CARIBBEAN TAX SERVICE DESK · GREATER ANTILLES

The Dominican Republic *Tax Guide*

A guide to corporate, personal and indirect taxes in the Dominican Republic

TAX GUIDE · 2026 EDITION

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FOREWORD

The Dominican Republic has one of the largest economies in the Caribbean, and in 2026 it enacted its most significant tax reform in more than a decade.

The Dominican tax system is largely territorial, built on a civil-law Tax Code and administered in Spanish by the Dirección General de Impuestos Internos. Law 30-26, promulgated in 2026, changes corporate and personal rates, withholding on cross-border payments, advance payments, surcharges and several transaction taxes, with many measures taking effect in stages to 2029.

This guide explains the main taxes on companies and individuals in plain language, current to October 2026 and including the Law 30-26 measures. It is written for investors, finance teams and individuals with interests in the Dominican Republic.

Tax matters are handled by Dawgen Global's Caribbean Tax Service Desk, managed from Kingston. We would be glad to help you plan, comply and resolve issues with confidence.

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Executive Chairman, Dawgen Global

How to use this guide

This guide summarises the main taxes that apply to companies and individuals in the Dominican Republic. It is general information, current to October 2026, and is not a substitute for advice on your circumstances. Rates and rules change; speak to us before you act. Our companion Doing Business guide covers set-up, employment and regulation.

FOUNDATIONS

01 Investment basics

The Dominican peso floats, there are no exchange controls, and domestic taxes are administered by the Dirección General de Impuestos Internos (DGII).

CORPORATE INCOME TAX	ITBIS (VAT)	PERSONAL INCOME TAX
27%	18%	0% to 25%
30% for 2026 to 2028 where income is DOP 1 billion or more	16% on certain listed foods; exports zero-rated	New scale from 2027 with a top rate of 27%

DIVIDEND WITHHOLDING	SOCIAL SECURITY (EMPLOYER)	ASSET TAX
10%	7.10% + 7.09%	1%
Final tax for residents and non-residents	Pensions and health, plus occupational risks and 1% INFOTEP	Of total assets, payable where it exceeds income tax

Currency and foreign exchange

The Dominican peso (DOP) floats, at about DOP 60 to 61 per US dollar in late October 2026. There are no exchange controls: profits, dividends and capital move freely through the banking system, subject to anti-money laundering checks. Tax is paid in pesos.

Accounting and audit

Companies generally report under IFRS or IFRS for SMEs as adopted by the Institute of Certified Public Accountants (ICPARD). Stock companies need a statutory auditor (comisario de cuentas). Financial information is filed with the annual IR-2 return; confirm the audit requirement for your company.

Principal business entities

- Limited liability company (SRL)
- Simplified stock company (SAS)
- Stock company (SA)
- Branch of a foreign company
- Individual limited liability enterprise (EIRL)
- Sole trader

Companies, EIRLs and branches pay corporate income tax; sole traders are taxed personally.

The tax system

The DGII administers income tax, ITBIS, asset tax, excise, property and transfer taxes. The General Directorate of Customs (DGA) collects duties, and the Social Security Treasury (TSS) collects contributions.

BUSINESS TAX

02 Corporate taxation

The system is largely territorial: companies pay tax on Dominican-source income, and on foreign income from investments and financial gains.

Residence and basis

Companies formed under Dominican law, and branches and permanent establishments of foreign companies, are domiciled taxpayers. Under Law 30-26, technical assistance used in the Dominican Republic is Dominican-source income even when performed abroad.

Taxable income

- Expenses deductible if incurred to earn or preserve taxable income
- Declining-balance depreciation: buildings 5%; furniture, computers and light vehicles 25%; other assets 15%
- Double rates for machinery and equipment on a DGII list (Law 30-26)
- Approved donations deductible up to 5% of taxable income
- Not deductible: income tax, fines, and surcharges and interest on tax

Taxpayer	Rate
Companies and branches	27%
Income of DOP 1 billion or more	30% for fiscal years 2026 to 2028; 27% from 2029
Free zone operators (Law 8-90)	Exempt on approved activity; 3.5% on local sales
Tourism projects (Law 158-01)	Exempt for up to 15 years, if approved by CONFOTUR
Border development zone (Law 12-21)	100% exemption in seven provinces
Simplified regime (RST)	Optional for small taxpayers, within revenue or purchase limits

The RST covers gross income up to DOP 30 million (DOP 15 million for professionals) or traders' purchases up to DOP 60 million, indexed.

Asset tax as a minimum tax

Asset tax of 1% applies to total assets on the tax balance sheet, net of depreciation; shares in other companies, advance tax payments and rural land are excluded. Income tax is credited against it, so a company pays the higher of the two. Fully exempt entities and, under Law 30-26, agricultural companies are not liable.

BUSINESS TAX

03 Corporate taxation (continued)

Dividends

Cash dividends are subject to 10% withholding tax, which is final for resident and non-resident shareholders, so dividends that have borne it are not taxed again. Stock dividends are not taxed.

Capital gains

Companies include gains in ordinary income at the corporate rate, on the sale price less the asset's tax cost. A 1% withholding applies to share transfers between local entities, as a payment on account. Individuals pay a separate 10% final tax on real estate gains (page 09).

Losses

Losses are carried forward for five years at up to 20% of the loss a year, and in years four and five the deduction cannot exceed 80% and 70% of taxable income. There is no carry-back.

Foreign tax credit

Tax paid abroad on taxable foreign investment income and gains is credited, up to the Dominican tax on the same income. Treaty relief applies for Canada and Spain.

Holding companies and groups

There is no participation exemption or holding company regime beyond the final dividend withholding. Group taxation and consolidated returns are not permitted.

Tax incentives in brief

Incentive	Main benefit
Free zones (Law 8-90)	Income tax, ITBIS, duty and other exemptions through the National Free Zones Council
Tourism (Law 158-01)	Up to 15 years' exemption from income tax, transfer tax, IPI and ITBIS on construction
Border development (Law 12-21)	Income tax exemption, and duty and ITBIS relief, in seven border provinces
Accelerated depreciation	Double rates for machinery and equipment (Law 30-26)
Sector laws	Relief for renewable energy, film and other activities, subject to approval

Under Law 30-26 a taxpayer may not combine incentive regimes for the same activity or investment.

CROSS-BORDER PAYMENTS

04 Withholding taxes and tax treaties

Withholding tax is deducted at source and paid to the DGII by the 10th of the month after payment. Payments abroad are deductible only if the tax is withheld.

Payment	Resident	Non-resident	Canada treaty	Spain treaty
Dividends	10% (final)	10% (final)	0% or 10%	0% (75%+ holding) or 10%
Interest	1% when paid by financial institutions to companies	10%	0% or 10%	0% or 10%
Royalties, software licences, online advertising, data storage	15% to individuals	15% (final)	Domestic rate applies	Up to 10%
Professional fees and services	15% to individuals	27%	Relief where no permanent establishment	
Rent	15% to individuals (final)	27%	Treaty relief may apply	
Branch remittances	None	10% (final)	Treaty relief may apply	

Under Law 30-26 the 15% rates on payments to individuals (from 10%) and on royalties and digital payments abroad (from 27%) apply from July 2026; personal subscriptions are not affected. Taxpayers on the temporary 30% rate should confirm the rate on other remittances with the DGII.

Tax treaties in force

Canada and Spain. The Dominican Republic also has a tax information exchange agreement with the United States. It is not party to the CARICOM double taxation agreement; the CARICOM–Dominican Republic Free Trade Agreement covers trade, not income tax.

Other withholdings

Employers withhold tax on salaries, and the 10% dividend withholding also applies to companies under incentive regimes.

Claiming treaty rates

The payer may apply a treaty rate when it holds the documents required by DGII rules, including a tax residence certificate from the other country. Without them, the domestic rate applies. Non-final withholding is credited against the recipient's tax.

INTERNATIONAL RULES

05 Anti-avoidance and international rules

The Dominican Republic has full transfer pricing and country-by-country rules and a thin capitalisation limit, but no CFC regime.

Transfer pricing

Article 281 of the Tax Code and Regulation 78-14 require arm's length prices for transactions with related parties at home and abroad, and with persons in low-tax or preferential jurisdictions. Related parties include 25% holdings. Taxpayers file the annual related-party return (DIOR) within 180 days of year-end, even with no transactions, and keep a transfer pricing study. Advance pricing agreements run for 36 months.

Country-by-country reporting

General Rule 08-2021 requires Dominican parents of large multinational groups to report within 12 months of year-end; group members file notifications.

Interest limits

Interest deductions are limited where debt exceeds three times equity, and where interest is paid to recipients in low-tax jurisdictions or is otherwise untaxed.

CFC rules

There is no controlled foreign company regime.

General anti-avoidance

The Tax Code allows the DGII to tax transactions by their economic substance rather than their legal form, and to adjust related-party values.

Economic substance

There is no separate economic substance regime. Treaty benefits depend on genuine residence in Canada or Spain.

Pillar Two

No global minimum tax legislation has been enacted. Large groups, including free zone operators, should monitor it.

Information exchange

- **FATCA:** intergovernmental agreement with the United States (2016)
- **Multilateral Convention:** on mutual administrative assistance, signed 2016
- **CRS:** confirm the timetable for automatic exchange with the DGII
- **Beneficial ownership:** reported under Law 155-17

CORPORATE COMPLIANCE

06 Compliance for corporations

Companies self-assess and file electronically through the DGII's Oficina Virtual.

Tax year and returns

Companies may close their year on 31 March, 30 June, 30 September or 31 December; a change needs DGII approval. There are no consolidated returns.

1 **Monthly advance payments** — 15TH MONTHLY

Based on prior-year tax or gross income.

2 **IR-2 return and balance** — WITHIN 120 DAYS

With the first half of any asset tax; a 60-day extension may be requested.

3 **Second asset tax instalment** — +6 MONTHS

Six months after the first.

From 2027 micro businesses are exempt from advances; small businesses pay 50%, 30% and 20% of prior-year tax in months six, nine and twelve; and medium and large companies pay one-twelfth of prior-year tax, or 1.5% of gross income where their effective rate is 1.5% or less.

Penalties and interest

From July 2026 the late-payment surcharge is 3% a month (previously 10% for the first month and 4% after), capped at 100% of the tax, with reductions of 30% to 90% for voluntary correction or prompt settlement. Interest runs at a rate set by the DGII. Payment plans and an amnesty to 31 December 2026 are available.

Audits, records and rulings

The DGII may generally assess within three years, longer in some cases. Taxpayers may ask the DGII for a technical consultation on specific questions.

Objections and appeals

File a reconsideration with the DGII within 30 working days of notice, then appeal to the Superior Administrative Court (TSA). The disputed amount may be deposited to avoid sanctions without waiving the appeal.

Practical points

Reconcile the 606 and 607 reports with the ledgers monthly, keep the DIOR and transfer pricing study current, and consider the amnesty for old exposures before it closes.

BEYOND INCOME TAX

07 Other taxes on corporations

Tax	Rate and base	Who pays
Social security (TSS)	Pensions 7.10% (salary cap DOP 464,460 a month); health 7.09% (cap DOP 232,230); occupational risks about 1.1% to 1.3% (cap DOP 92,892)	Employer, plus employee shares
INFOTEP	1% of payroll; 0.5% of employees' bonuses	Employer and employee
Asset tax	1% of total assets, less income tax paid	Companies and sole traders
Real estate transfer tax	3% of the higher of the price and the official valuation	Usually the buyer
Mortgage registration tax	2%, falling to 1% in 2027 and abolished from 2028	Borrower
Incorporation and capital tax	1% of capital on formation and increases; repealed from 2027	Company
Cheque and transfer tax	0.2% of cheques and electronic transfers (from 0.15%); own-account transfers and tax payments excluded	Account holder
Selective consumption tax	Telecoms 10%; insurance 16%, cut for some policies from 2027; alcohol, tobacco, vapes 55%	Providers, importers, producers
Fuel taxes	Per-gallon taxes, plus DOP 2 a gallon on gasoline and diesel under Law 30-26	Importers
Free zone local sales	3.5% of gross sales to the local market	Free zone operators
Stamp duty	None	—

Employers also pay profit sharing of 10% of net profits to staff, within Labour Code caps. Companies pay asset tax rather than the IPI property tax, which applies to individuals.

INDIVIDUALS

08 Personal taxation

Residents pay tax on Dominican-source income, and on foreign investment income and financial gains, above an exempt amount.

Basis of taxation

- **Residents:** Dominican-source income plus foreign income from investments and financial gains
- **New residents:** that foreign income is taxed only from the third year of residence
- **Non-residents:** Dominican-source income only, mainly through 27% withholding

Residence tests

An individual is resident if present in the Dominican Republic for more than 182 days in a calendar year.

Filing status

Spouses file separately on their own income. There is no joint assessment.

Taxable income

Salaries and bonuses, business and professional profits, rents and other income. The Christmas salary, severance and notice pay are exempt. Non-cash benefits are taxed on the employer (page 09).

Annual taxable income (DOP), 2026	Tax
Up to 416,220	0%
416,221 to 624,329	15% of the excess
624,330 to 867,123	31,216 + 20%
Above 867,123	79,776 + 25%

From 2027 (DOP)	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%

Allowances

The exempt band acts as the standard deduction and is indexed to inflation. There are no other personal allowances, apart from the education deduction.

INDIVIDUALS

09 Personal taxation (continued)

Capital gains

Gains are generally taxed as ordinary income on the sale price less tax cost. Under Law 30-26, gains on real estate are taxed at 10% as a final tax, due within six months of the transfer; reinvesting the proceeds from a main home in a new home within six months exempts the gain in proportion.

Deductions and reliefs

- Education costs for the taxpayer and dependants, up to 10% of taxable income, within an overall cap
- Employee social security contributions are excluded from taxable salary
- Business expenses, or a deduction of 40% of gross revenue instead
- Dividends that have borne the 10% withholding are exempt

Employment benefits

Non-cash benefits such as cars, housing and club fees bear a 27% fringe benefit tax paid monthly by the employer, as a condition for deducting them. Car benefits use set personal-use percentages. The Christmas salary is exempt even above five minimum wages.

Tax	Position for individuals
Pensions (AFP)	2.87% of salary up to DOP 464,460 a month
Health (SFS)	3.04% of salary up to DOP 232,230 a month
INFOTEP	0.5% of bonuses
Real estate gains tax	10% final
Property tax (IPI)	1% a year on real estate above DOP 10,695,494 (2026)
Real estate transfer tax	3%, usually paid by the buyer
Inheritance tax	3%; exempt below DOP 1 million (DOP 2 million for direct relatives)
Gift tax	Revised by Law 30-26; gifts below the exempt amount are not taxed
Net wealth tax	None
Capital acquisitions tax	None

Interest from Dominican financial institutions has its own rules; confirm the treatment with the DGII.

INDIVIDUAL COMPLIANCE

10 Compliance for individuals

Most employees meet their obligations through employer withholding. Others with business, rental or foreign investment income must file an annual IR-1 return.

Employees and withholding

The tax year is the calendar year. Employers withhold income tax each month and pay it by the 10th of the next month on the IR-3, with fringe benefit tax and other withholdings on the IR-17. Social security goes to the TSS each month. Employees paid only through a local payroll usually need not file.

Self-employed and other income

When	What
31 March	IR-1 return and payment for the prior year
March and September	IPI instalments, where due
From 2027: months 6, 9 and 12	Advances of 50%, 30% and 20% of prior-year tax

Individuals fully taxed by withholding are exempt from advances, and relief can be sought where income has fallen by more than 30%. Late payment attracts the 3% monthly surcharge and interest.

Non-residents and expatriates

- Each taxpayer needs a tax registration with the DGII
- Pay for work done in the Dominican Republic is taxable from the first day, whoever pays it
- Employees paid outside the local payroll must file their own returns
- New residents' foreign investment income is taxed only from the third year
- Pension contributions can be avoided with a certificate of home-country coverage; health contributions cannot
- The Canada and Spain treaties may exempt short assignments
- Foreign staff need a work visa and residence from the General Directorate of Migration

Selling property

The 10% real estate gains tax is due within six months of the transfer, separately from the IR-1 return.

INDIRECT TAXES

11 ITBIS and customs

The tax on the transfer of industrialised goods and services (ITBIS) is the Dominican value added tax, charged on most goods, services and imports.

Rate	Applies to
18% standard	Most goods, services and imports
16%	Listed foods, including yogurt, butter, coffee, edible fats, sugar, cocoa and chocolate
Zero-rated	Exports, including sales to free zones
Exempt	Basic foods, medicines, education, health, financial and insurance services, ground transport, electricity, water and housing rental

Law 30-26 added milk and cream, bottled water, pasta and road asphalt to the exempt list.

Registration and returns

There is no general registration threshold: businesses making taxable supplies register with their RNC, and small taxpayers may use the RST. The IT-1 return and payment are due by the 20th of the next month, with the 606 and 607 reports by the 15th.

Input tax recovery

ITBIS on purchases and imports used in taxable operations is credited, in proportion where exempt supplies are also made. Companies withhold all or part of the ITBIS charged by some suppliers, such as individuals providing services.

Imported and digital services

Businesses account for ITBIS on services bought from non-residents. There is no ITBIS regime for foreign digital services sold to consumers; a 2025 decree introducing one was repealed.

Customs and excise

Duty is charged on the CIF value, with preferences for DR-CAFTA and EU goods, plus ITBIS and selective consumption tax. Unregistered importers pay ITBIS at customs on the base plus 30% (Law 30-26).

Selective consumption tax under Law 30-26

Alcohol and cigarettes are taxed on the retail price, tobacco bears an extra 20% ad valorem, vapes 55%, and specific amounts are indexed from 2027. Check current rates with the DGII or the DGA.

ADMINISTRATION

12 Tax calendar and administration

Main tax laws

Tax Code (Law 11-92) and its amendments, including Law 253-12 and Law 30-26; Regulation 78-14 on transfer pricing; Law 18-88 on IPI; Law 2569-50 on inheritance and gifts; Law 173-07; Law 87-01 on social security; Law 8-90 on free zones; Law 158-01 on tourism; Law 12-21 on the border zone.

Authorities

The DGII administers domestic taxes, the DGA collects duties and the TSS collects contributions. Appeals go from the DGII to the Superior Administrative Court.

Recent and upcoming changes

- **2026:** Law 30-26: 30% rate for the largest taxpayers; 15% withholding changes and 3% surcharge from July; transfer tax 0.2%; amnesty to 31 December
- **2027:** new personal scale; new advance regime; incorporation tax repealed; mortgage tax 1%
- **2028–2029:** mortgage tax abolished; corporate rate back to 27%
- **Budget:** the draft 2027 budget, presented in September 2026 with a deficit target of about 3.4% of GDP, announced no new tax measures; Congress must approve it by year-end

When	What
Early each month	TSS contributions
10th monthly	IR-3 payroll withholding; IR-17 other withholdings and fringe benefit tax
15th monthly	Income tax advances; 606 to 609 reports; free zone local sales
20th monthly	ITBIS (IT-1) and selective consumption tax
31 March	Individuals' IR-1 return
March and September	IPI instalments
Within 120 days of year-end	IR-2 return, balance and first asset tax instalment; profit sharing
Within 180 days of year-end	DIOR related-party return
By 20 December	Christmas salary
31 December 2026	Tax amnesty closes

When a date falls on a weekend or public holiday, it moves to the next working day.

YOUR PARTNER

13 How Dawgen Global helps

Our Caribbean Tax Service Desk, managed from Kingston, supports companies and individuals with every Dominican tax, from registration to dispute.

Tax compliance
IR-2 and IR-1 returns, advances, asset tax and monthly 606 to 609 reports.

Corporate tax advisory
Structuring, Law 30-26 impact reviews, depreciation, losses and transactions.

International tax and transfer pricing
Treaty claims, withholding, DIOR, transfer pricing studies and CbC reporting.

Indirect taxes (ITBIS and customs)
ITBIS registration, returns, withholding, imported services and customs reviews.

Payroll and employment taxes
Payroll withholding, fringe benefit tax, TSS and INFOTEP.

Tax disputes and authority engagement
DGII audits, reconsiderations, payment plans and the 2026 amnesty.

Incentives and investment planning
Free zone, tourism and border regimes, and choosing the right regime.

Private client and expatriate tax
Residence, foreign income, real estate gains, IPI, inheritance and assignees.

Tax technology and reporting
Tax calendars, provisions, electronic invoicing and reporting processes.

Start with a conversation

Tell us about your plans or your tax question in the Dominican Republic, and we will set out the steps and timeline 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 Dominican Republic

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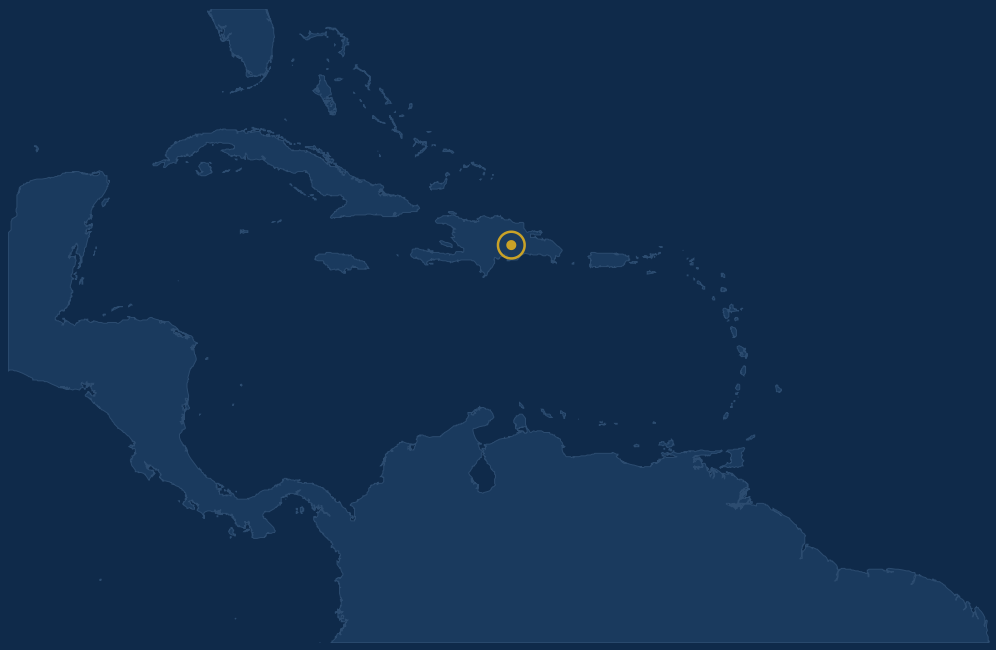
Key official sources

- Dirección General de Impuestos Internos (dgii.gov.do)
- Ministry of Finance and Economy (hacienda.gob.do)
- Dirección General de Aduanas (aduanas.gob.do)
- Tesorería de la Seguridad Social (tss.gob.do)
- National Free Zones Council (cnzfe.gob.do)
- Ministry of Tourism and CONFOTUR (mitur.gob.do)
- ProDominicana (prodominicana.gob.do)
- Central Bank of the Dominican Republic (bancentral.gov.do)



This publication contains general information only, current to October 2026, and is not professional advice. Tax rates, thresholds and procedures change frequently; several measures of Law 30-26 of 2026 take effect in stages and await implementing rules, and official texts in Spanish prevail. Confirm the current position with Dawgen Global or the Dirección General de Impuestos Internos before acting. Some regulated services are performed by affiliated firms; we will advise you of the arrangements when you make a request.
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