehicle and body manufacturing; (ix) machinery and equipment; (x) animal protein; (xi) textiles; (xii) information technology ("IT"); (xiii) communication

Immigration

VISA

- As a rule, any foreigner who wants to work as an employee in Brazil must first obtain a proper visa.
- Among the many types of visas and work permits, the most applied-for visa is the 2-year temporary visa for foreign employees sponsored by a Brazilian company. The employment contract between the Brazilian company and the foreign professional shall be submitted to be analysed by the Brazilian Ministry of Labour & Employment.
- For Mercosul (Argentina, Bolivia, Chile, Colombia, Ecuador, Paraguay, Peru and Uruguay) citizens, there is no need to apply for a work visa. Despite this, a temporary residence permit is required.

WORK PERMIT

- To employ foreign workers (with the exception of Mercosul citizens), the employer must obtain a visa and a work permit for the employee and the limit allowed for the hiring of foreign workers by the company cannot be exceeded. Both visa and work permit applications are analysed by the Brazilian Ministry of Labour & Employment, which verifies the compliance with the legal requirements for each kind of visa and work permit.
- For each foreign employee hired, the employer must hire two Brazilian employees. This is the 'two-thirds rule' established by the Consolidation of Labour Laws, which is also required in relation to the proportionality of compensation to be paid to foreign and Brazilian employees.

REGISTRATION

- Foreign employees must register and obtain a tax identification number.

Employer's Obligations

START OF EMPLOYMENT

- Apply for the correct work/employment visa for the employee (if applicable).
- Register the employee in the Digital Bookkeeping System of Tax, Social Security and Labour Obligations ("eSocial")

DURING EMPLOYMENT

- Withhold wage tax every month.
- Withhold social security contributions due by the employees every month.
- Pay social security contributions on its employees' wages every month.
- Report the payment of salaries, income tax and social security contributions to the Brazilian labour authorities and to the Federal Revenue Service through eSocial every month.

TERMINATION OF EMPLOYMENT

- Cancel the employee's work permit (if applicable).
- Prepare termination documentation to be signed by the former employee and make the termination payments provided for in the Brazilian Labour Law within 10 days after the termination.
- Inform the termination of the employment contract to the Brazilian labour authorities via eSocial.



Comparisons

Taxation of Fringe Benefits

Housing	B
Home flights	B
Education for children	B

(exemption only for social security contribution purposes on pre-school, elementary and high school expenses)

A Tax exempt | B Taxable | C Tax relief under certain conditions

Tax rates

Single, no children	27.5%
Employment Gross Income ¹ 100,000 EUR p.a.	
Married, 2 children	27.5%
Employment Gross Income ¹ 100,000 EUR p.a.	

Maximum Effective Personal Income Tax Rates for the past 3 years²

2023	2024	2025
27.5%	27.5%	27.5%

Social Security Rates

Employment Gross Income¹ 100,000 EUR p.a.

Employee (up to BRL 988,09, equivalent to approximately EUR 156 (for 2026))	14%
Employer (generally)	28.8%

Social Security Agreements (SSA)

Canada, France, Germany, Italy, Japan, Portugal, Spain, Switzerland, United States of America and SSAs with 7 further countries

¹ Excluding fringe benefits such as housing.



Personal Income Tax

- › Individual's taxes depend on their residential status as well as on their total income earned. Under Colombian tax legislation, an individual is considered a tax resident if they remain in Colombia for more than 183 days within a 365-day period or maintain their center of economic interests in the country. Tax residents are subject to income tax on their worldwide income, whereas non-residents are taxable only on their Colombian-sourced income.
- › Colombia has a progressive tax system which means that the rates range between 0% and 39%, depending on the total yearly income. Additionally, individual income tax is schedular and is calculated depending on the nature of the income (e.g. general income, pensions and dividends).
- › The disposition of fixed assets (including real estate sales) held for two years or more triggers capital gains tax at a fixed rate of 15%. If the asset is held for less than two years, the profit will be subject to the regular income tax progressive rates with a maximum marginal rate of 39%. This tax treatment also applies to shares.
- › The tax period is the calendar year.
- › The annual income tax return must be filed electronically the year following the tax year (the specific filing date depends on the tax identification number of the individual but generally ranges between August and October of each year).
- › Colombian tax residents who hold assets abroad, including shares, are required to file a Foreign Assets Return (Form 160) together with their annual income tax return. This return must disclose all foreign assets and their value as of December 31 of the relevant tax year. Form 160 is filed electronically through the Colombian Tax Authority's website (www.dian.gov.co) and serves as an informational statement rather than a separate tax declaration.
- › In Colombia, employees typically receive 14 payments per year, which include their monthly salaries and two statutory semi-annual service bonuses, paid in June and December, as required by Colombian labor law.
- › In principle, employment income is subject to a withholding tax at source, applied by the employ-

er acting as the withholding agent. This salary withholding constitutes an advance payment of the employee's income tax, which is creditable against the final tax liability.

Social Security

Unless provided otherwise by an international agreement, employees working in Colombia will generally be subject to the Colombian social security scheme for employees. Under the Colombian social security scheme, both employees and employers must pay social contributions.

EMPLOYEE

- › The employee's contributions are fixed at 10% and are deducted from their gross salary. These contributions cover old-age and survivor's pension (4%), healthcare (4%) and the solidarity pension contribution (1%-2%), depending on income level), and apply to employees who earn more than the minimum monthly salary (COP 1,423,500, approx. USD 365 in 2025) and not more than 25 minimum monthly salaries (COP 35,587,500, approx. USD 9,130 in 2025).
- › Employees with higher income are subject to additional pension contributions of up to 2%, under the Solidarity Pension Fund. Employees who earn more than four minimum monthly salaries (COP 5,694,000, approx. USD 1,460 in 2025) and up to 25 minimum monthly salaries (COP 35,587,500, approx. USD 9,130 in 2025) will have to make progressive contributions to the solidarity pension fund, up to 2% of their salary. Independent workers (with no labour contract) will have to assume the full payment of social security contributions. Furthermore, domestic law establishes that social security contributions will rise every year, in line with the increase established for the minimum wage, which this year (2025) was decreed by the National Government to be an increase of 9.53%.
- › Under domestic legislation, non-salary payments made to employees are subject to social security and parafiscal contributions only to the extent that they exceed 40% of the employee's total monthly remuneration. This rule does not restrict the amount that may be paid as bonuses or vari-

able compensation, but the classification of such payments as "non-salary" must comply with current labor regulations and the substantive nature of the payment, as reinforced by the 2025 Labor Reform.

- › In Colombia, the base on which social security contributions are calculated is capped at the equivalent of 25 minimum monthly salaries (COP 35,587,500, approx. USD 9,130 in 2025).

EMPLOYER

- › Employers are responsible for paying contributions (total rate of 20.5%) to health (8.5%) and pensions (12%). Employees who earn less than 10 minimum monthly mandatory salaries (COP 14,235,000, approximately USD 3,650 in 2025)-, are exempt from the healthcare contribution, as well as from contributions to the SENA and the ICBF. In such cases, employers are only required to pay the 12% pension contribution.
- › The employer may be required to pay occupational risk insurance contributions at rates ranging from 0.522% to 6.960%, depending on the risk classification of the company's economic activity. These contributions, which are fully borne by the employer, cover workplace accidents and occupational diseases in accordance with the Colombian Social Security System.
- › The base on which social security contributions are calculated is capped at the equivalent of 25 minimum monthly salaries (COP 35,587,500, approx. USD 9,130 in 2025).
- › Employers are also subject to payroll taxes at a total rate of 9% (usually reduced to 4% for employees who earn less than 10 minimum monthly mandatory salaries (COP 14,235,000, approx. USD 3,650 in 2025)).

Immigration

VISA

- › Foreign workers must obtain the corresponding work visa, which allows them to perform their profession, occupation, work activity or trade in the country. A work visa is an authorization granted by the Colombian Ministry of Foreign Affairs to a foreigner to enter, reside, and, as the case may be, perform an activity in Colombia.

- › If the foreigner is applying for a work visa for the first time or the visa has expired, the individual must apply for a temporary worker visa at a Colombian consulate abroad.

WORK PERMIT

- › According to the provisions of decree 1067 of 26 May 2015, to work in Colombia a foreigner is required to apply for a particular type of visa on a case-by-case basis.

REGISTRATION

- › The foreign worker must have an alien registration card ("Cédula de Extranjería") when their stay is equal to or longer than three (3) months.

Employer's Obligations

START OF EMPLOYMENT

- › If applicable, obtain the necessary employment authorization and ensure that the employee has a proper visa, work permit and residence permit, if necessary.
- › The employee must be registered at the social security office before they start working for a Colombian company (if subject to the Colombian social security system).
- › A correct residence and work permit for the employee is mandatory.
- › The employer must inform the Administrative Unit "Migration Colombia" in writing regarding the hiring or admission and its disengagement or termination of the contract, within fifteen (15) calendar days following the initiation or termination of work.
- › It is important to consider that in Colombia there are some regulated professions which require a special temporary registration granted by the professional councils for exercising the profession in each specific area of knowledge.

DURING EMPLOYMENT

- › Salary withholding tax may have to be withheld each month by the employer. Foreign entities are subject to the obligation to withhold salary withholding tax if they have a Colombian establishment.

- › Also, employee social security contributions are to be withheld on the monthly salary payment. The employer must pay the employer contributions and the deducted employee contributions to the national social security office.
- › A payroll account must be kept for every employee.
- › Allocate the employee's remuneration in taxable and non-taxable portions. Some income or benefits may indeed be tax-free.
- › An annual wage tax certificate must be filed in the first months of the following year.

TERMINATION OF EMPLOYMENT

- › The work permit must be cancelled.
- › The employee must be de-registered from the social security authority.
- › A final wage tax certificate must be filed.
- › The employer must assume the return expenses of the foreign worker and their family or beneficiaries if the foreign worker is hired abroad to perform an activity in Colombia.

Comparisons

Taxation of Fringe Benefits

Housing	B
Home flights	B
Education for children	B

(exemption only for social security contribution purposes on pre-school, elementary and high school expenses)

A Tax exempt | B Taxable | C Tax relief under certain conditions

Tax rates

Single, no children	35%
Employment Gross Income ¹ 100,000 EUR p.a.	

Married, 2 children	35%
Employment Gross Income ¹ 100,000 EUR p.a.	

Maximum Effective Personal Income

Tax Rates for the past 3 years²

2023	2024	2025
39%	39%	39%

Social Security Rates

Employment Gross Income³ 100,000 EUR p.a.

Employee	10%
Employer	20.5%

Social Security Agreements (SSA)

Spain, Chile, Ecuador, Argentina, Uruguay, Iberoamerican Multilateral Treaty

¹ Excluding fringe benefits such as housing.



Costa Rica

Personal Income Tax

- › For tax residents in Costa Rica, income obtained within the territory or related to the economic structure of the country is taxable.
- › Self-employed individuals must follow the tax brackets published on the decree N.º 43375-H, ranging between 10%, 20% and 25%. These brackets are for the year 2025 and are adjusted on an annual basis.
- › In the case of employees, the employer must withhold a monthly salary income tax, following the tax brackets published on the decree N.º 43375-H, ranging between 10%, 15%, 20% and 25%. These brackets correspond to the year 2025 and are adjusted on an annual basis.
- › There is a 15% tax on dividends if the individuals receive income from dividends, but the withholding is one time; the income is not added to the taxable base as an employee or self-employed person.
- › Capital gains, obtained by the transfer, to any title, of real or personal property, are subject to the payment of a single and definitive tax of fifteen per cent (15%); the capital gain is not added to the taxable base as an employee or self-employed person.
- › In the case of transfers of real estate located in national territory owned by a non-resident, the purchaser (if it is a Costa Rican tax resident) will be obliged to withhold and pay two point five per cent (2.5%) of the total agreed price.
- › Self-employed persons must file the annual tax return, computed from 1 January to 31 December of each year.
- › In the case of employees, the withholding is monthly.

Social Security

The institution in charge of social security in Costa Rica is called Caja Costarricense del Seguro Social (CCSS). The social security coverage is mandatory for all workers (employees and self-employed). Insurance covers the risks of illness, maternity, disability, old age and involuntary unemployment. The amount of the fees that a self-employed person must pay is calculated on the net income they receive (18.62% on the net income, the net income is determined for

the difference between the gross income and the deductible expenses under the Corporate Income Tax Regime).

EMPLOYEE

- › The employee's percentage is 10.5%.

EMPLOYER

- › The employer's percentage is 26.5% for individuals under a dependent relationship.

Immigration

VISA

- › The visa constitutes an authorisation to enter a country. In the case of Costa Rica, there is a regulation called entry visa guidelines through which it is established, depending on the country (nationality), what type of visa the person must request.
- › There is a visa for digital nomads (special tax regime), that grants legal residency in Costa Rica for one year, with the option to request an extension for a further year.

WORK PERMIT

- › The work permit is an authorisation, issued by the General Directorate of Migration and Immigration, for foreigners who wish to work in Costa Rica. This authorisation allows the individual to work for a specific employer or company.
- › Temporary residents may only be compensated or with lucrative activities (business activities), for themselves or in a dependency relationship, as governed by the General Directorate. We mean there are two ways to obtain the work permit, as self-employed person or as an employee.

REGISTRATION

- › Upon arrival.

Employer's Obligations

START OF EMPLOYMENT

- › Social security registration.

DURING EMPLOYMENT

- › Payment of agreed wages.
- › Granting of rest days – 1-2 days per week.

- › 2 weeks of paid holidays per year.
- › To file the social security payroll form and make payment.
- › Withholding of salary income tax and filing the withholding tax return.
- › Payment of Christmas bonus.
- › To file the labour risk insurance form and pay.

TERMINATION OF EMPLOYMENT

- › Holiday payment not received, Christmas bonus, compensated in case of termination of the employment relationship with employer responsibility or unjustified dismissal.
- › In the case of resignation or unjustified dismissal, the employer must grant severance indemnity for one day off each week.



Comparisons

Taxation of Fringe Benefits

Housing	B
Home Flights	B
Education for children	B

A Tax exempt | B Taxable | C Tax relief under certain conditions

Tax Rates

Single, no children	10-25%
Employment Gross Income ¹ 100,000 EUR p.a.	
Married, 2 children	10-25%
Employment Gross Income ¹ 100,000 EUR p.a.	

Maximum Effective Personal Income Tax Rates for the past 3 years

2023	2024	2025
22%	22%	22%

Social Security Rates

Employment Gross Income ¹ 100,000 EUR p.a.	
Employee	10,5%
Employer	26.5%

Social Security Agreements (SSA)²

N/A

¹ Excluding fringe benefits such as housing.



Dominican Republic

Personal Income Tax

In general, the Dominican Republic's (DR) tax system is based on the territoriality principle, whereby income from Dominican source is subject to Income Tax, regardless of whether the individual that generates the income is Dominican or foreign. In addition, income from dividends and interest from foreign sources will also be taxable in DR three (3) years after the person becomes a fiscal resident.

Based on the above, if a person performs a taxable activity in DR, they should pay taxes through one of the following methods:

As an independent, by the filing of a personal income tax form (IR-1 form). This form will include all kinds of income generated from a Dominican source, or dividends or interest from foreign sources, if applicable, and it should be filed before the Tax Administration through its virtual office using the user name and password provided by the Tax Administration at the time of the individual's registration with the local Tax Administration.

Total income reported in the IR-1 will be reduced by:

1. Annual salary exemption. In 2025, the annual salary exemption is DOP 416,220.1, which means that all income exceeding DOP 416,220 is taxable according to the following scale²:

Annual Scale	Tax Rate
Revenue up to DOP 416,220.00	Exempt
Revenue from DOP 416,220.01 to DOP 624,329.00	15% of the excess of DOP 416,220.01
Revenue from DOP 624,329.01 to DOP 867,123.00	DOP 31,216.00 plus 20% of the excess of DOP 624,329.01
Revenue from DOP 867,123.01 hereinafter	DOP 79,776.00 plus 25% of the excess of DOP 867,123.01

2. Annual deductions from fiscal invoice number (NCF, for its acronym in Spanish). Instead of deducting the amounts described in the annual scale, the taxpayer could deduct all NCF invoices paid in DR. For that purpose, the individual must demonstrate that the NCF invoices were expenses required to generate annual taxable income.
3. As an employee, through the employer's payroll. The taxable amount is paid by the employer each month according to the following monthly scale³:

Monthly Scale	Tax Rate
Revenue up to DOP 34,685.00	Exempt
Revenue from DOP 34,685.01 to DOP 52,027.00	15% of the excess of DOP 34,685.00
Revenue from DOP 52,027.01 to DOP 72,260.00	DOP 2,601.00 plus 20% of the excess of DOP 52,027.01
Revenue from DOP 72,260.01 hereinafter	DOP 6,648 plus 25% of the excess of DOP 72,260.01

¹ USD 1.00 = DOP 63.11

² The scale should be adjusted annually in line with inflation.

³ The employer will deduct from the monthly salary to determine salary bases for withholding income tax.

Social Security

The law no. 87-01, enacted on 9 May 2001, aligns the Dominican social security system to the individuals' rights to the protection against the risks derived from old age, disability, unemployment on old age, survivorship, illnesses, maternity and workers' compensation.

EMPLOYEE

- › Employees are subject to social security contributions to be withheld from their salaries by the employer as required by applicable law. The withholding will be performed in the following amounts:
- › Retirement contributions: the employee's with-

holding for retirement funds equals 2.87%, calculated on the employee's wage up to the equivalent of 20 minimum wages quotable to the social security system.

- Health contributions: the employee must be affiliated with a family health insurance (FHI). Employees' health contributions amount to 3.04%, calculated on the employee's wage up to the equivalent of 10 minimum wages quotable to the social security system.

EMPLOYER

- Employers are designated as withholding agents for social security purposes, and will also be obligated to perform the following contributions:
- Retirement contributions: employers must contribute to the social security system for retirement funds in an amount equivalent to 7.10% of the monthly wage paid to the employee. The maximum wage applicable would be the equivalent of 20 minimum wages.
- Health contributions: employers must contribute 7.09% of the employee's wage. The maximum wage applicable shall be the equivalent of 10 minimum wages.

Immigration

VISA

- Dominican immigration law no. 285 establishes that the Dominican consulates can grant, among others, business visas to eligible foreigners who are abroad and wish to enter the country.

Business visas are issued for business, professional or commercial travels. This visa is divided into two categories:

- Simple business visa: which is valid for 60 days and may be automatically renewed, only one time, at the request of the interested party within the term of 60 days of validity.
- Multiple entries business visa: which allows the visa beneficiary multiple entries to the country in one year, but not being able to reside in the country for more than 60 consecutive days.

WORK PERMIT

In the Dominican Republic, the General Directorate

of Migration has the role of granting residences according to the categories and subcategories established by the law. Among the residency categories are: (i) dependent residency, (ii) employment residency/work permit, (iii) student residency, (iv) investor residency, etc.

The work permit is granted to those persons who, due to the nature of their occupation, need to remain in the country for one (1) year, without necessarily having to travel abroad. Generally, this visa is granted to people who fulfil contracts for a determined time in public or private companies established in the DR, being able to renew the visa for the same period, while the contract lasts.

The work permit is also divided into two types:

- Employment visa through a Dominican entity: under this visa, the employee is hired directly by a Dominican entity, meaning the employee signs a contract with the Dominican entity and is included in the payroll.
- To obtain this visa, the Dominican entity will have to comply with local content rules.
- Employment visa through the transfer to a Dominican entity: under this visa, the employee continues to work for the foreign entity and is assigned or transferred to a Dominican entity. The Dominican entity can be unrelated to the foreign entity but there will be a need for an assignment letter in place between the two entities.

REGISTRATION

The process to obtain a work permit is divided into two separate processes:

- Obtaining the applicable visa through the Dominican consulate; and
- Completing the residency procedure with the General Directorate of Migration.

¹ In cases where the employee is already contributing to social security in their home country, they should obtain a certification from said Ministry in order to prevent double contribution costs. The employer would then proceed to file this certification with the local Social Security Treasury to justify the absence of said contribution.

² As of April 1st, 2025, the minimum wages for micro-enterprises with 10 or fewer workers or enterprises with annual sales up to 8 million pesos: DOP14,232.00 to DOP15,860.32. This raise will be implemented in two phases: a 12% increase starting April 1st, 2025, followed by an 8% adjustment in February 2026.

Employer's obligations

START OF EMPLOYMENT

Employers are obligated to:

- Register their employees with the Ministry of Labour through the DGT-3 form within the 15 days following the start of the company activities or the end of the contracting process. Such registration should be renewed no later than 15 January of each year. This registration will be performed through the Ministry of Labour's virtual office (SIR-LA by its acronym in Spanish).

DURING EMPLOYMENT

- Affiliation of employees with the social security system and registering them with the social security treasury.
- Paying contributions and deductions on employees' salary on social security to social security treasury during the first 3 working days of the month.
- Payment of 1% of its payroll to the Professional and Technical Training Institute (INFOTEP by its acronym in Spanish).
- Reporting any changes of the registered employees in the permanent personnel spreadsheet to the Ministry of Labour. Any changes made in the previous month must be reported within the first 5 days of the following month.
- File overtime form (DGT-2 form). This form should be filed with the Labour Ministry between the first 10 days of each month with regard to overtime duly worked by the employee in the previous month.
- Show, in a visible place of the entity, a public announcement, duly stamped by Labour Ministry, with the following information:
 - Start and end times of the working day,
 - The intermediate statutory break,
 - The weekly days for each employee.
- Comply with the payment of the minimum salary, Christmas salary (1/12 of salary earned during calendar year) and profit sharing (if any), which may vary up to between 45 and 60 days.
- Comply with providing the employees with their daily intermediate break, weekly statutory break, vacation days and maternity leave. Paying the employee for holiday work, with a 100% increase;

while for weekly work, giving the option to take time off during the following week or being paid with a 100% increase.

- Payment of 15% increase for work on nightly shifts (from 9:00 pm to 7:00 am).

TERMINATION OF EMPLOYMENT

An employment contract may be terminated, among other reasons,

- by dismissal without cause undertaken by any of the parties;
- by dismissal with cause when one of the parties has committed a major fault; or
- by mutual consent.

During the first three (3) months of work, employees' contracts may be terminated without the right to be paid severance and compensation for prior notice (the so-called termination benefits). After this period, in principle, they may only be entitled to payment of those termination benefits in the case of dismissal without good cause undertaken by the employer.

Nevertheless, in the case of a labour lawsuit initiated by an employee whose employment contract was terminated due to an alleged major fault on their part, the verdict could acknowledge the right of the employee to be paid termination benefits if such a termination is declared to be unjustified; a similar situation applies for dismissal with cause undertaken by the employee against the employer if declared justified by the appointed labour court.

	Employment termination
Severance	21 daily salary per year 3 – 6 months: 6 days of ordinary salary 6 – 12 months: 13 days of ordinary salary 12 months – 5 years: 21 days per year > ... years: 23 days per year Not applicable for employees under employment contracts for a certain period
Prior notice	0 – 6 months: 7 days of ordinary salary 6 – 12 months: 14 days of ordinary salary After 1 year: 28 days of ordinary salary Not applicable for employees under employment contracts for a certain period.



Comparisons

Taxation of Fringe Benefits

Housing	B
Home Flights	B
Education for children	B

A Tax exempt | B Taxable | C Tax relief under certain conditions

Tax Rates

Single, no children	25%
Employment Gross Income ¹ 100,000 EUR p.a.	
Married, 2 children	25%
Employment Gross Income ¹ 100,000 EUR p.a.	

Maximum Effective Personal Income Tax Rates for the past 3 years

2023	2024	2025
25%	25%	25%

Social Security Rates

Employment Gross Income ¹ 100,000 EUR p.a.	
Employee	5.91%
Employer	15.39%

Social Security Agreements (SSA)²

1. Argentina
2. Bolivia
3. Brazil
4. Colombia
5. Costa Rica
6. Chile
7. Spain | most important
8. Ecuador
9. Paraguay
10. El Salvador

¹ Excluding fringe benefits such as housing

² DR has two different agreements with Spain: it's part of the Ibero-American Multilateral Agreement on Social Security and has a separate SSA with Spain.



Ecuador

Personal Income Tax

- › Individuals whose domicile or wealth are located in Ecuador are considered tax residents and are taxable on their worldwide income.
- › Ecuador has a progressive tax system, with tax rates ranging from 0 percent to 37 percent based on the total yearly income.
- › Employment income is in principle subject to a withholding tax by the employer. This salary withholding tax is an advance payment that is creditable against the final tax liability.
- › Profits that arise from capital gains are taxed at a rate of 10% and profit from real estate sales at 0 percent
- › The tax year runs from 1 January to 31 December.
- › The annual income return must be filed electronically during the year following the taxable period, up to and until 31 March.
- › Salaries in Ecuador are usually paid in 14 instalments, including the 13th instalment as a Christmas bonus and the 14th instalment as a school allowance. These last two special instalments are tax free.

Social Security

EMPLOYEE

- › Social security contributions are of 9.45 percent and are calculated monthly from an employee's income that is withheld from the gross salary.

EMPLOYER

- › Social security contributions paid by the employer as an addition to the gross salary are of 12.15 percent.
- › The employer is liable for all payments on a monthly basis. The employer contributions are not subject to taxation.

Immigration

VISA CATEGORIES FOR ECUADOR

- › **Visa 9:** Permits people with a university degree to move to Ecuador to work in their area of study.
- › **Visa 10:** Issued to technical experts who have a contract with a company that is established in Ecuador.

- › **Visa 12:** This visa is for diplomatic officials on mission and is also granted to an official who holds this rank as a volunteer visa.
- › **Visa 12 III:** This visa is for officials from international organizations that have signed a cooperation agreement with Ecuador.
- › **Visa VI:** Solely Issued to foreigners going to Ecuador for business purposes or other professional purposes, such as for a labour unit, provision of professional services, managers, president or representative and those who have a letter of sponsorship.
- › **Visa 12 - IX:** Allows foreign visitors to participate in commercial activities with lawful purposes, such as: tourism, sports, health, studies, science, art or to execute acts of commerce that do not imply the simultaneous importation of goods.

Employer's Obligations

START OF EMPLOYMENT

- › Apply for the employee's work permit and residence permit.
- › Register the employee for individual income tax purposes with the tax authority in charge.
- › Register the employee for social security purposes with the social security authority in charge.

DURING EMPLOYMENT

- › Withhold the individual income tax for the employee by the 15th of the following month.
- › Withhold the social security for the employee by the 15th of the following month.
- › Oversee the extension of any work permits and residence permits for the employee.

TERMINATION OF EMPLOYMENT

- › If necessary, de-register the employee for individual income tax purposes with the tax authority in charge.
- › De-register the employee for social security purposes with the social security authority in charge.
- › Cancel the employee's work permit.



Comparisons

Taxation of Fringe Benefits

Housing	B
Home Flights	B
Education for children	B

A Tax exempt | B Taxable | C Tax relief under certain conditions

Tax Rates

Single, no children	37%
Employment Gross Income ¹ 100,000 EUR p.a.	
Married, 2 children	37%
Employment Gross Income ¹ 100,000 EUR p.a.	

Maximum Effective Personal Income Tax Rates for the past 3 years

2023	2024	2025
37%	37%	37%

Social Security Rates

Employee	9.45%
Employer	12.15%

Social Security Agreements (SSA)²

- Colombia
- Chile
- Spain
- Peru
- Dominican Republic
- Uruguay
- Venezuela

¹Excluding fringe benefits such as housing



El Salvador

Personal Income Tax

- El Salvador taxes individuals on their income sourced in El Salvador, derived from wages, salaries or other types of remunerations of a similar nature.
- El Salvador has a progressive tax system, which means that the rates range from 10% to 30% depending on the total monthly income, as follows:
 - I: from USD 0.01 to USD 472 → exempt.
 - II: from USD 472.01 to USD 895.24 → 10% WHT rate plus a fixed fee of USD 17.67.
 - III: from USD 895.25 to USD 2,038.10 → 20% WHT rate on the excess of USD 895.24 plus a fixed fee of USD 60.
 - IV: from USD 2,038.11 or more, 30% WHT rate on the excess of USD 2,038.10 plus a fixed fee of USD 288.57.
- The income tax to be paid for the net capital gain of one or several transactions will be the equivalent of 10% of said profits.
- The tax period is the calendar year.
- The annual income tax return must be filed electronically before 30 April of the following year.
- Salaries in El Salvador by law are paid in 12 instalments subject to income tax (according to the aforementioned rate ranges), and an annual 13th remuneration as a Christmas bonus. The Christmas bonus is only taxable if it exceeds USD 472.

Social Security

Social security in El Salvador is managed by two institutions: (i) Salvadoran Social Security Institute (ISSS); (ii) Pension Fund Administrators. The employer and employees must be registered with the corresponding registry of either of the institutions. The contribution depends on the salary earned by the employee. Both employer and employee must contribute to the social security; hence both are obligated to pay their share.

EMPLOYEE

- Employees' contribution to ISSS is 3% of their monthly salary.
- Employees can choose which Pension Fund Administrator to join. Employees' contribution to pension funds is 7.25%.

EMPLOYER

- Employers' contribution to ISSS is 7.50% of the total salaries paid.
- Employers' contribution to pension funds is 7.75% of the total salaries paid.

Immigration

VISA

- Foreigners need a temporary residence or a permanent residence to apply for a work permit in El Salvador. This is requested with the Immigration Authorities (Dirección General de Migración y Extranjería).

WORK PERMIT

- Foreigners who obtain a permanent or temporary residence and wish to be employed must obtain authorisation from the Labour and Social Welfare Ministry to work in the country. The authorisation is granted for one year and can be renewed for a similar term.

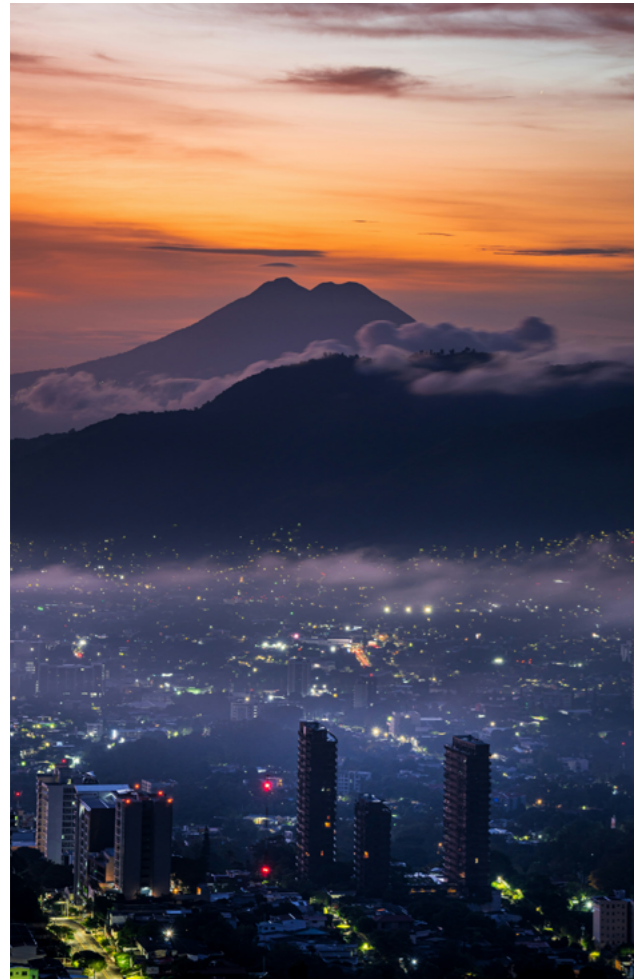
Employer's Obligations

START OF EMPLOYMENT

- Employers may only employ foreigners with appropriate authorisations (visa + work permit).
- Register the company with the employer establishments registry of the Ministry of Labour.
- Employment agreement must be executed and filed online before the Labour and Social Welfare Ministry.
- The employer is required to report newly hired workers on the payroll, as well as any special labour conditions.

DURING EMPLOYMENT

- Employer must assess the potential income of the employee for the following year, apply the corresponding tax rate and withhold 1/12 of such potential tax each month. In the middle of the year and at the end of the year, the employer must properly assess the tax withheld and then file the tax return at the end of the year. If the withheld tax exceeds the correct tax, the employer must refund to the employee the exceeding amount.



If the tax withheld is less than the correct tax, the employee must file the return and pay the corresponding tax.

- › Withhold income tax from employees who earn a salary equal to or greater than USD 472.
- › During the employment relationship, the employer must withhold the contributions for the payment of the ISSS and Pension Fund Administrators each month and make the corresponding payment for the employees and employer's contribution.

TERMINATION OF EMPLOYMENT

- › Severance payments (when relationship is ended by employer without just cause).
- › Cancellation of work permit, visa and deregistration from social security.

Comparisons

Taxation of Fringe Benefits

Housing	B
Home Flights	B
Education for children	C

A Tax exempt | B Taxable | C Tax relief under certain conditions

Tax Rates

Single, no children	30%
Employment Gross Income ¹ 100,000 EUR p.a.	
Married, 2 children	30%
Employment Gross Income ¹ 100,000 EUR p.a.	

Maximum Effective Personal Income Tax Rates for the past 3 years

2023	2024	2025
30%	30%	30%

Social Security Rates

Employee	10.25%
Employer	15.25%

Social Security Agreements (SSA)²

1. Guatemala
2. Honduras
3. Portugal
4. Costa Rica
5. Panama
6. Argentina
7. Brazil
8. Spain
9. Chile
10. Colombia

²Excluding fringe benefits such as housing.



Guatemala

Personal Income Tax

- › The Guatemalan tax system is based on the territoriality principle; i.e. only Guatemalan-sourced income is taxed.
- › Individuals may be taxed on their: (i) business income, (ii) passive income, or (iii) employment income.
- › Business income → two optional regimes: (a) net profit regime: income taxed after deducting expenses at a 25% rate. (b) gross income regime: gross income taxed at a fixed 5% or 7% rate [first Q 30,000 (approx. USD 3,900) are taxed at 5%. Amount exceeding Q 30,000 is taxed at 7% rate].
- › Passive income: taxed at a fixed 10% rate. Some exceptions apply, such as income from profit distributions made by companies or corporations where the individual holds a stake is taxed at a 5% rate.
- › Employment income is taxed at a fixed 5% or 7% rate [first Q 300,000 (approx. USD 39,000) are taxed at 5%. Amount exceeding Q 300,000 is taxed at 7%]. ITL allows for a Q 48,000 (approx. USD 6,200) deduction as annual allowance and an additional deduction for up to Q 12,000 (approx. USD 1,500) for VAT paid. Social security contributions may also be deducted from the taxable base and 13th and 14th salaries are considered exempt income. The tax period is the calendar year, and an annual tax return must be filed within the following three months, only if the employer did not (properly) withhold the applicable tax.
- › There are 14 legal salaries; i.e. 12 monthly salaries plus (i) 13th salary as Christmas bonus, and (ii) 14th salary as an annual bonus.

Social Security

Social security contributions are mandatory when an employer hires one or more employees. The employer and employee(s) must be registered with the corresponding registry. The contribution depends on the salary earned by each employee. Both employer and employee must contribute to social security.

EMPLOYEE

- › Employees' contribution to social security is 4.83% of their salary, which is withheld by the employer and paid to the social security authority.

EMPLOYER

- › Employers' contribution to social security is 10.67% of the total salaries paid.
- › Additionally, employers must contribute 1% of the total salaries paid to the Recreational Institute for Employees and 1% of the total salaries paid to the Technical Training Institute for Employees.

Immigration

VISA

- › Guatemalan Immigration Code, decree 44-2016, defines immigration status as the category awarded to foreigners in Guatemala by reason of their entry and stay in the national territory, according to the following classification: a. tourist or traveller, b. temporary resident, and c. permanent resident. Foreigners providing a technical, professional, scientific, cultural, sports or religious service to any public or private institution in Guatemala for less than 180 days may do so under a "tourist or traveller" status. If these services or other services are being rendered in Guatemala exceeding the 180 days, such foreigners must obtain a temporary or a permanent residence and their corresponding work permit.

WORK PERMIT

- › Foreigners who obtain a permanent or temporary residence and wish to be employed must obtain authorisation from the Labour Ministry to work in the country. The authorisation is granted for one year and can be renewed for a similar term. The renewal may be requested (and granted) as many times as the interested persons so request.

REGISTRATION

- › Domiciled foreigners must also register with the National Registry of Persons (RENAP) to obtain the local Guatemalan-issued ID document.
- › Residency: Guatemalan Institute of Migration.
- › Work permits: Labour Ministry.
- › ID document: RENAP.

Employer's Obligations**START OF EMPLOYMENT**

- › Employers may only employ foreigners with appropriate authorisations (visa + work permit).
- › Foreign employees may benefit from social security if they are properly hired.
- › Employment agreement must be executed and filed online before the Labour Ministry.

DURING EMPLOYMENT

- › Employer must assess the potential income of the employee for the following year, apply the corresponding tax rate and withhold 1/12 of such potential tax each month. At the end of the year, the employer must properly assess the tax withheld and file the tax return. If the withheld tax exceeds the correct tax, the employer must refund to the employee the exceeding amount. If the tax withheld is less than the correct tax, the employee must file the return and pay the corresponding tax.
- › Similarly as social security purposes, the employer must assess the amounts withheld and, if necessary, adjust the amounts paid.
- › Payroll accounts must be kept and registered with the social security authority.

TERMINATION OF EMPLOYMENT

- › Severance payments (when relationship is ended by employer without just cause).
- › Cancellation of work permit, visa and deregistration from social security.
- › Payment of 13th and 14th salary proportionally to the year when the relationship ended.
- › Payment of holidays not taken.

Comparisons**Taxation of Fringe Benefits**

Housing	A
Home Flights	A
Education for children	A

A Tax exempt | B Taxable | C Tax relief under certain conditions

Tax Rates

Single, no children	7%
Employment Gross Income ¹ 100,000 EUR p.a.	
Married, 2 children	7%
Employment Gross Income ¹ 100,000 EUR p.a.	

Maximum Effective Personal Income Tax Rates for the past 3 years

2023	2024	2025
7%	7%	7%

Social Security Rates

Employment Gross Income ¹ 100,000 EUR p.a.	
Employee	10.67%
Employer	4.83%

Social Security Agreements (SSA)

1. Mexico
2. El Salvador
3. Honduras
4. Nicaragua
5. Costa Rica
6. Panama

² Excluding fringe benefits such as housing.

Honduras

Personal Income Tax

- › According to income tax law, a "taxpayer" extends to all resident or non-resident, domiciled or non-domiciled individuals that derive Honduran-sourced income.
- › Honduran income tax is based on the taxpayer's ability or inability to pay in principle.
- › Honduras has a progressive income tax rate for resident or domiciled natural persons of 15%, 20% or 25%, depending on the amount of the individual's taxable income. This scale of progressive rates will be automatically adjusted on an annual basis and carried out by applying the inter annual variation of the consumer price index (IPC), published by the Honduran Central Bank (BCH) for the immediately preceding year.
- › The Honduran tax period is the calendar year. However, taxpayers can have different special tax periods. The annual income tax return must be filed before 30 April of the following year.
- › Capital gains obtained by Honduran-resident natural persons are subject to 10% tax.
- › There are 14 legal salaries; i.e. 12 monthly salaries plus: (i) 13th salary as a Christmas bonus, and (ii) 14th salary as social compensation. Both 13th and 14th salary are taxable only when they exceed the amount equivalent to 10 average minimum wages.
- › Non-residents and non-domiciled persons deriving Honduran-sourced employment income are taxed with a 25% withholding tax. This applies to salaries, wages, commissions or any other compensation for services rendered either within the national territory or outside of it under an employment relationship, remittances excluded.

Social Security

The employer and employees must be registered with the Honduran Social Security Institute (IHSS); the payment of contributions is mandatory. The employer is responsible for withholding and paying the contributions. In Honduras, social security rates have a general contribution ceiling. In 2015, it was agreed to gradually increase contribution ceilings to social security framework systems.

EMPLOYEE

- › Employees' contribution to social security is 5% of their salary, which is withheld by the employer
 - › For social security related to disability, old age and death, employees must pay 2.5% of their salaries.
 - › For social security-related health care, employees must pay 2.5% of their salaries.

EMPLOYER

- › Employers' contribution to social security is 8.5% of the total salaries
 - › For social security related to disability, old age and death, employers must pay 3.5% of salaries paid.
 - › For social security-related health care, employers must pay 5% of salaries paid.

Immigration**VISA**

- › Any foreigner who wants to work in Honduras must apply for an immigration permit.
- › Immigration permit is valid for at least one year and up to five years. After it expires, employees must apply for temporary residency to be allowed to stay and work in the country.
- › Once permit is authorised, the foreigner must request a foreigner resident card in Honduras. This card is valid for one year; therefore, it must be renewed annually.

WORK PERMIT

- › Foreigners who obtain an immigration permit and wish to work in the country must request a work permit with the Honduran Labour and Social Security Secretariat.

The term of the work permit is subject to the immigration permit.

REGISTRATION

- › Foreigners with resident status (immigration permit) must register with the Foreigners National Registry to validate their status.
- › They must also register with the Labour and Social Security Secretariat to obtain a work permit card.

- › Resident and domiciled foreigners with a resident card must apply for national tax registry at the Honduran Tax Authority.
- › Once the immigration permit is obtained, the employer must register the resident and domicile with the Honduran Social Security Institute (IHSS).

Employer's Obligations

START OF EMPLOYMENT

- › Enroll workers in the Honduran Social Security Institute (IHSS) and labour responsibility plans.
- › Employers may only employ foreigners with appropriate authorisations (visa + work permit).
- › Foreign employees may benefit from social security if they are properly hired.

DURING EMPLOYMENT

- › Deduct social and tax contributions from salaries.
- › Contribute 1.5% of employees' salaries paid as employer contribution to the private contributions regime and withhold from employees' salaries an additional 1.5%.
- › Contribute 4% of employee's salary as labour insurance payment to private contributions regime (RAP).
- › Contribute 1% of total employees' salaries paid to the National Institute of Professional Training (IN-FOP).

TERMINATION OF EMPLOYMENT

- › Cancellation of work permit, visa and deregistration from social security.
- › Severance payments (when relationship ended by employer without just cause).
- › Every employment termination agreement must be executed with the Labour and Social Security Secretariat inspector.

Comparisons

Taxation of Fringe Benefits

Housing	C
Home Flights	C
Education for children	C

A Tax exempt | B Taxable | C Tax relief under certain conditions

Tax Rates

Single, no children	25%
Employment Gross Income ¹ 100,000 EUR p.a.	
Married, 2 children	25%
Employment Gross Income ¹ 100,000 EUR p.a.	

Maximum Effective Personal Income Tax Rates for the past 3 years

2023	2024	2025
25%	25%	25%

Social Security Rates

Employment Gross Income ¹ 100,000 EUR p.a.	
Employee	5%
Employer	8.5%

Social Security Agreements (SSA)²

1. Guatemala
2. El Salvador
3. Nicaragua
4. Costa Rica
5. Panama

² Excluding fringe benefits such as housing.



Mexico

Personal Income Tax

- › Mexican tax residents are subject to the Mexican income tax based on their worldwide income regardless of their nationality. Income is broadly defined to include receipts in cash and benefits in kind, in services, in credit or of any other type. The Mexican tax residents have different tax regimes, such as salaries, entrepreneurial and professional activities, lease from real estate, capital gains, income from acquisition of goods, dividends, interest, income from prizes, and other income. The income tax is determined considering the deductions or allowance applicable to each tax regime. The income tax is established by applying a progressive tax rate (from 1.92% to 35%) on the taxable income (tax revenue less allowable deductions).
- › The tax year is the calendar year. Mexican tax residents must file the year-end tax return in April of the following tax year.
- › Non-residents are taxed only on the Mexican-sourced income. Income tax is determined by applying withholding rates that rely on the type of income earned (such as interest, dividends, prizes, etc.), but the general rate is 25%. The tax must be withheld by the payer who will make the payment to the tax authorities on behalf of the foreign resident. The tax paid by the foreign resident is treated as definitive.
- › Non-residents with employment income paid by Mexican tax residents or foreign residents with a permanent establishment in Mexico are subject to taxation on the Mexican-sourced income. Income tax is determined considering the taxable income accrued in a twelve-month period and by applying a progressive rate range from 0% to 30%, where the first Mexican pesos 125,900 of income will be exempt. The income tax can be paid by the Mexican employer or by the foreign employee.

Social Security

Employers and employees must contribute to the social security system (known as Instituto Mexicano del Seguro Social). The social security contributions are calculated based on the integrated employee's salary.

The integrated employee's salary is any amount paid to the employee as result of an employment relationship (including gross salary, fringe benefits in cash or kind). Certain benefits such as savings funds and meal vouchers are treated as exempt benefits and are not subject to social security contributions, provided certain requirements are met.

EMPLOYEE

- › The employee's salary cannot be less than the general minimum salary.
- › The employee's contributions are withheld by the employer. The maximum contribution for the employee is an amount equal to 25 times the UMA ("Measurement Unit and Update"). The daily value of the UMA in 2025 is 113.14 Mexican pesos.
- › Employees must pay social security and retirement contributions on their salaries at a rate of approximately 5% (with a cap).
- › The employee's social contributions are mainly focused to cover: (i) incapacity and medical expenses, (ii) disability and life insurance and (iii) pensions.

EMPLOYER

- › The social security contributions made by the employers are deductible for corporate income tax.
- › Employers contribute to social security (incapacity, medical labour risk, disability, life, children, and welfare insurance coverage), housing funds (which refers to preferential mortgage loans) and retirement funds. The social security contributions for the employer may represent roughly an additional cost of 25% from the employee's salary.
- › The social security contributions must be paid by the employer on the 17th of the following month, except for the housing fund and retirement contributions, which must be paid every two months.

Immigration

VISA

- › All foreign individuals who intend to work in Mexico must have a visa before obtaining a work permit.

WORK PERMIT

- › Foreign employees must have a work permit to work in Mexico.

REGISTRATION

- › Mexican employers must be registered with the immigration authorities as an employer; they need to request the work permit for foreign employees.

Employer's obligations**START OF EMPLOYMENT**

- › Foreign individuals must obtain their personal taxpayer registry and electronic signature from the Mexican tax authorities, this will enable them to file their personal tax returns.
- › The employer must be registered by the immigration authorities and is responsible for obtaining the working permit for foreign employees.
- › Mexican employers must register the foreign employees with the social security system within the first 5 working days from the hiring date.
- › A labour agreement in Spanish celebrated by the employer and employee establishing the salary and benefits of the employee is recommended.
- › Foreign employees must open a Mexican bank account where they can receive their payroll payment as well as their tax refund (if applicable) or make tax payments.

DURING EMPLOYMENT

- › Employers must issue an electronic payroll slip; this slip must be stamped by the Mexican tax authorities. This must be provided to the employee and is the legal document proving that their payroll taxes were withheld and paid by the employer.
- › Employers must pay the withheld income tax to the Mexican tax authorities and social security contributions no later than the 17th of the following month. Also, the employer must pay the local payroll tax no later than the 10th of the following month.
- › Employees qualified as Mexican tax residents must file their annual tax return no later than 30 April of the following tax year.

TERMINATION OF EMPLOYMENT

- › The employer must prepare a settlement document to be signed by the employee and deregister them with the social security authorities.
- › The employer must pay the final salary and the portion of the fringe benefits to the employee.

Comparisons**Taxation of Fringe Benefits**

Housing	B
Home Flights	C
Education for children	B

A Tax exempt | B Taxable | C Tax relief under certain conditions

Tax Rates

Single, no children	34%
Employment Gross Income ¹ 100,000 EUR p.a.	
Married, 2 children	34%
Employment Gross Income ¹ 100,000 EUR p.a.	

Maximum Effective Personal Income Tax Rates for the past 3 years

2023	2024	2025
35%	35%	35%

Social Security Rates

Employment Gross Income¹ 100,000 EUR p.a.

Employee	5%
Employer	25%

Social Security Agreements (SSA)²

- Spain
- Canada

² Excluding fringe benefits such as housing.



Panama

Personal Income Tax

- › Panama applies a territorial tax system; only income generated from Panamanian sources is subject to taxation. Foreign-sourced income is exempt from income tax, even if received in Panama.

Income Tax Rates for Individuals (Progressive):

- › Up to USD 11,000: 0%
- › USD 11,001 to USD 50,000: 15% on the amount exceeding USD 11,000
- › Above USD 50,000: 25% on the amount exceeding USD 50,000.

Employment income includes salary, bonuses, and other compensation received in the context of an employment relationship in Panama.

Employees are required to file an annual income tax return if they earn income from more than one employer or if requested by the tax authorities.

Social Security

Panama has a mandatory social security system managed by the Caja de Seguro Social (CSS), which covers health, maternity, disability, retirement, and occupational risk benefits.

Social Security Contributions (as of April 2024):

- › Employee: 9.75% of gross salary (Social Security: 7.25%; Educational Insurance: 2.5%)
- › Employer: 12.25% of gross salary (Social Security: 10.75%; Educational Insurance: 1.5%)

Upcoming Increases in Employer Contributions:

- › From April 2025 to February 2027: 13.25% of employee salary
- › From March 2027 to February 2029: 14.25% of employee salary

These contributions are withheld by the employer and remitted to the CSS monthly.

Immigration

Foreign nationals must obtain a proper visa or residency permit to live and work in Panama. Immigration procedures are governed by the National Immigration Service and include multiple categories depending on purpose and duration of stay.

WORK PERMITS:

- › Foreign employees require a work permit issued by the Ministry of Labor (MITRADEL).

COMMON PERMITS INCLUDE:

- › 10% quota permit: Employers can hire foreign nationals up to 10% of their total workforce.
- › Specialist permit (15% quota): For technical or specialized positions.
- › Friendly Nations Visa: Allows citizens of certain countries to obtain permanent residency and work permits more easily.

THE PERMIT PROCESS TYPICALLY REQUIRES:

- › Employment contract
- › Proof of professional qualifications (if applicable)
- › Company registration documents
- › Application forms and fees

Employer's Obligations

Employers in Panama are subject to several legal obligations regarding labor, social security, and taxation:

EMPLOYMENT CONTRACT

- › Must be in writing
- › Three copies required (one for each party and one for the Ministry of Labor)

PAYROLL AND WITHHOLDING:

- › Withhold income tax and social security contributions from employee salaries
- › Submit monthly payroll reports to CSS and MITRADEL

VACATIONS AND PUBLIC HOLIDAYS:

- › Minimum of 30 calendar days of paid vacation per year
- › Payment for 11 national public holidays

**THIRTEENTH MONTH BONUS (DÉCIMO TERCER MES):**

- › Equivalent to one month's salary per year, paid in three equal parts in April, August, and December

SEVERANCE AND TERMINATION:

- › Termination must comply with the Labor Code
- › Payment of accrued benefits and severance as required

OCCUPATIONAL HEALTH AND SAFETY:

- › Compliance with workplace safety regulations
- › Provision of safe working conditions and proper training

REGISTRATION:

- › Must register the business and employees with CSS and MITRADEL

Comparisons**Taxation of Fringe Benefits**

Housing	C
Home Flights	B (taxable)
Education for children	C

A Tax exempt | B Taxable | C Tax relief under certain conditions

Tax Rates

Employment Gross Income¹ 100,000 EUR p.a.

Single, no children (assuming taxable income = 100,000)	effective rate 15%
Married, 2 children*	effective rate 15%

*Panama does not provide a broad "children allowance" built into the rate structure; however, a married individual is entitled to a personal exemption of USD 800 (which slightly reduces the effective rate if applied).

Maximum Effective Personal Income**Tax Rates for the past 3 years**

2023	2024	2025
25%	25%	25%

Social Security Rates

Employment Gross Income¹ 100,000 EUR p.a.

Employee	9.75%
Employer	13.25%

(effective 1 April 2025; scheduled to increase thereafter)

Social Security Agreements (SSA)²

Bilateral (CSS): Costa Rica, Nicaragua, El Salvador. Bilateral: Spain (Administrative Social Security Agreement). Multilateral (Central America/SICA): Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, and Panama

¹ Excluding fringe benefits such as housing.



Paraguay

Personal Income Tax ("IRP" as per its Spanish acronym)

- › Annual tax levied on income obtained by individuals and undivided inheritances from their income or capital gains, excluding those charged by the tax on dividends and profits ("IDU" as per Spanish acronym) and their revenue from independent personal services and services provided under employment relationships.
- › Taxpayers must liquidate the IRP separately for each of the income categories, and expenses and earnings from one cannot be attributed to the other.
- › The IRP taxpayer is any individual whose sum of all income received as income derived from the rendering of personal services exceeds EUR 9,800¹.
- › Paraguay has a progressive rate of 8% to 10% for income from rendering services. These rates vary according to the net income the taxpayer obtains in the fiscal year. Furthermore, IRP has an 8% tax rate on capital gains (sale and lease of assets, shares or immovable property).
- › The tax corresponding to income derived from the rendering of personal services will be determined by applying progressive rates linked to a net income scale. For such purposes, the applicable rate is 8% for income up to EUR 6,100², 9% for income up to EUR 18,300³, and 10% for income of EUR 18,301⁴ or more.

Social Security

Social security contributions are mandatory and all employees working in Paraguay have access to the benefits of the social security system. The contribution is made over a percentage of the employee's monthly income. The employer is responsible for withholding and paying the contribution.

Social security covers risks of non-occupational illness, maternity, on-the-job accidents and occupational illness, disability, old age and death of salaried employees in Paraguay.

EMPLOYEE

- › Employee contribution: 9% of salary received.

EMPLOYER

- › Employer contribution: 16.50% of salary paid.

Immigration**VISA**

- › Any foreign citizen who wants to work, as an employee or independently, in Paraguay must apply for a residence permit. Foreigners can reside in Paraguay while awaiting the issuance of a residence permit.

WORK PERMIT

- › There are four categories of residency available in Paraguay: (i) spontaneous residence, valid for up to 90 days, (ii) temporary residence, valid for 2 years and allowing the holder to obtain a Paraguayan ID card, (iii) permanent residence, valid for 10 years, and (iv) temporary and permanent residence by MERCOSUR.

Employer's Obligations**START OF EMPLOYMENT**

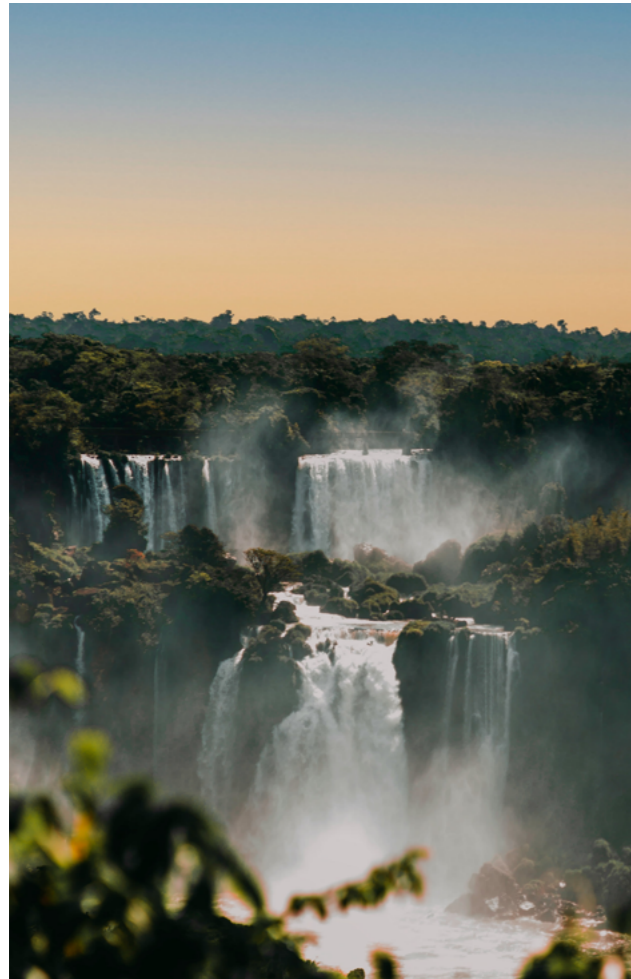
- › A correct residence permit for the employee is mandatory.
- › The employee must be registered at the social security institute at the date they start working for a Paraguayan company.
- › The employer must provide admission medical examinations for employees, assuming the costs.

DURING EMPLOYMENT

- › Social security contributions must also be paid and declared to the competent social security authority.
- › The employer must provide periodical medical examinations for employees and assume the costs.

TERMINATION OF EMPLOYMENT

- › The employee must be de-registered from the social security authority.



Comparisons

Taxation of Fringe Benefits

Housing	B
Home Flights	B
Education for children	B

A Tax exempt | B Taxable | C Tax relief under certain conditions

Tax Rates

Single, no children	10%
Employment Gross Income ⁵ 100,000 EUR p.a.	
Married, 2 children	10%
Employment Gross Income ⁵ 100,000 EUR p.a.	

Maximum Effective Personal Income Tax Rates for the past 3 years

2023	2024	2025
10%	10%	10%

Social Security Rates

Employment Gross Income ¹ 100,000 EUR p.a.	
Employee	9%
Employer	16.5%

Social Security Agreements (SSA)

- Spain
- Brazil
- Argentina
- Portugal
- Bolivia
- Chile
- Uruguay
- Ecuador
- El Salvador
- Netherlands

¹ Foreign exchange of Gs 80,000.000 from guaranies to euros.

² Foreign exchange of Gs 50,000.000 from guaranies to euros.

³ Foreign exchange of Gs 150,000.000 from guaranies to euros.

⁴ Foreign exchange of Gs 150,000.001 from guaranies to euros.

⁵ Excluding fringe benefits such as housing.



Personal Income Tax

- Income obtained for personal work carried out within the Peruvian territory is considered to be Peruvian-sourced income (e.g. salaries, bonuses, housing and school allowances and, in general, any payment in cash or in kind).
- The individual income tax rate and calculation basis depends on whether or not an individual is considered resident or non-resident for tax purposes.
- Non-resident will be considered as resident after 183 days of permanence in Peru in a period of 12 months. Any change of status occurring during a year becomes effective as of the first day of the following year.
- For resident employees, the calculation basis of the income tax would be the individual's worldwide income. They are allowed to deduct from their annual employment income an amount equivalent to 7 tax units (PEN 37,450 in FY 2025) and specific personal expenses (independent professional services, rental housing, consumption in hotels and restaurants) subject to annual limits. The tax rates are progressive and accumulative: from 8%, 14%, 17%, 20% to 30%.
- Foreign employees are afforded the same tax treatment as Peruvians, without any special concessions. However, there are specific temporal allowances granted when they are hired outside the country.
- Non-resident workers are taxed on their Peruvian-sourced income, without any deduction. The tax rate is 30%.
- For Peruvian or foreign employees with a work visa, the resident employer must withhold the income tax monthly (the withholding amount is equivalent to approx. 1/12 of the annual income tax projection).
- Before leaving Peru, a foreign employee (resident or non-resident) must show the income payment or withholding income tax certificate to the Peruvian Immigration Authority.
- Employees of a foreign company must directly pay the income tax for the employment income within twelve (12) business days of the month after receiving the remuneration (abroad or in Peru). The Peruvian immigration authority may request proof of payment of the income tax each time they must leave Peru. If they become a tax resident in Peru,

they may need to file an annual income tax return.

Social Security

The employees of a resident employer must contribute to the pension system: the national pension system (ONP) or the private pension system (AFP).

Resident employers are obliged to contribute the health care contribution to the Government Health Social Security Office (ESSALUD), which provides employees with disability, illness, maternity and death benefits, as well as medical care. Employees can opt for a private system.

EMPLOYEE

- Pension system contributions are paid by the employee.
- In the case of ONP, the employee contributes 13% of the monthly gross employment remuneration, whereas in the case of AFP, the employee contributes approx. 12.4% of remuneration in cash, not in kind. In both systems, the employer is responsible for withholding employees' contributions from monthly salaries.
- In the private pension system, expatriate employees who leave the country at the termination of employment will be able to transfer their pension funds to a personal bank account abroad.

EMPLOYER

- Health care contributions are paid by the employer.
- The monthly contribution amount is equivalent to 9% of the employee's monthly remuneration.
- Employees can opt for the public system (ESSALUD) or private system.
- If the employee opts for the private system (health-care service provider – EPS), the 9% will be divided into:
 - 6.75% of the withholding will be contributed to the ESSALUD, and
 - 2.75% will be contributed to the private entity in charge of the worker's health benefits.

Immigration

VISA

- Change of migratory status to resident worker.
 - Under this procedure, a non-resident foreign

citizen who entered Peru without a work visa could initiate the work visa process as long as the entry visa (tourist or business) is not expired. Foreign citizen is not legally entitled to work in Peru until the procedure is not completed.

- › An employment contract signed with a resident employer company is required to start the process.
- › The worker must obtain the INTERPOL International Exchange Card by appointment before starting the process.
- › The criminal, judicial and police record of the foreign citizen of the country of birth or of the one in which they have resided during the last 5 years must be submitted. These documents must be apostilled. If the apostille is in a language other than Spanish, it will have to be translated, and the translation will have to be legalized with the Ministry of Foreign Affairs prior to presentation to immigration.
- › The approval of the procedure has a formal duration of 30 business days.
 - › Grants one year of residency.
- › To carry out this procedure, the foreign citizen must be residing in Peru.

- › Change of quality due to Mercosur agreement
 - › An employment contract signed with a resident company is not required in order to initiate the process. The requirement is that the foreign citizen is a national of one of the countries belonging to the Mercosur agreement (Argentina, Brazil, Paraguay, Uruguay, Chile, Colombia, Ecuador, Guyana, Peru and Suriname).
 - › The criminal, judicial and police record of the foreign citizen of the country of birth or of the one in which they have resided during the last 5 years must be submitted. These documents must be apostilled. If the apostille is in a language other than Spanish, it will have to be translated, and the translation will have to be legalized before the Ministry of Foreign Affairs prior to presentation to immigration.
 - › The approval of the procedure has a formal duration of 30 business days.

- › To carry out this procedure, the foreign citizen must be residing in Peru.

- › Work visa (application for worker status)
 - › To carry out this procedure, the foreign citizen must not be in Peru. From the beginning of the process until the approval of the work visa, the foreign citizen will not be able to enter Peru.
 - › To initiate the process, the foreign citizen must have signed an employment contract with a company domiciled in Peru. If the document is signed abroad, it will have to be apostilled before being sent to Peru. If the apostille is in a language other than Spanish, it will have to be translated and the translation will have to be legalized with the Ministry of Foreign Affairs prior to submission to the Ministry of Labour and migration.
 - › After the work visa is issued, the foreign citizen must go to the previously chosen Peruvian consulate (before the start of the process) to have the passport stamped and to be able to enter Peru.
 - › Quality change by designated worker.
 - › Under this modality, the foreign citizen will not belong to the resident company. They will belong to a foreign company that sends the citizen to Peru to perform certain services for the Peruvian resident company. For these purposes, an agreement must be signed between both companies.

WORK PERMIT

- › In order to provide services in Peru, the foreign citizen must have a work contract registered with the Ministry of Labour and the qualifying migratory status granted by migrations.

REGISTRATION

- › The registration of the employment contract is carried out through a virtual platform of the Ministry of Labour.
- › The registration of documents in migrations is carried out through a virtual platform for this institution. It should be noted that the registration process in SIVICE (labor authority platform) is automatically approved.

Employer's Obligations

START OF EMPLOYMENT

- › Sign a written contract with the foreign worker according to the formalities of the law.
- › A copy of the employment contract is given to the foreign worker.
- › Incorporation of the foreign citizen to the company's payroll.

DURING EMPLOYMENT

- › Payment of remuneration.
- › Payment of social benefits.
- › Updated immigration information at appropriate times.
- › Perform contract and residency renewals at appropriate times.
- › Delivery of internal work regulations and company policies.

TERMINATION OF EMPLOYMENT

- › Payment of social benefits and delivery of social benefits settlement.
- › Cancellation of residency.
- › Make available to the foreign citizen the return tickets to the country of origin or to the country previously agreed upon, if applicable.
- › Hand over certificate of employment.
- › Submit service time compensation release letter, if applicable.
- › Submit income tax withholding certificate.
- › Transfer of pension funds abroad.

Tax Rates			
Employee resides in Peru		Total tax on employment	Tax rate on employment
Taxable employment income bracket		income below bracket	income in bracket
From	To	PEN	%
0	5 tax units ¹	26,750	8
5 tax units	20 tax units	80,250	14
20 tax units	35 tax units	80,250	17
35 tax units	45 tax units	53,500	20
45 tax units	Over		30
Non-resident employee		Total Peruvian employment income	30

→ 30% on gross income over PEN 240,750.00 (equivalent to approximately EUR 57,000.00) p.a.

¹Tax Unit in 2025 PEN 5,350.



Comparisons

Taxation of Fringe Benefits

Housing	B
Home Flights	B
Education for children	B

A Tax exempt | B Taxable | C Tax relief under certain conditions

Tax Rates

See table on the right page

Maximum Effective Personal Income Tax Rates for the past 3 years

2022	2023	2024
30%	30%	30%

Social Security Rates

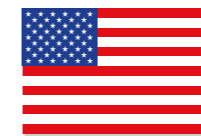
Employment Gross Income¹ 100,000 EUR p.a.

Employee	13%
Employer	9%

Social Security Agreements (SSA)

- Spain
- Canada
- Chile
- Korea
- Argentina
- Uruguay
- Ecuador

¹Excluding fringe benefits such as housing.



USA

Personal Income Tax

- Individuals are taxed on income, depending on source/residency status. The tax year is the calendar year.
- The federal tax rate is graduated and ranges from 10% to 37% (except for certain income with lower rates, e.g. gain on long-term investments, qualified dividends, etc.) depending on the filing status (single, married filing jointly/separately and head of household).
- Net Investment Income Tax (NIIT) of 3.8% is a federal tax assessed upon tax residents with investment income, depending on filing status and overall income.
- Federal standard deductions are USD 15,750 (single/married filing separately), USD 31,500 (joint filing), USD 23,625 (head of household filing).
- General filing deadline for the federal annual income tax return: 15 April of the year following the tax year with the option to request an extension of time to file until 15 October. Certain individuals may also be able to further extend the filing to 15 December. An extension of time to file does not extend the time to pay, i.e. any tax due should be paid by the original due date of 15 April to avoid late payment and associated interest on the balance due.
- Employment income is generally subject to federal withholding tax.
- Depending on the residency status, especially investments into non-US investment funds and non-US entities may trigger significant reporting and tax compliance obligations.
- Most US states and many local municipalities enforce their own individual income tax regime and require the filing of tax returns in addition to federal tax returns.

Social Security

Employees working in the US are generally subject to US federal social security. Individuals on assignment to the US may be exempt based on totalisation agreements entered into between the US and their home country.

EMPLOYEE

- An employee is required to pay 6.2% social security tax as well as 1.45% Medicare tax up to an annual income ceiling of USD 176,100. Additional Medicare tax of 0.9% is assessed on employment income above a threshold amount of USD 125,000, depending on the filing status.

EMPLOYER

- An employer is required to pay 6.2% Social Security Tax as well as 1.45% Medicare Tax up to an annual income ceiling of USD 176,100.
- The employer is liable for all payments on a recurring basis. The employer part of the Social Security as well as Medicare tax are generally tax-free.
- In addition, the employer is required to pay 6% Federal Unemployment Tax up to an annual income ceiling of USD 7,000.

State contributions and employee/employer responsibilities are determined on a state-by-state basis.

Immigration

VISA/WORK PERMIT

- Any foreign citizen who wants to work and live in the US must apply for a visa.

REGISTRATION

- Employers must register on a federal as well as on a state level.

Employer's obligations

START OF EMPLOYMENT

- Appropriate sharing of costs based on transfer pricing aspects should be agreed between the home and host company and documented properly.
- Obtain correct working visa type for an employee (if applicable).
- Request the Employee's Withholding Certificate ("W-4") for payroll processing.

DURING EMPLOYMENT

- Home and host company should establish a reporting system to exchange payroll data, especially in the case of split pay-out scenarios.

- › Withholding payroll tax on a weekly/monthly basis for the employee.
- › Withholding social security contributions on a weekly/monthly basis for the employee.
- › Split the employee's remuneration into taxable and non-taxable portions.
- › Prepare and submit an annual Wage and Tax Statement ("W-2").

TERMINATION OF EMPLOYMENT

- › Prepare and submit a final Wage and Tax Statement ("W-2") for the work period within the calendar year.



¹ If assignment does not exceed 12 months, otherwise generally taxable.
² Excluding fringe benefits such as housing.

Comparisons

Taxation of Fringe Benefits

Housing	C ¹
Home Flights	C ¹
Education for children	B

A Tax exempt | B Taxable | C Tax relief under certain conditions

Tax Rates (Federal)

Single, no children	13.61%
Employment Gross Income ¹ 100,000 EUR p.a.	
Married, 2 children	7.92%
Employment Gross Income ¹ 100,000 EUR p.a.	

Maximum Effective Personal Income Tax Rates for the past 3 years (Federal)

2023	2024	2025
37%	37%	37%

Social Security Rates

Employment Gross Income ¹ 100,000 EUR p.a.	
Employee	7.65%
Employer	7.65%

Social Security Agreements (SSA)

- Italy 1 November 1978
- Germany 1 November 1979
- Switzerland 1 November 1980
- Belgium 1 July 1984
- Norway 1 July 1984
- Canada 1 August 1984
- United Kingdom 1 January 1985
- Sweden 1 January 1987
- Spain 1 April 1988
- France 1 July 1988

And SSAs with 20 additional countries

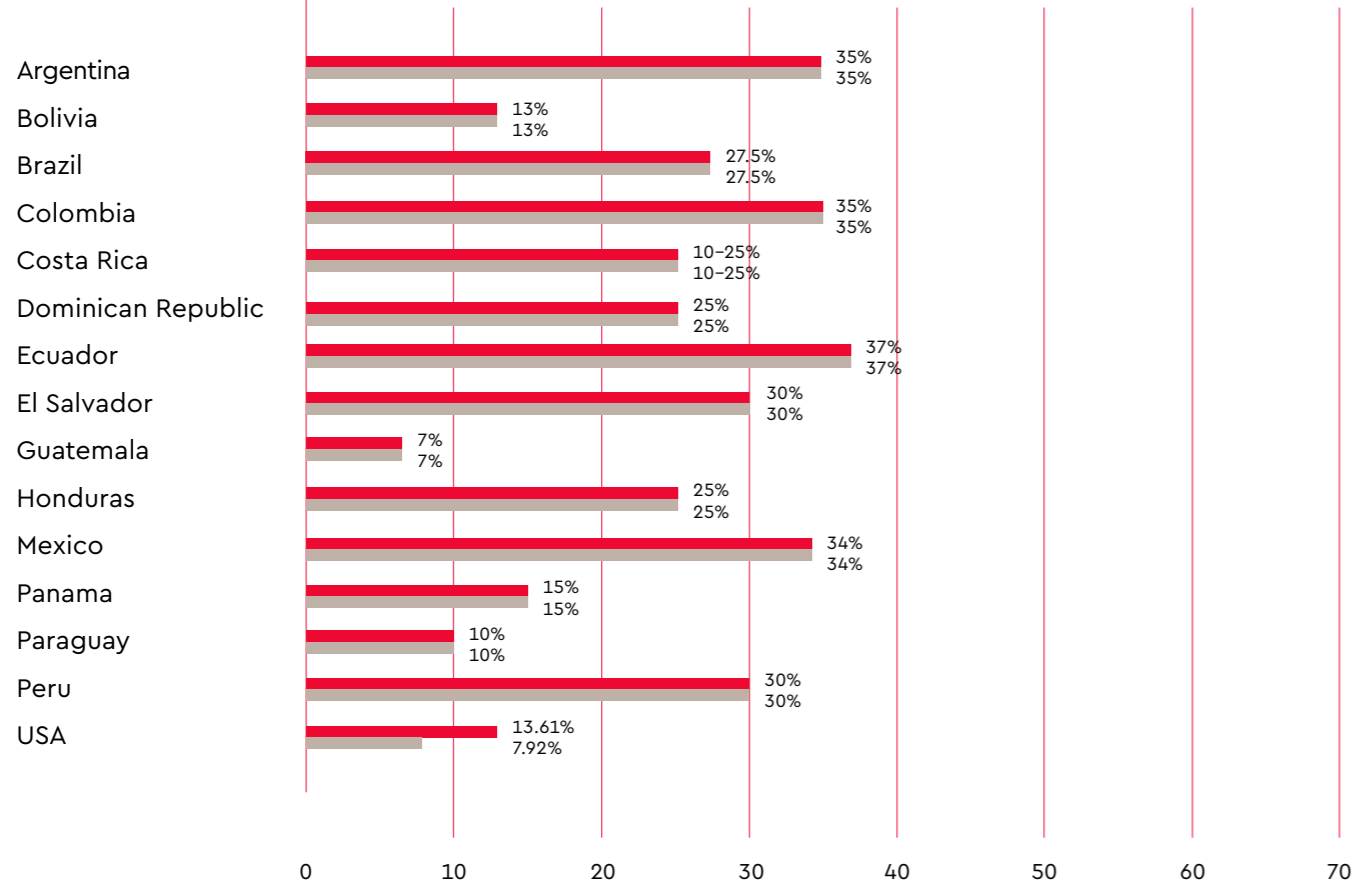
Appendix

Taxation of Fringe Benefits

Country	Housing	Home Flights	Education for Children
Argentina	B	B	B
Bolivia	B	B	B
Brazil	B	B	B
Colombia	B	B	B
Costa Rica	B	B	B
Dominican Republic	B	B	B
Ecuador	B	B	B
El Salvador	B	B	C
Guatemala	A	A	A
Honduras	C	C	C
Mexico	B	C	B
Panama	C	B	C
Paraguay	B	B	B
Peru	B	B	B
USA	C	C	B

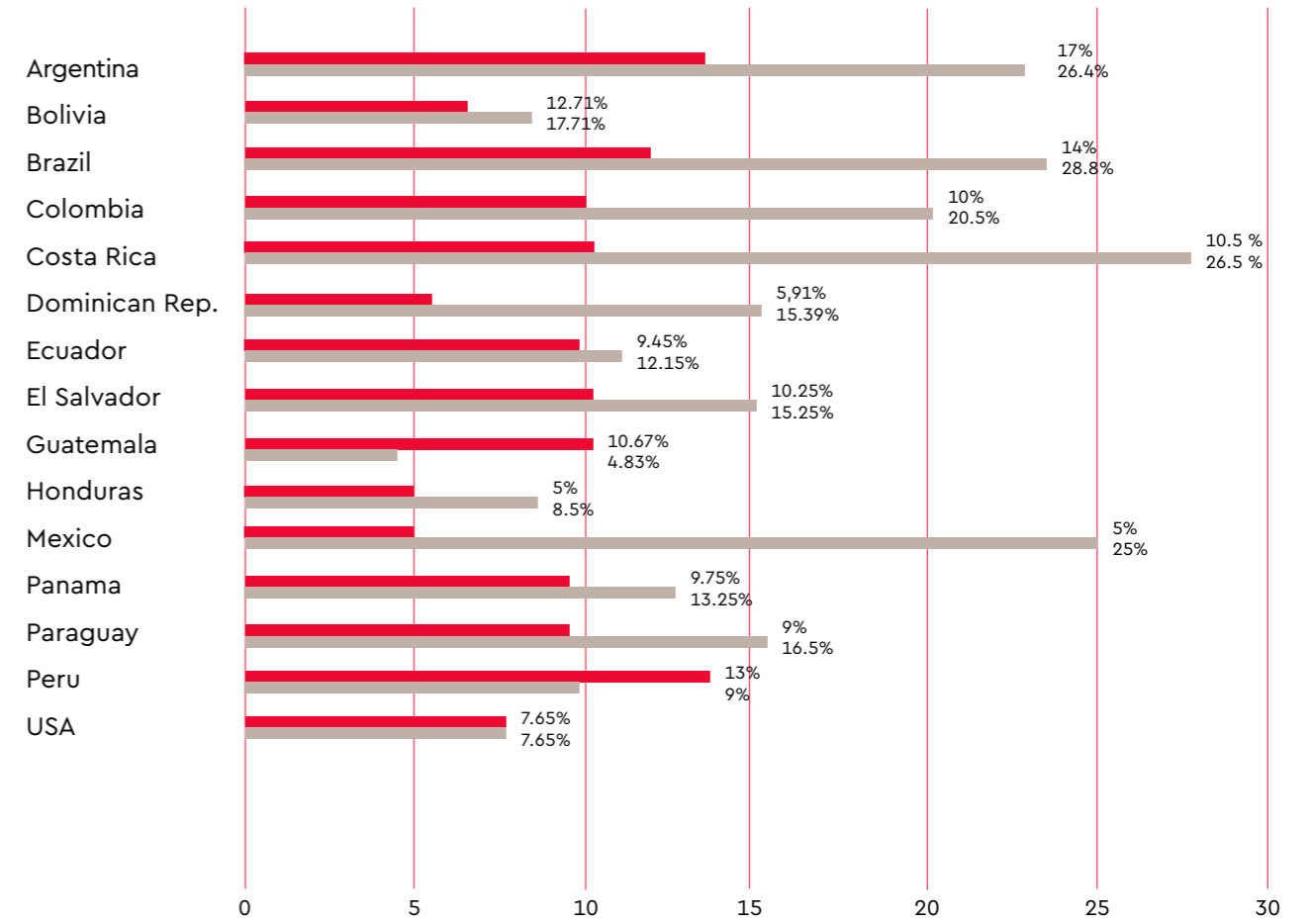
A Tax exempt | B Taxable | C Tax relief under certain conditions
¹ If assignment does not exceed 12 months, otherwise generally taxable.

Effective Income Tax Rates



■ Single, no children | ■ Married, 2 children

Social Security Rates



■ Employee | ■ Employer | *NSF **HRDC Levy

* percentage for illustrative purposes as payments are calculated based on a variety of factors

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