

EXPENDITURE
DOP 1.84 trn
Central government, 2027 draft

FISCAL BALANCE
–3.4% of GDP
Projected deficit, 2027

PUBLIC DEBT
48.2% of GDP
Non-financial public sector, July 2026

CARIBBEAN TAX SERVICE DESK · GREATER ANTILLES

The Dominican Republic Budget Review 2027

What the 2027 Budget and the 2026 tax reform mean for businesses and individuals

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FOREWORD

The 2027 draft Budget is the first to be built on the revenue base of Law 30-26, the tax reform enacted in 2026. It announces no new taxes, but many of the reform's measures take effect in January 2027.

The draft Budget raises spending by about a tenth, with capital spending growing fastest, and keeps the deficit at about 3.4% of GDP. Interest is now one of the largest items. For taxpayers, 2027 brings a new personal income tax scale, a new advance payment regime, the end of the incorporation tax and a lower mortgage tax, while the 30% rate for the largest companies continues.

This review sets out the figures, the measures and their effective dates, and what they mean for each sector. It should be read with our Doing Business in the Dominican Republic guide and our Dominican Republic Tax Guide.

The Dominican Republic is served by Dawgen Global's Caribbean Tax Service Desk, managed from our headquarters in Kingston. We would be glad to help you work through the impact on your business.

Dr. Dawkins Brown, Ph.D., MCMI, ACFE

Executive Chairman, Dawgen Global

How to use this guide

This review summarises the 2027 Budget and what it means for businesses and individuals in the Dominican Republic. It is general information, current to October 2026; measures may change as they pass into law. Our companion Doing Business and Tax Guides give the wider picture. Speak to us before you act.

OVERVIEW

01 Budget at a glance

The draft General State Budget for 2027 was prepared by the Ministry of Finance and Economy, approved by the Council of Ministers in September 2026 and submitted by the Executive to the National Congress, which must approve it by 31 December 2026. It is reviewed here with Law 30-26, the tax reform promulgated in 2026.

EXPENDITURE	REVENUE	FISCAL BALANCE
DOP 1,837.9 bn	DOP 1,510.6 bn	−3.4% of GDP
19.2% of GDP; DOP 1,974.7 billion with debt repayment	15.7% of GDP	Deficit of DOP 327.3 billion

INTEREST	EDUCATION	FINANCING NEED
DOP 351.3 bn	4.1% of GDP	4.8% of GDP
About 4% of GDP and 23% of revenue	DOP 392.8 billion, pre-university and higher education	DOP 464.1 billion, deficit plus debt repayment

Five key messages

- **No new taxes in the Budget.** Revenue growth relies on the economy and on Law 30-26, much of which takes effect in 2027.
- **Investment up.** Capital spending grows by 19.7% and current spending by 12.3% on the initial 2026 budget.
- **Interest is rising.** Interest payments grow by about DOP 40 billion, to almost a quarter of revenue.
- **A new personal scale.** From 2027 income tax starts above DOP 480,000, with a 27% top rate above DOP 4.8 million.
- **Largest companies pay more.** The 30% rate on income of DOP 1 billion or more applies for 2026 to 2028.

ECONOMY

02 Economic context

Growth has picked up in 2026, inflation is near the top of the target range, and reserves are at a record level. Oil prices and global interest rates are the main external risks.

REAL GDP	INFLATION	POLICY RATE
4.6%	5.12%	5.50%
January–September 2026; about 4.5% expected for the year	September 2026; target range 4% ± 1%	Raised from 5.25% in September 2026

RESERVES	REMITTANCES	TOURISM INCOME
US$15.2 bn+	US$9.4 bn+	US$9.7 bn
End-September; about 5.4 months of imports	January–September 2026	January–September 2026

Budget assumptions

The draft Budget assumes real growth of between 4% and 5% in 2027, with inflation close to the Central Bank's target range. Nominal GDP implied by the Budget is about DOP 9.6 trillion.

Monetary policy

The Central Bank raised its rate by 25 basis points in September 2026 as a preventive step, citing longer-lasting supply shocks, higher fuel prices and tighter global financial conditions. It expects inflation to return to the target range in the last quarter of 2026.

External position

The Central Bank projects remittances of about US$12.6 billion and foreign direct investment of about US$5.3 billion in 2026, with a current account deficit of about 1% of GDP. The peso had appreciated by 5.4% by end-September.

Why the reform

Revenue of about 15.7% of GDP must cover interest of about 4% of GDP and large transfers to the electricity sector. Law 30-26 aims to raise revenue, simplify compliance and respond to higher international prices.

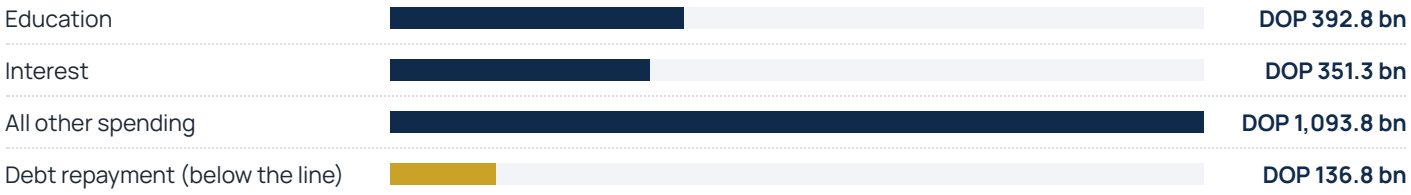
PUBLIC FINANCES

03 Fiscal framework

The draft 2027 Budget raises revenue and spending by about a tenth on the 2026 budget as reformulated in July 2026. The deficit stays at about 3.4% of GDP.

Central government, DOP billion	2026 reformulated	2027 draft	% of GDP 2027
Revenue	1,384.3	1,510.6	15.7%
Expenditure	1,669.2	1,837.9	19.2%
of which interest	311.0	351.3	About 4%
Fiscal balance	−284.9	−327.3	−3.4%
Debt repayment	—	136.8	1.4%
Gross financing need	—	464.1	4.8%

Where it goes: 2027 expenditure, DOP 1,837.9 billion



Including autonomous bodies and social security, the consolidated budget is about DOP 2.08 trillion. Detailed allocations by institution are published with the draft law.

Outturn in 2026

The 2026 budget was reformulated in July 2026, adding about DOP 41 billion of spending, partly funded from 2025 cash balances. By end-September the central government deficit was DOP 191.2 billion, about 2.2% of GDP, with revenue and spending each at about 73% of the year's budget. The primary balance showed a surplus of about 0.5% of GDP.

BUSINESS TAX

04 Tax measures for businesses

The 2027 Budget adds no new taxes. The changes businesses face in 2027 come from Law 30-26, which takes effect in stages to 2029.

Measure	What changes	Effective	Who is affected
Temporary 30% rate	Corporate income tax of 30% where income is DOP 1 billion or more; 27% otherwise and for all from 2029	Fiscal years 2026–2028	Largest companies
Advance payments	Micro businesses exempt; small businesses pay 50%, 30% and 20% of prior-year tax in months 6, 9 and 12; others one-twelfth of prior-year tax or 1.5% of gross income	2027	All companies
Incorporation tax	1% tax on capital on formation and increases repealed	2027	New companies and capital raises
Withholding on payments	15% on fees, rent and other payments to individuals (from 10%); 15% final on royalties, software and online advertising paid abroad (from 27%)	July 2026	Payers of services and royalties
Surcharges	Late-payment surcharge 3% a month, capped at 100%; amnesty for past debts	July 2026; amnesty to 31 Dec 2026	All taxpayers
Incentives	Only one incentive regime per activity or investment; double depreciation rates for listed machinery and equipment	2026	Free zone, tourism, border and industrial investors

Unchanged

Corporate rate of 27% for most companies; 1% asset tax as a minimum tax; 10% final dividend withholding; ITBIS at 18%; free zone, tourism and border regimes.

Source rules

Technical assistance used in the Dominican Republic is Dominican-source income even when performed abroad. Review intercompany service charges and withholding.

INDIVIDUALS

05 Tax measures for individuals and households

A new personal income tax scale applies from 1 January 2027. It raises the exempt amount and adds a 27% band for higher earners.

Annual taxable income (DOP), from 2027	Tax
Up to 480,000	0%
480,001 to 685,000	15% of the excess
685,001 to 910,000	30,750 + 20%
910,001 to 4,800,000	75,750 + 25%
Above 4,800,000	1,048,250 + 27%

For 2026 the exempt amount is DOP 416,220, with a 25% top rate above DOP 867,123. Earners below about DOP 5.5 million a year pay less tax in 2027 than under the 2026 scale; those above it pay more.

Other personal measures

- 10% final tax on real estate gains, due within six months, with relief for reinvestment in a main home
- Self-employed advances of 50%, 30% and 20% in months 6, 9 and 12, from 2027

Payroll contribution	Employee	Employer
Pensions (AFP)	2.87%	7.10%
Health (SFS)	3.04%	7.09%
Occupational risks	—	About 1.1–1.3%
INFOTEP	0.5% of bonuses	1%

Rates are unchanged. Minimum wages rose from 1 February 2026; for large companies the monthly minimum is DOP 29,988.

Household costs

The tax on cheques and electronic transfers rose to 0.2%, and DOP 2 a gallon was added to gasoline and diesel. Milk and cream, bottled water and pasta became exempt from ITBIS. The mortgage registration tax falls to 1% in 2027.

INDIRECT TAXES

06 Indirect taxes, customs and other revenue

Law 30-26 left the ITBIS rates unchanged but widened exemptions, raised several selective and transaction taxes, and tightened collection at customs.

Measure	Change	Effective
ITBIS exemptions	Milk and cream, bottled water, pasta and road asphalt added to the exempt list; 18% and 16% rates unchanged	2026
ITBIS at customs	Advance ITBIS on unregistered importers, on the base plus 30%	2026
Transfers tax	0.2% on cheques and electronic transfers, from 0.15%; own-account transfers and tax payments excluded	2026
Fuel	DOP 2 a gallon added on gasoline and diesel	2026
Selective consumption tax	55% on vapes; extra levy on tobacco; insurance rate cut for some policies; indexation of specific taxes	2026; 2027
Departure tax	US$30 per passenger, from US$20	2026
Mortgage registration tax	2% falls to 1%, then abolished	2027; 2028

Digital services

There is no ITBIS regime for foreign digital services sold to consumers. Personal subscriptions are not affected by the 15% withholding on payments abroad.

Administration

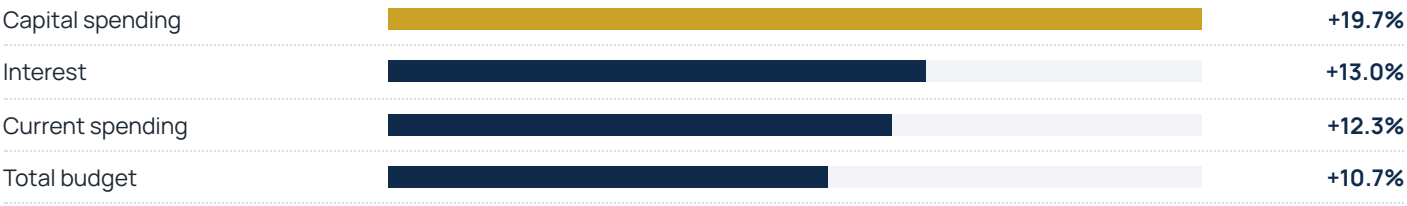
The DGII will set the interest rate on late tax each year from January 2027. Payment plans of up to 12 months, or 24 for multi-year debts, are available.

SPENDING

07 Spending priorities and capital programme

Education keeps its 4% of GDP floor. Capital spending rises fastest, with transport, water and health projects named in the draft.

Growth on the initial 2026 budget



Interest is compared with the 2026 budget in force. Current spending made up 86.6% of executed spending in 2025.

Named priorities

- Education, 4% of GDP
- Hospitals and primary care
- National emergency network
- Mi Vivienda housing
- Highways
- Santiago monorail
- Santo Domingo Metro Line 2
- Drinking water and sanitation
- Justice, security and prisons

Electricity sector

Transfers to the electricity distributors remain one of the largest current items. They exceeded DOP 120 billion in 2026; the 2027 allocation is set out in the draft law and may need topping up if fuel prices stay high.

Planning framework

The draft is linked to the Meta RD 2036 national goals and ten priority targets.

DEBT

08 Debt, financing and fiscal rules

Debt rose in dollar terms during 2026 and stands at about 48% of GDP. The Fiscal Responsibility Law caps spending growth and anchors debt below 40% of GDP by 2035.

2027 financing need, DOP billion

Deficit	327.3
Debt repayment	136.8
Total need	464.1

4.8% of GDP, financed by domestic and external bonds and loans.

Fiscal rules (Law 35-24)

Primary spending may grow by no more than 3% plus expected inflation. Debt is to be below 40% of GDP by 2035. Escape clauses cover natural disasters and very low growth.

Debt position

Non-financial public sector debt was US$67.8 billion at end-July 2026, 48.2% of GDP: 34.2% external and 14.0% domestic. A bond exchange in 2026 moved US$1.4 billion of debt due in January 2027 into a new 2039 bond.

Risks to watch

- Interest rising faster than revenue
- Oil prices and electricity sector transfers
- Collection from Law 30-26 below estimates
- Tighter global financing conditions
- Hurricanes and other climate shocks

SECTOR IMPACT

09 What it means for your sector

Sector	What the Budget and Law 30-26 mean
Tourism and hospitality	Departure tax up to US$30. Tourism incentives continue, but only one regime per project. Infrastructure and water spending supports resort areas.
Free zones and manufacturing	Free zone exemptions continue, with 3.5% on local sales. Double depreciation for listed machinery. Check the one-regime rule.
Financial services	Transfers tax at 0.2%. Mortgage tax to 1% in 2027 and abolished from 2028. Large banks may fall under the 30% rate.
Construction and real estate	Capital spending up 19.7%. 10% final tax on property gains. Asphalt now ITBIS-exempt.
Energy	DOP 2 a gallon on gasoline and diesel. Electricity transfers stay large; fuel prices drive the budget.
Technology and digital	15% final withholding on software, online advertising and data storage paid abroad. Technical services used locally are Dominican-source.
Large companies	30% rate for 2026 to 2028 where income is DOP 1 billion or more. Plan cash flow for the new advance regime.
SMEs	No advances for micro businesses from 2027; staged advances for small ones. Simplified regime limits revised and indexed.
Employers generally	Update payroll for the 2027 scale in January. Withhold 15% on payments to individuals.

ACTION PLAN

10 Action points and key dates

Businesses

- [ ] Test whether income reaches DOP 1 billion
- [ ] Model the 2027 advance payment regime
- [ ] Review withholding on fees, royalties and digital payments
- [ ] Use the amnesty for old exposures before 31 December
- [ ] Choose one incentive regime per investment
- [ ] Watch the 2027 Budget through Congress

Individuals

- [ ] Check payroll applies the 2027 scale
- [ ] Pay real estate gains tax within six months
- [ ] File the IR-1 return by 31 March

Date	What happens
1 February 2026	New minimum wages
2026	Law 30-26 promulgated; 30% rate from FY2026
1 July 2026	15% withholdings; 3% surcharge
July 2026	2026 budget reformulated
31 December 2026	Amnesty closes; Budget due from Congress
1 January 2027	New personal scale; advance regime; incorporation tax repealed; mortgage tax 1%
31 March 2027	IR-1 returns for 2026
2028	Mortgage tax abolished
2029	Corporate rate back to 27% for all

Company returns are due within 120 days of the year-end.

YOUR PARTNER

11 How Dawgen Global helps

Our Caribbean Tax Service Desk, managed from Kingston, helps businesses and individuals turn the Budget and Law 30-26 into a plan.

Budget impact assessment

Modelling Law 30-26 and the 2027 Budget against your costs, prices and tax.

Tax planning and restructuring

The 30% threshold, intercompany services, dividends and group structure.

Compliance updates and payroll changes

The 2027 scale, advance regime, withholding and ITBIS changes.

Incentives and concessions

Free zone, tourism and border regimes under the one-regime rule.

Cash flow and pricing reviews

Advance payment timing, pricing and working capital.

Engagement with the tax authority

DGII audits, reconsiderations, payment plans and the amnesty.

Start with a conversation

Tell us how the 2027 Budget and Law 30-26 affect your plans, and we will set out the steps for your situation. Some regulated services are performed by affiliated firms; we will advise you of the arrangements when you make a request. Fees are tailored to each client's circumstances and set out in an engagement letter. Email **dominicanrepublic@dawgen.com** or **info@dawgen.global**, or call (876) 926-5210.

Talk to the Caribbean Tax Service Desk about the 2027 Budget

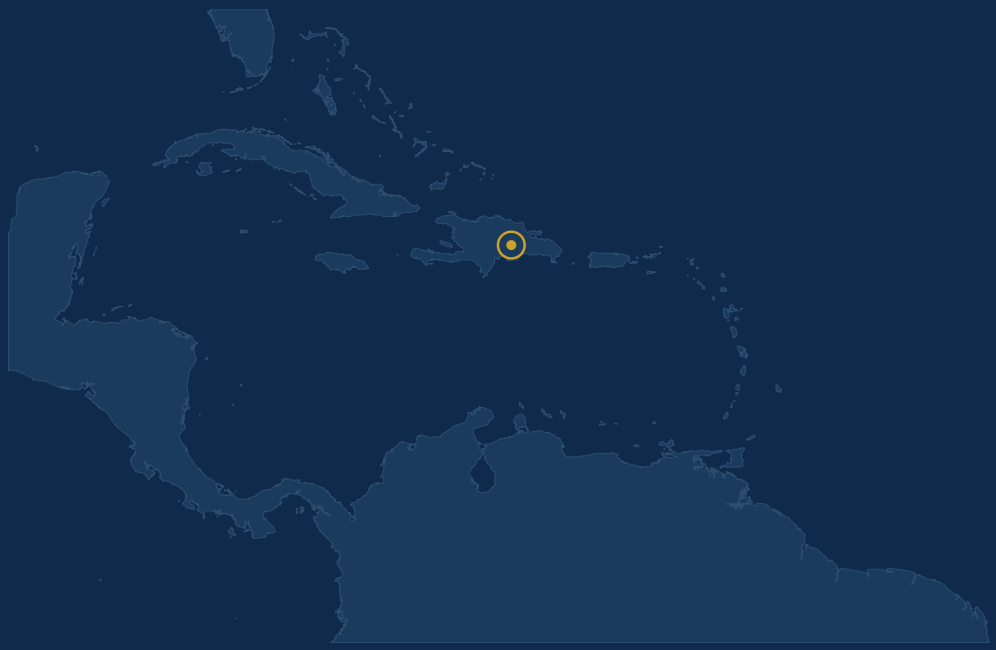
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Key official sources

- Ministry of Finance and Economy (hacienda.gob.do)
- General Directorate of the Budget, DIGEPRES (digepres.gob.do)
- National Congress (senadord.gob.do; camaradediputados.gob.do)
- Dirección General de Impuestos Internos, DGII (dgii.gov.do)
- General Directorate of Customs, DGA (aduanas.gob.do)
- Central Bank of the Dominican Republic (bancentral.gov.do)
- General Directorate of Public Credit (creditopublico.gob.do)
- International Monetary Fund (imf.org)



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