

**LAW 171-07. SPECIAL INCENTIVES TO FOREIGN RENTERS AND PENSIONED**

Throughout the years, the cash flow of investments to the Dominican Republic has improved more and more. The development of tourism and the entering to the country of foreigners with the purpose of establishing themselves permanently constitutes an imminent truth, which cannot be overlooked by the Dominican government. This situations joined up to the capital that constitutes the entering to the country of this tourists has contributed to the Dominican government in considering giving incentives to the development in this area.

This principle of national treatment is established in Law No. 16-95 about Foreign Investment, this principle constitutes one of the most relevant aspects of our legislation regarding the stimulation needed in order to bring foreigners to our country, never the less, other benefits provided by Law 171-01, regarding special incentives to foreign renters and pensioned, detailed above, will be added.

**Definitions, Objectives and Conditions.**

The following Law considers as pensioned or retired, foreign people or Dominicans who benefit of an incoming monthly rent coming from a pension of a government, official organism or private company, of foreign origin, which desire to move their definitive residence to our country, and enjoy the benefits of such pension in the Dominican territory.

It also defines the pension concept as a rent of foreign origin coming from all income that constitutes a utility or a benefit, and all the utilities that come from realized patrimony, not justified by the tax payer, independent in their nature, origin or denomination.

The renters are considered as those people that enjoy stable rents, permanent, which capital comes from the exterior, by any of the reasons detailed above:

- Deposits and or investments in banks established abroad.
- Money coming from banks established abroad.
- Investments in companies established abroad.
- Money originated in real estate.
- Interest received from titles emitted in foreign currency generated abroad.
- Benefits obtained through investments in titles emitted in foreign currency and or national currency, with the Estate o its institutions, as long as the capital has been generated abroad, and the exchange is made in our country.
- Interest, rents or dividends of real estate and non real estate investments done in our country,

with money provided from abroad.

### **Objective and Reach of The Law.**

The principal objective of this law constitutes the benefitting of the pensioned and of the foreign renters that wish to reside in a permanent form in our country, as long as they fulfill the requirements that will be put forward above, with the granting of certain benefits and exceptions detailed above:

- Residence by Investment: this program allows the foreign investors to obtain Dominican residence in 45 labor days.
- Exemption in the payment of taxes to home furnishings and personal belongings: this tax exemption is established in Law 14-93 of August 26, 1993, in which it is established that the foreigner that comes to our country with means of residing here can bring their home furnishings, free of taxes.
- Partial exemption of taxes is used motor vehicles: this benefit is consented in Law 168 of May 27, 1967, in which the privilege is granted to the foreigners coming to live in our country, can bring their motor vehicles, as long as it is used and has been in use for at least one year.
- Tax exemption of the payment of taxes in the first property they buy.
- Exemption of 50 % of mortgage taxes, as long as the creditor is an institution regulated by the Monetary and Financial Law.

- Exemption of 50 % of the taxes that are paid by dividends and interest generated in our country or abroad.
- Exemption of the tax of capital benefits, as long as the renter is the mayor stock owner of the company that must pay this tax, and that this company does not make commercial or industrial activities.

### **Minimum Amount of The Pension Or Rent.**

In order to be benefitted with the present Law, the pensioned must receive an annual income no less than US\$ 1,500.00, and the renter must perceive US\$ 2,000.00, or its equivalent to the national currency.

In case of dependents, the principal applicant must receive an additional income of US\$ 250.00 for each dependant, to be benefitted by this Law.

### **Of The Resident Permit By Investment.**

The pensioned or renters could apply to this permit, as their spouses and children less than 18 years of age, handicapped of legal age, or the ones of legal age who are in college and are economically dependent of the applicant.

This request for this residence must be done before the window of Foreign Investment located in the National Immigration Office, having to complete all the requirements established; the pensioned must include a Certificate of the Government, Official Entity or Private Company, where they use to render their services, dully translated to Spanish by a judicial interpreter and

legalized in the Dominican Consulate of the country of origin of the document.

In relation to the renters, they must demonstrate that they receive permanent and stable rents from abroad, for a period no less than 5 years, with a copy of the rent contract dully translated to Spanish by a judicial interpreter and legalized in the Dominican Consulate of the country of origin of the document, they must also include receipt of income of the money to our country, with a copy of the check or wire transfer deposit of the financial entity established abroad.

At the end of the expiration of the residence permit, the pensioned and or renter, must deposit in the window of Foreign Investment located in the National Immigration Office, the following documents:

- Form of permit renovation of the residence permit for pensioned or renter.
- Copy of Dominican ID.
- Certificate of Non Delinquency given by the Office of the District Attorney from where the person resides in, or by the National Police.

#### **Expired Resident Card.**

After the renovation request is approved, the General Immigration Office must provide a card in a period of no longer than 8 labor days, and the duration of the card will be 2 years, when it can be renovated.

**Benefits of Law 14-93 that exonerates from taxes the home furnishings and personal belongings of the foreigners who come to permanent reside in the Dominican Republic.**

The pensioned and renters whose residence request have being approved by the General Immigration Office, will be benefitted by the exemption of the tariffs and taxes to personal belongings and home furnishings, and used electronic appliances. Also, they must fulfill with the requirements established by the General Immigration Office, handling in with the forms a copy of their permanent resident card.

In the case in which the application for residence by investment is in process, waiting for its expedition, the applicant can make the adjustments to be benefitted by Law 14-93 before the General Customs Office, handling in a certified copy of the letter of approval by residence by investment, emitted by the General Immigration Office.

The exemption established in the present Law, will only benefit pensioned and renters that have their application of residence by investment approved by the General Immigration Office, being excluded the spouses and children of the applicant.

**Benefits of Law 168 of partial tax exoneration to motor vehicles, modified by Law 146-00, of tariff reform and fiscal compensation.**

As established by Law 14-93, Law 168 allows the benefit to the pensioned and renters of a regimen of tax exemption, in this case it is with partial motor vehicle tax exoneration, equally the applicant must comply with the requisites established by the General Customs Office, including also a copy of their permanent resident card to the application.

At the same time, the pensioned and renters that are in the process of their residence by investment, and that has

been previously approved by this Law, must present to the General Customs Office, a certified copy of the approval of the residence by investment, emitted by the General Immigration Office.

The motor vehicles that are favored with this Law cannot be trespassed or sold to a third party, in a period of 5 years after being introduced to our country, unless the corresponding taxes are paid.

It will be allowed to each applicant to import 1 car, never the less, the ones that are acquired within the country will have a payment exemption of the transfer tax of services and goods (ITBIS) and of the selective consumer tax (ISC).

### **Exemption of the payment of transfer tax, mortgages, taxes over real estate and of capital gaining.**

The pensioned and renters, with their spouses are benefited with the exemption of the payment of taxes from real estate operations for the first property they acquire; at the moment they sell such properties to a third party, they are exempt of paying 50 % of the tax of capital gaining, as long as their permanent residence has been approved. At the same time, the applicants whose residence by investment is effective also benefit from the 50 % exemption of the mortgage tax.

### **Possibilities Of Working In The Country.**

Every pensioned and or renter benefited by the present Law, can work in our country, never the less, their remuneration will be subject the payment of the corresponding taxes.

### **General Dispositions.**

Equally, the Dominican pensioned by institutions abroad that can prove they

receive rents in conformity with the established in the present Law, as long as they have permanently resided no less than 10 years abroad, and the foreigners that reside in our country that acquire the condition of pensioned or renter, will benefit from the following Law.

If the principal applicant deceases, the rights acquired will be given to their spouse or to any other dependent, as long as the qualify with what is established in articles 3, 5 and 6 of this Law, in reference to the minimum amounts of the pension or monthly rent, the requirements to obtain the residence permit by investment and the procedure established within.

If the applicants that want to be benefitted by the present Law, present in a conscious manner, information that is false, will be punished and sanctions to pay a fine, for the double the amount of the quantity that has to be paid to the Dominican Government.

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