



Ministerio de  
**Economía**



# GUATEMALA

## CENTRAL AMERICA'S ECONOMIC ENGINE

# GUATEMALA

## CENTRAL AMERICA'S ECONOMIC ENGINE



Ministerio de  
**Economía**

**Dr. Bernardo Arévalo**

*President of the Republic of Guatemala*



With the support of



A place to invest



¿ Why GUATEMALA ?

GENERAL INFO

**Capital:**  
Guatemala City

**Area:**  
108,889 km²

**Official language**  
Spanish, 22 Mayan languages, 1 Garifuna and 1 Xinca

**Form of government:**  
Democratic Republic

**Head of state:**  
President

POPULATION

**Population 2024¹:**  
17,602,431

**Economically active population (EAP) 2022¹:**  
7,4 Millions

ECONOMY

**Real Economic Growth 2022/2023²**  
17,843,1322  
3.5%

**GDP Nominal 2023²:**  
US\$ \$103,130.23 million

**GDP per capita 2023²:**  
US\$ US\$ 5,932.6

**Foreign Direct Investment 2022²:**  
US\$ 1,572.3 million

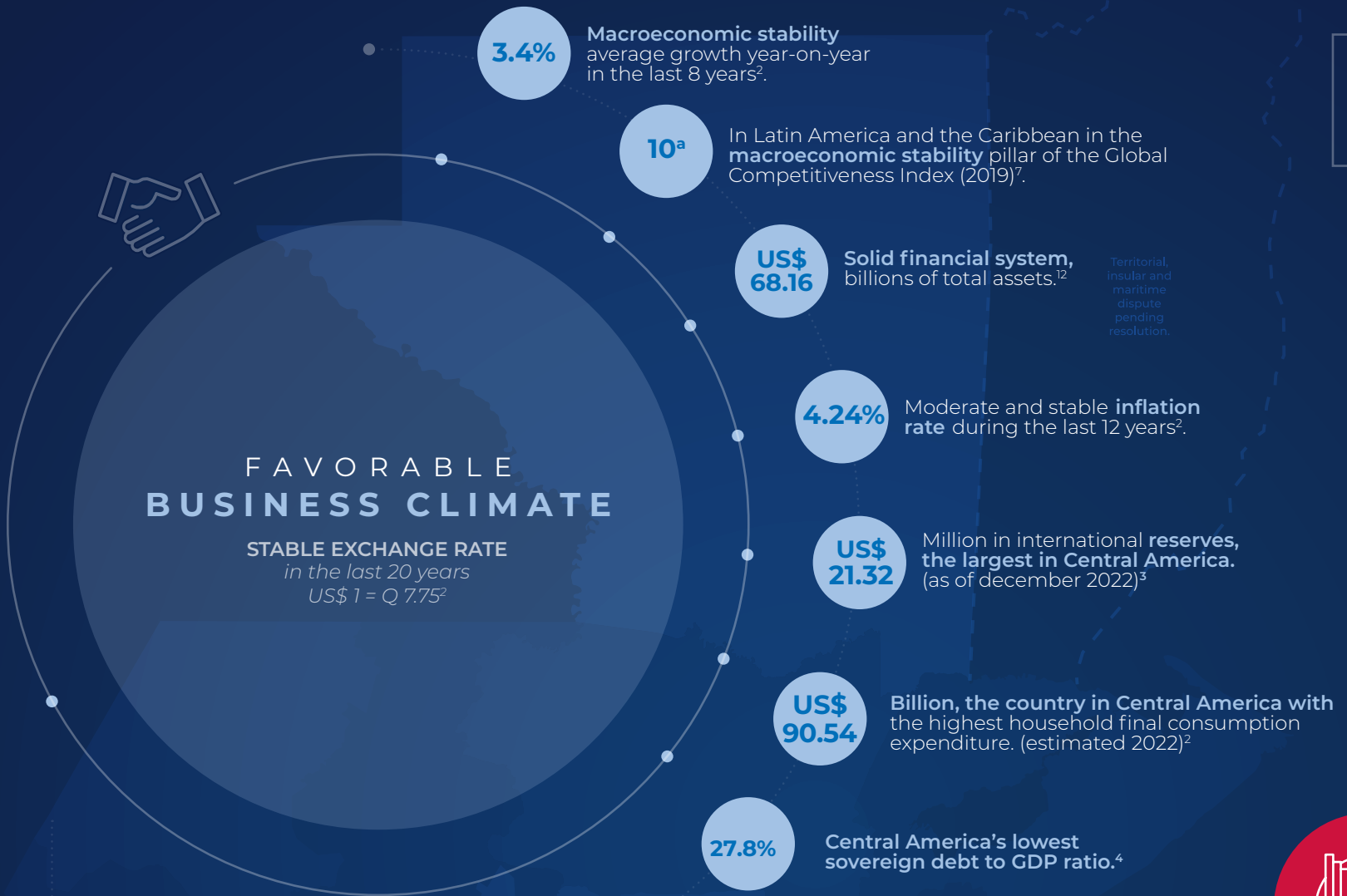
**Remittances 2023²:**  
US\$ 19,804.0 million

**Exports as of 2023²:**  
US\$ 14,186.42 million

**Imports as of 2023²:**  
US\$ 30,319.88 million

**Tax revenue as of nov. 2023¹⁰:** US\$  
US\$ 12,328.75 million

**Currency:**  
Quetzal (Q)



- Country risk rating³: Fitch Ratings (BB Stable), Moody´s (Ba 1 Stable), Standard & Poor´s (BB Positive).
- GDP² 2023 US\$ 103,130.23 million, the **largest economy in Central America**.(estimated)
- Customs union between Guatemala, Honduras and El Salvador**, that represented a commercial exchange of more than **US\$5,770.71 MM** in 2023²
- Central America's Largest installed capacity for energy production in the north triangle⁹**  
3,381 MW, exceeding El Salvador (2,468 MW) and Honduras (2,993 MW).

**Technical institute of training and productivity (aka INTECAP in Spanish)¹¹** Provides technical assistance to business: +28 centers, 5 departmental delegations, 5 business service departments, 72 specialties and 50 high-tech laboratories.

**67.28% million people¹**  
Working Age Population - WAP -

**60.2% million people¹**  
Economically Active Population - EAP -

**26.9% of the population from the WAP between 15 -24 years**  
And 73.1%¹ is 25 years or older

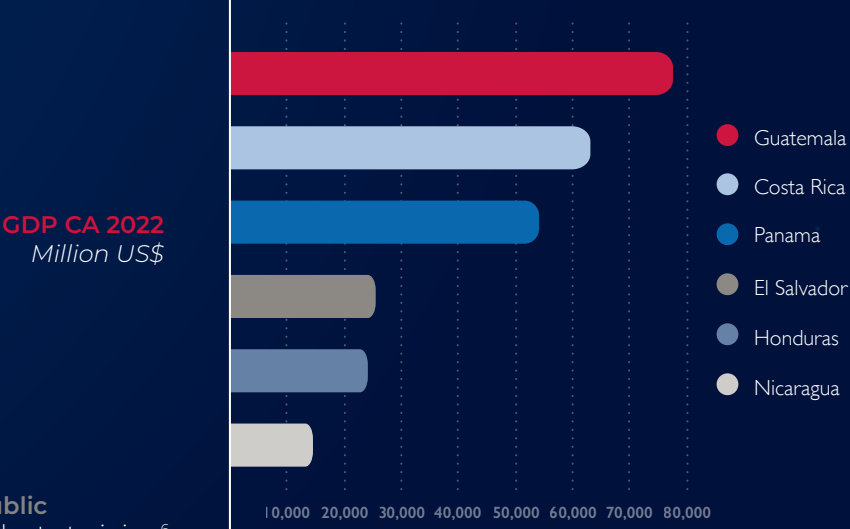


LOGISTICS PLATFORM

- Direct access to the coastlines on both the Pacific and Atlantic Oceans  
**(400 km between both coastlines)**
- Connectivity:** 2 international airports, 9 local aerodromes, 14 commercial airlines and 7 cargo airlines.
- The largest maritime cargo operation in Central America** (35.77%) in 3 main seaports: Santo Tomás de Castilla, Puerto Barrios on the Atlantic and Puerto Quetzal on the Pacific.

ACCESS TO MAIN MARKETS ⁸

- Gateway to the largest Hispanic American market**, Mexico, US\$1.465 trillion GDP in 2022.
- Closeness and Free Trade Agreement with the United States**, the largest market in the world, +US\$25.44 trillion GDP in 2022.
- Opportunity to access the Central American market** (US\$ 320,645.21 million GDP) from the country with the largest economy in the region.



SOURCE  
Central American Monetary Council

1. National Statistics Institute, INE in Spanish.  
2. Banco de Guatemala, Banguat in Spanish.  
3. Central American Monetary Council.  
4. Public Credit Operations Report.  
5. Guatemala Exporters Association, AGEXPORT.  
6. Private Higher Education Board.  
7. World Economic Forum.  
8. World Bank.  
9. National electric market operators' website.  
10. Superintendency of Tax Administration, SAT in Spanish.  
11. Technical Institute of Training and Productivity, INTECAP in Spanish.  
12. Superintendency of Banks, in Spanish  
13. Central American Maritime Transportation Commission. \* Data do not include Panama.

The reference exchange rate for the figures in this document is US\$ 1= Q7.75



# TAX OBLIGATIONS

**The Superintendency of Tax Administration (SAT for its acronym in Spanish)** - The controlling and only entity for tax and customs administration is the Superintendency of Tax Administration (SAT for its acronym in Spanish). After completing the merchant's registration with the Commercial Registry, an entity must register with the Unified Tax Registry (RTU) in order to be authorized to operate in Guatemala, where it will be given a Tax Identification Number (Número de Identificación Tributaria -NIT-). *The company can now start operating and issuing invoices for the provision of services or the sale of goods. Before the SAT, it is advised that it enable its virtual agency, which will allow it to perform numerous operations electronically, including:*



Annual  
data update



Verify declaration  
status



Authorization of  
electronic invoices

## VALUE ADDED TAX • VAT • (IVA FOR ITS ACRONYM IN SPANISH)

*The value of the commodity or service given is taxed at a rate of 12%. The tax is already factored into the transaction price.* It is generated by sales, rendering of services on national territory, imports, leasing of movable and immovable property, adjudications of movable and immovable property in payment, donation of movable and immovable property between living persons, and other activities as defined by the Value Added Tax Law, Decree 27-92 of the Congress of the Republic of Guatemala.

## INCOME TAX • (ISR FOR ITS ACRONYM IN SPANISH)

Tax that falls on income or profits obtained by individuals; legal entities (companies, foundations, associations, amongst others; or national or foreign assets, resident or non-resident. *It taxes three types of income: lucrative activities, capital income and labor income.* The taxpayer can select between two income tax regimes for profitable activities:

- **Payments on profit - 25%** (expenses are deductible)
- **Optional Regime** - 5% based on brute income (paid over the first USD\$ 3,911.34) and 7% once over USD\$ 3,911.34 (per month)





# TAX OBLIGATIONS

## SINGLE TAX ON PROPERTIES • (IUSI FOR ITS ACRONYM IN SPANISH)

This tax falls on rustic or rural and urban real estate, including land, structures, constructions and facilities of the property and its improvements, as well as permanent crops. The proceeds go to municipalities directly.

**To be paid quarterly or annually. The ranges vary according to the value of the property:**

 RANGE	 RATE
Up to US\$260	Exempted
From US\$ 261 to US\$2,610	1% per thousand
From US\$2,611 to US\$9,125	6% per thousand
From US\$ 9,126 onwards	9% per thousand

**Note:** These are the main taxes related to investment. There may be other taxes, depending on the economic activity that is carried out. There is a regulatory framework that regulates each tax which can be consulted at:



[portal.sat.gob.gt/portal/biblioteca-en-linea-sat/legislacion-2/](https://portal.sat.gob.gt/portal/biblioteca-en-linea-sat/legislacion-2/)

Reference exchange rate US \$ 1 = Q7.67





# TRADE AND INVESTMENT AGREEMENTS



## TRADE AGREEMENTS ●

**Partial Scope Agreements:** Belize (f), Cuba (f), Ecuador (f) and Venezuela (f). **Free Trade Agreements (FTA)** Chile (f), Taiwan (f), Colombia (f), Dominican Republic (f), DR-CAFTA (f), Mexico (f), Panama (f), Israel (n), Canada (n), United Kingdom (f), South Korea (n), EFTA (s) and Peru (s). **Regional Integration:** Central American Economic Integration (F). **Association Agreement:** European Union (F).

## BILATERAL INVESTMENT TREATIES ●

Argentina, Austria, Belgium-Luxembourg Economic Union, Chile, Cuba, Czech Republic, Finland, France, Germany, Israel, Italy, The Netherlands, Republic of Korea, Spain, Switzerland, Chinese Taipei, Trinidad and Tobago, Turkey, Sweden.



# LABOR AND SOCIAL SECURITY

**The employment relationship is formalized with an employment contract.** This can be registered online, on the Ministry of Labor and Social Welfare website. A trial period of 2 months is allowed before being definitively hired.

## LABOR OBLIGATIONS OF EMPLOYERS

- File within the first 2 months of the year a report at the Labor Statistics department detailing information about the employees and the company.
- Nursery when having more than thirty female workers.
- Payment of travel expenses if workers travel abroad or within the country.
- Recognize unions and comply with collective agreements.
- Proportional compensation for the time worked after an unfair dismissal.
- Contribute to the Guatemalan Social Security Institute (IGSS in Spanish). The company covers 10.67% of the employee's monthly salary and the employee covers an additional 4.83%.
- Contribute to the Technical Institute of Training and Productivity (INTECAP in Spanish), which represents 1% of the employee's monthly salary.
- Contribute to the Recreation Institute for Private Sector Workers of Guatemala (IRTRA in Spanish), which represents 1% of the monthly salary paid to its employees.

## FAIR CAUSES OF DISMISSAL

- If the worker does not show up two days in a row or 6 days in the same month, without a fair cause.
- When revealing sensitive information and when violating a non-disclosure agreement.
- When having to serve a sentence.
- Any serious offense that is contemplated in the employment contract.

## LABOR BENEFITS

- Workers must receive the seventh day off, after working 6 consecutive days. If they work that seventh day, they must be paid as "overtime".
- There are 13 recognized national holidays.
- After a year of uninterrupted work, the employee must be granted at least 15 days of vacation.
- Annual bonus: equal to 100% of an ordinary salary, must be paid in one payment on July 15th.
- Christmas bonus: equal to 100% of the ordinary salary, payable in 2 installments, the first half on December 15th and the second half on January 31<sup>st</sup>.
- Compensation, applies in case of dismissal when there is an indefinite contract, and is equivalent to a monthly salary per year worked.
- Grant permits with pay to employees in the events set out by law (death of spouse, marriage, birth of child, subpoenas, and union duties).



# LABOR AND SOCIAL SECURITY

## WORKING SHIFTS:



### DAYTIME

06:00 – 18:00

8 hours Maximum work hours  
48 hours Maximum weekly work



### NIGHTTIME

18:00 – 06:00

6 hours Maximum work hours  
36 hours Maximum weekly work



### COMBINED

Daytime-nighttime

7 hours Maximum work hours  
42 hours Maximum weekly work

The ordinary workday could be extended up to 4 hours a day. Every extra hour must be paid 1.5 times the regular hour payment.

## WAGES

The minimum wage is established by the Guatemalan Economic Constituency (Department of Guatemala)



### AGRICULTURAL ACTIVITIES

US\$ 13.79\* per day

US\$ 420.58 per month

US\$ 32.19 bonuses per month

US\$ 452.77 monthly



### NON AGRICULTURAL ACTIVITIES

US\$ 14.29\* per day

US\$ 435.74 per month

US\$ 32.19 bonuses per month

US\$ 467.77 monthly



### EXPORT AND LIGHT MANUFACTURING ACTIVITIES

US\$ 13.06\* per day

US\$ 398.20 per month

US\$ 32.19 bonuses per month

US\$ 430.39 monthly

## Economic Constituency II (All departments except Guatemala)



### AGRICULTURAL ACTIVITIES

US\$ 13.19\* per day

US\$ 402.24 per month

US\$ 32.19 bonuses per month

US\$ 434.43 monthly



### NON AGRICULTURAL ACTIVITIES

US\$ 13.62\* per day

US\$ 415.56 per month

US\$ 32.19 bonuses per month

US\$ 447.74 monthly



### EXPORT AND LIGHT MANUFACTURING ACTIVITIES

US\$ 12.33\* per day

US\$ 376.17 per month

us\$ 32.19 bonuses per month

US\$ 408.36 monthly

The Governmental Agreement for the 2024 salaries is 307-2023, published in Diario de Centroamérica on December 19, 2023. Said salaries are effective as of January 1, 2024.

Source: Ministry of Labor and Social Welfare, MINTRAB in Spanish, and calculated based on daily data from Bank of Guatemala, Banguat in Spanish.

\*The amounts can vary according to the current reference exchange rate, the reference exchange rate for this document is US\$1 = 7.77





# INVESTMENT LEGAL FRAMEWORK

## **FOREIGN INVESTMENT LAW • DECREE 9-98**

---

It guarantees national treatment to foreign investors, authorizes their participation in any lawful economic activity in the country and any proportion in the capital stock of a legally constituted company, unless there is a special law stipulating otherwise.

## **FREE FOREIGN CURRENCIES EXCHANGE LAW • DECREE 94-2000**

---

Stipulates the freedom in the disposition, holding, remittance, transfer, purchase, sale, collection and payment of and with foreign currency, as well as in the holding and management of deposits and accounts in foreign currency. The exchange rate calculated and published daily by the Bank of Guatemala will be used for obligations with the State and conflict resolution.

## **CODE OF COMMERCE • DECREE 2-70**

---

It is the main legal framework for commercial and mercantile activity. There is no limitation for foreign persons or corporations to appear as shareholder partners in corporations in Guatemala or to obligate Guatemalan persons or entities to participate. In addition, respect for private property and the free disposition of assets and capital is guaranteed in equal treatment for nationals and foreigners. Bearer shares are prohibited.

## **LEASING LAW • DECREE 2-2021**

---

Regulates leasing operations, as well as the rights and obligations of the parties involved in this operation, which allows progress in the financial inclusion strategy and diversifies access to credit and financing. The main actors in leasing operations are: a) Lessor; Lessor, Lessee, is the one who delivers the leased goods; b) Lessee, is the one who obtains the right to the use, enjoyment and enjoyment of the leased good; and c) Supplier; is the one who transfers the ownership of the leased good to the lessor.

## **LAW FOR THE SIMPLIFICATION OF ADMINISTRATIVE REQUIREMENTS AND PROCEDURES • DECREE 5-2021**

---

Regulations that require the modernization of administrative management through the simplification, streamlining and digitalization of administrative procedures, using information and communication technologies to move towards an Electronic Government.

## **INSOLVENCY LAW • DECREE 8-2022**

---

It allows individuals and merchants to meet their legal and contractual obligations when they are in insolvency disputes, maintaining in some cases their businesses and assets. This regulation accelerates the recovery rate of credits, the reorganization of companies, the reincorporation of individuals into the national economic environment, improves access to credit and gives creditors the ability to be involved in the decision making process.





# INVESTMENT LEGAL FRAMEWORK

## LAW FOR THE PROMOTION OF GUATEMALAN MERCHANT MARINE LABOR ABROAD • DECREE 10-2022

Promotes formal employment in the foreign merchant fleet, ensuring the rights of Guatemalans who wish to provide their personal services outside the national territory, hired in the country, providing legal certainty to them in the establishment of labor contracts abroad, ensuring compliance with applicable Guatemalan labor legislation and international conventions ratified by Guatemala. It also regulates the certification that must be issued by the Ministry of Labor and Social Security in order to be hired in this modality.

## LAW OF INCENTIVES FOR THE DEVELOPMENT OF RENEWABLE ENERGY PROJECTS • DECREE 52-2003

The incentives apply to municipalities, the National Electrification Institute - INDE, joint ventures, and individuals and legal entities that carry out energy projects with renewable energy resources. The incentives are:

- Exemption from import duties, including VAT.
- Exemption from income tax (ISR)
- Exemption from the Tax on Commercial and Agricultural Companies – IEMA in Spanish.



### SPECIAL REGIMES

	EXPORT ACTIVITY & MAQUILA PRO- MOTION AND DE- VELOPMENT LAW & ITS REFORMS • DECREE 29-89	FREE ZONE LAW & ITS REFORMS- • DECREE 65-89 (FOR USERS)	PUBLIC SPECIAL ECO- NOMIC DEVELOP- MENT ZONES (ZDEEP BY ITS ACRONYM IN SPANISH) • DECREE 22-73 (FOR USERS)
• Income Taxes (ISR)	• 10-year exemption (for specific activities)	• 10-year exemption	• 10-year exemption
• Value Added Tax and Import Duties on imports of raw materials or imported products.	• Suspension of payment for 1 year	• Import exemption	• Import exemption
• Value Added Tax and Import Duties on machinery imports	• Total exemption	• Total exemption	• Total exemption
• Local sale	• Payment of DAI and VAT (Not exempt from ISR) Article 39 bis)	• Payment of DAI and VAT (Not ISR exempt)	• Payment of DAI and VAT (Exempt ISR)*



# STARTING OPERATIONS IN GUATEMALA?

Visit [www.asisehace.gt](http://www.asisehace.gt), a web portal that facilitates information regarding processes, estimated times, costs and required documents to carry out the main commercial procedures. These are some of the procedures that are available online:

- Company registration (Local or Foreign)
- Trademark and patent registration
- Tax payment
- Registration as an exporter or manufacturing plant
- Work permits for foreigners with residency
- Sanitary permits

Once the required legal documents are available, the companies' registration process is carried out on the Commercial Registry's website (<https://minegocio.gt/>). Through this site, several governing institutions registration is completed (Superintendency of Tax Administration -SAT for its acronym in Spanish-, Guatemalan Institute of Social Security -IGSS for its acronym in Spanish- and the Ministry of Labor and Social Welfare -MINTRAB for its acronym in Spanish-).

## A foreign company can do business in Guatemala through the following figures:

- Constitution of a Public Limited Company (Sociedad Anónima in Spanish), the most common in Guatemala
- Branch of the parent company, registered as a foreign company
- Purchase of a Guatemalan company already constituted or the purchase of shares

## COSTS AND TIMING ESTIMATED

### Registration of a company, 9-15 days process

- US\$ 77- authorized capital up to US\$65,200
- US\$475 authorized capital up to US\$65,200 (+US\$ 1 tariff for each additional thousand, after US\$ 65,189 up to a maximum tariff of US\$ 5,215)

### Registration of a foreign company

- If the company wishes to be established for an indefinite period of time: US\$413, from 12 to 19 days process
- If the company wishes to be established for a definite time: US\$ 447, from 14 to 21 days process



## IMMIGRATION PERMITS

### IMMIGRATION LAW DECREE • 44-2016 AND ITS REGULATION

#### Foreigners can either be classified as “residents” and “non-residents”

Ordinary migratory status: This is the migratory category provided to foreigners based on their entry and stay in Guatemala, which is classified as follows:

- Traveler or tourist
- Temporary resident.
- Permanent resident
- **Initial admission:** Visitor's visa or business visa, valid just for the trip requested. It permits you to enter and exit the nation as many times as you need over a three-year term. Tourists or travelers can remain in Guatemala for up to 90 days, which can be extended once.
- **Temporary residency visa for investors:** The foreigner must complete out and submit an application form to the General Directorate of Migration in Guatemala which can be obtained at <http://gm.gob.gt/formularios-para-tramite-de-residencia-temporal/>. Applicants can apply for up to 5 years of residence.
- **Temporary or permanent residency visa application:** The application form for permanent residency may be obtained on the website <http://gm.gob.gt/formularios-para-tramite-de-residencia-permanente/>. This must be completed and sent to the General Directorate of Migration in Guatemala.

Guatemala offers temporary residence for up to five years. Permanent residence must be obtained if you want to stay for an extended period of time. For a favorable outcome, the solvency of the person or entity who will appear as a guarantee of the guarantor of the application is critical.





# STARTING OPERATIONS IN GUATEMALA?

Once the permanent residency is granted, the foreigner is registered as a foreign resident in the Immigration Department, and likewise in the National Registry of People (RENAP for its acronym in Spanish), where they are given a Personal Identification Document (DPI for its acronym in Spanish).

## Temporary residency fees:

- 1 year, \$ 200.00
- 2 years, \$ 300.00
- 3 to 5 years, \$ 500.00
- Permanent residence \$ 700
- Permanent residence for Central Americans- \$ 500.00

## General Residency Requirements:

- Residency application form.
- Original and full legalized copy of a valid passport.
- Passport validity certificate issued by your country's accredited embassy or consulate in Guatemala.
- If there is no Embassy or Consulate in Guatemala, the applicant must provide a birth certificate with an apostille in line with the Law of the Judicial Organism, as applicable to their legal passports.
- Lack of a valid and current criminal and police record issued by the appropriate authorities in the country or countries where he/she has had legal abode in the previous five years.
- Certification of migratory movement where the last entry to the country is recorded.
- Guarantor who is required to react jointly and severally on behalf of the foreigner before the Guatemalan Institute of Migration.

## WORK PERMITS FOR FOREIGNERS

90% of the company's employees must be Guatemalan and should receive at least 80% of the total salaries, except in cases where special laws stipulate it, as in the case of lack of national technicians in the area.

A written request is presented, indicating the place to receive notifications before the General Employment Directorate of the Ministry of Labor and Social Welfare. Extension is requested every year:

- **Ordinary request:** Positions of managers, directors, administrators, superintendents and general managers
- **Technical position:** governing body makes a verification in its human resources bank.

## Required documentation:

- Photocopy of the complete passport of the foreigner with the respective residency visa, proof of procedure or photocopy of application, with stamp of receipt, of the General Directorate of Immigration.
- Request signed by the representative of the company that requires the permit, as well as an affidavit of the legal representative of the applicant company declaring to be responsible for the foreigner to hire, and that he can speak and understand the Spanish language.
- Certificate of lack of a criminal record abroad, apostilled.
- Accounting certification stating the percentages of salaries paid on payroll. If the company has not started its operations, an affidavit that stipulates it is accepted.
- Act of appointment of the executive position of the foreigner to hire.
- Express declaration of the applicant for commitment to training Guatemalan personnel.



**Estimated processing time**  
61 to 112 days



**Estimated cost of processing**  
US\$ 391

Reference exchange rate US \$ 1 = Q7.67

FIND THE REASONS WHY  
**GUATEMALA**  
IS CENTRAL AMERICA'S  
ECONOMIC ENGINE

---

