

# Tax News

May 2024

# Executive Summary

Norma	Fecha	Contenido
Decree No. 1678 /2024	May 13, 2024	The Executive Branch vetoed the bill that seeks to exclude the Tax Compliance Certificate ("TCC") as a requirement to obtain a Paraguayan passport.
General Resolution No. 10/2024	May 27, 2024	Administrative measures were established for guarantee trusts set up under the "Che Róga Porã" program.
General Resolution No. 12/2024	May 31, 2024	Several provisions of the Electronic Register of Receipts ("ERR") established by General Resolution No. 90/2021 ("RG 90") were amended.
Internal Resolution No. 367/2024	May 27, 2024	The organizational structure of the National Directorate of Tax Revenues ("DNIT") was approved.

**Decree No. 1678/2024 - The Executive Power vetoed the bill that seeks to exclude the TCC as a requirement to obtain the Paraguayan passport.**

By means of Decree No. 1678/2024, the Executive Branch vetoed in its entirety Bill No. 7255, the purpose of which is that the TCC is no longer a mandatory requirement to obtain a Paraguayan passport. This requirement was established by subsection f) of Article 194 of Law No. 125/1991, introduced from the amendment Law No. 2421/2004 made to its original text.

The Executive Branch set forth its objection based on the technical opinion of the DNIT, which has pointed out that this bill would have the following undesired effects:

- (1) It would generate a tax inequity since it would free from tax burdens to those individuals who evade taxes by emigrating to other countries, leaving those who comply with the payment of taxes to shoulder such burden.
- (2) It would eliminate a tool that leads the tax system to total formalization and avoids tax evasion.
- (3) It would harm tax collection and worsen the position of the State to fulfill its purposes through the resources granted to it by the National Constitution.
- (4) It would deprive the DNIT of a fundamental tool in its task of tax control to achieve equality in taxation.

The bill has been returned to the National Congress to be discussed again, based on the provisions of Article 209 of the National Constitution and Article 2 of Law No. 5648/05. In other words, both chambers of the National Congress must ratify the approval of Bill No. 7255 within 60 calendar days for each of them, if they wish to revert the veto of the Executive Branch. Otherwise, the veto will prevail, and the bill may not be repeated in the year's sessions.

**General Resolution No. 10/2024 - Administrative measures were established for guarantee trusts set up under the "Che Róga Porã" program.**

By means of General Resolution No. 10/2024, the DNIT established administrative measures for guarantee trusts set up under the "Che Róga Porã" program ("Trusts") in the following areas: (1) registration in the Single Taxpayer Registry ("RUC"), (2) ERR of RG 90 and (3) filing of Value Added Tax ("VAT") liquidation affidavits.

In order to register in the RUC, the Trusts must add to their corporate name the expression "Che Roga Porã" and register the obligation to pay Corporate Income Tax under the General Regime (500-IRE General).

Regarding the ERR, the Trusts must register the obligation of annual registration of invoices and other tax documents (956-Reg. Annual Invoice) and must register their tax documents indicating the option "Do not impute".

Finally, regarding the VAT liquidation affidavits, the Trusts will only have to file them in the periods in which they register operations, being released from filing them without movement. To this effect, they will not be obliged to register the obligation 211-IVA General in the RUC to be able to settle said tax.



## **General Resolution No. 12/2024 - Several provisions of the ERR established by RG 90 were modified.**

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By means of General Resolution No. 12/2024, the DNIT introduced new amendments to the ERR established by RG 90. These modifications are focused on the following aspects: (1) the implementation of the automatic imputation of electronic tax documents, (2) the elimination of the ERR summary stub, leaving only the presentation stub and (3) the affidavit nature of the tax documents registered without having been confirmed.

Concerning the automatic imputation of electronic tax documents, it is worth mentioning that it has the following characteristics:

- (A) It will only be available for taxpayers who have adhered to the Integrated National Electronic Invoicing System ("SIFEN") under the e-Kuatia modality. Consequently, those who adhere to the SIFEN under other modalities, such as e-Kuatia'i, cannot access the automatic imputation.
- (B) At the time of issuing electronic documents, the code of the obligation to which they relate may be indicated, so that it would no longer be necessary to impute them within the sales or income in the ERR available in the Marangatu System. This should not affect the imputation in the purchases or expenses to be made by taxpayers who receive the same documents.
- (C) It will be possible to edit, manually and through the Marangatu System, the automatic imputation of the electronic documents that have been previously made, in case of error detection.

With the elimination of the summary stub, the "Summary Stub" Form (Form 242-Summary Stub) is discontinued in the Marangatu System, so it will no longer be generated when documents are edited, cancelled or added to the ERR after confirmation of the "Presentation Stub" (Form 241-Submission Stub). In this case, the incorporation of new records can also be done by importing files, so it is no longer limited to the manual upload method.

Finally, the affidavit nature of the information uploaded to the ERR has been extended to those document records that have not been confirmed, since previously this nature was only acquired after confirmation. Thus, all data uploaded to the ERR has the same status, regardless of its status (confirmed or unconfirmed).

## **Internal Resolution No. 367/2024 - The organizational structure of DNIT was approved.**

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The DNIT issued Internal Resolution No. 367/2024, whereby it approved the details of its organizational structure, in accordance with the framework previously established in Decree No. 1184/2024. This resolution details the departments and coordination offices of the different directorates and dependencies previously established in the aforementioned decree, which had only gone up to the level of "General Directorate".

There are important changes in tax management and controls, both in the General Customs Management and in the General Internal Tax Management, which have a large part of the structure of the former National Customs Directorate ("DNA") and Undersecretariat of State for Taxation ("SET"), respectively, but with important modifications brought about by both the decree and the resolution mentioned above.

About the General Customs Management, the former Directorate of Customs Inspection has been split into the General Directorate of Customs Inspection and the General Directorate of Customs Surveillance. The Central Safeguard Department lost its independence to become part of the General Directorate of Customs Processes and Trade Facilitation through the Customs Operational Coordination, among many other changes visible in the organization charts in Annexes IV and V of Internal Resolution No. 367/2024.

Regarding the General Internal Tax Management, it is to be noted the "merger" of the former Directorate of Taxpayer Assistance and Tax Credits with the General Directorate of Collection and Regional Offices, to form the current General Directorate of Collection and Taxpayer Assistance, within which the Coordination of Medium-Sized Taxpayers, which was previously a department, was created.

Regarding the General Directorate of Large Taxpayers, the most radical change is observed with the incorporation of the Tax Credits and Tax Exemptions Coordination, which was previously only a department of the Directorate of Taxpayer Assistance and Tax Credits. This coordination office oversees the following departments: (1) Tax Refunds to Exporters, (2) Tax Reimbursement, (3) Tax Exemptions, and (4) Control of Omitted and Inconsistent Suppliers.

The General Directorate of Tax Auditing retains much of its structure, with the exception that the Jeroviaha Department now becomes the Jeroviaha Special Operations Coordination. Another notable modification to its structure is the disappearance of the Department of Registration and Control of External Audits, although the Directorate retains the functions of said Department.

The former Tax Planning and Technical Directorate of the SET is now called the General Directorate of Tax Legal Affairs. The most notorious change observed here is the elimination of the Department for the Preparation and Interpretation of Tax Rules, which oversaw the handling of binding and non-binding consultations from taxpayers, which continues to be a function of that Directorate.

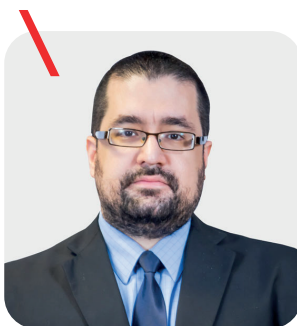
It is currently unknown how the Directorates of the General Internal Tax Management will address the functions for which they do not have a specific unit. This will most likely be clarified once the DNIT functions manual is issued. For the time being, all departments and coordination offices of the former SET and DNA continue to operate normally.



# Contact



**Rodolfo G. Vouga**  
[rgvouga@vouga.com.py](mailto:rgvouga@vouga.com.py)



**Andrés Vera**  
[avera@vouga.com.py](mailto:avera@vouga.com.py)



**Horacio Sánchez**  
[hsanchez@vouga.com.py](mailto:hsanchez@vouga.com.py)