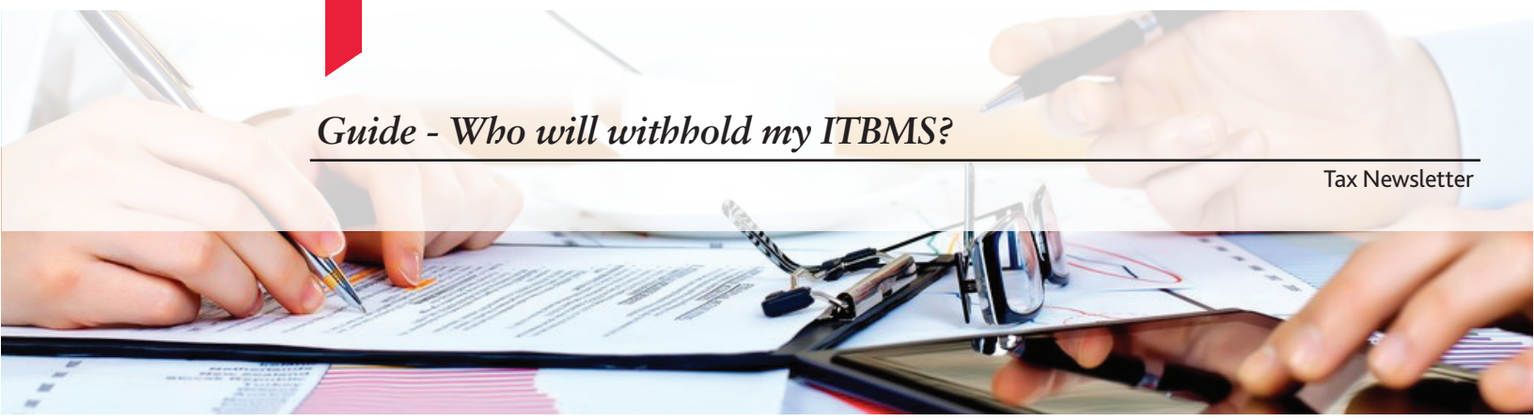

Guide - Who will withhold my ITBMS?

Tax Newsletter

Introduction

According to Executive Decree N° 463 of October 14, 2015 (G.O. 27892-A), that subrogates Art. 1 of Executive Decree N°594 of December 24, 2015 (G.O. 27935-A), which modifies the regulation of ITBMS in its Article 19 of Executive Decree 84 of 2005.

Withholding Agents

- The State
- Those who pay or credit retributions to natural or legal persons addressed overseas
- Companies without legal identity (societies of fact, partnerships, etc.)
- Large-scale Buyers (The list of these withholding agents will be published yearly by Resolution)
- Debit and credit card administrating entities (Banks).

Shared responsibilities of the ITBMS invoiced

People or businesses acting as vendors of goods or services, who carry out transactions with designated companies as withholding agents, will be liable of just 50% of the ITBMS invoiced, while the withholding agent will be liable of the remaining 50% of ITBMS withheld.

Said withholding will represent a fiscal credit for said vendors, which will be documented with the withholding certificate which must be issued and sent by the withholding agents by no later than fifteen (15) days after the reporting month; this credit must be recorded in box 52 of form 430 for the corresponding month.

What happens if I don't receive the withholding certificate?

If the vendor does not acquire the corresponding certificate issued by the withholding agent, you can prove your ITBM fiscal credit with invoice of sale of the goods and services taxed, with the document (sales receipt or deposit) that they were paid with which proves that in fact the withholding in question was discounted.

Withholdings made by debit and credit card managing entities

During the 2016 period the debit and credit card managing entities will withhold ITBM at a rate of 2% of the total sales and 1% from retail sales, supermarkets and pharmacies, with prior authorization by the Department of Revenue by Resolution. For the 2017 period these entities must adapt their platform, to be able to differentiate ITBMS in all their transactions.

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