Tax Insights
from Global Structuring

Dominican Republic raises corporate rate, adds withholding taxes and accelerated depreciation

July 13, 2026

In brief

What happened?

The Dominican Republic Government, on June 18, 2026, enacted Law No. 30-26 on Economic Growth Measures, Fiscal Simplification, and Mitigation of the International Crisis. The law introduces a broad package of tax measures intended to promote economic growth, simplify tax administration, strengthen tax compliance, and support fiscal consolidation. The law entered into force the day after its publication on June 19.

Why is it important?

Among the measures most relevant to multinational enterprises are a temporary increase in the corporate income tax rate for certain large taxpayers; new withholding tax rules applicable to cross-border royalties, technical assistance, software licenses, online advertising services, and data storage; an accelerated depreciation regime for qualifying machinery and equipment; and various measures intended to strengthen tax administration and compliance.

Actions to consider

Multinational groups with operations or investments in the Dominican Republic should consider:

- evaluating whether the temporary 30% corporate income tax rate will apply to their Dominican Republic operations;
- reviewing existing cross-border service, royalty, software licensing, online advertising, and data storage arrangements considering the new withholding tax rules;
- assessing opportunities to benefit from the accelerated depreciation regime for qualifying capital investments; and
- identifying whether any outstanding tax controversies or liabilities may qualify for relief under the temporary tax amnesty.

In detail

Below is a summary of selected new corporate tax measures.

Corporate income tax measures

Temporary increase in the corporate income tax rate

Law 30-26 introduces a temporary increase in the corporate income tax rate applicable to large taxpayers. For tax years 2026 through 2028, legal entities with annual gross revenues equal to or exceeding RD$1 billion (approximately USD 17 million as of July 2, 2026) will be subject to a 30% corporate income tax rate, rather than the generally applicable 27% rate. Beginning in 2029, these taxpayers will again be subject to the general 27% corporate income tax rate.

This measure may increase the effective tax rate and cash tax obligations of large multinational groups with significant operations in the Dominican Republic during the three-year period. However, free trade zone users are not expected to be impacted.

Accelerated depreciation

To encourage capital investment, the law introduces an accelerated depreciation regime for qualifying machinery and equipment. Eligible assets may be depreciated using double the ordinary depreciation rates otherwise provided in the Tax Code. The Directorate General of Internal Taxes ('DGII') is expected to identify, through future guidance, the categories of assets eligible for this treatment.

Taxpayers contemplating significant capital expenditures should consider whether planned investments may qualify for the accelerated depreciation regime and whether to opt for this regime.

Cross-border payments

New withholding tax rate on royalties, software licenses, online advertising, and data storage

Law 30-26 introduces a lower withholding tax rate applicable to cross-border royalties, software licenses, online advertising, and data storage. Under new Articles 305-1 and 305-2 of the Tax Code, payments or amounts credited to nonresident recipients for royalties or similar rights generally will be subject to a 15% withholding tax down from 27% under prior law.

An exception applies where the payment relates to the acquisition of software involving an actual transfer of ownership by the software developer or owner.

Technical assistance

Law 30-26 introduces the concept of technical assistance and clarifies that income derived from technical assistance utilized in the Dominican Republic constitutes Dominican-source income, regardless of where the services are physically performed. The definition is intentionally broad and expressly includes numerous professional, management, consulting, and technology-related services, including software development, cloud computing, cybersecurity, artificial intelligence, data analytics, and digital transformation services.

Multinational groups should review existing cross-border service arrangements to determine whether payments that historically may not have been treated as technical assistance could now fall within the expanded statutory definition.

Tax administration and compliance

Payment agreements

Law 30-26 formally incorporates payment agreements into the Tax Code by establishing a statutory framework under which taxpayers may request installment arrangements for outstanding tax liabilities, subject to specified conditions, including an initial payment, provision of guarantee, and payment of compensatory interest.

Interest and penalties

The legislation introduces several measures intended to modernize tax administration, including:

- granting the Dirección General de Impuestos Internos (DGII) authority to update compensatory interest rates annually;
- reducing the general late payment surcharge from 10% for the first month and 4% for each subsequent month to a flat rate of 3% for each month, or fraction thereof;
- introducing significant reductions in late payment surcharges where taxpayers voluntarily regularize outstanding liabilities or promptly settle assessments; and
- codifying additional procedural rules governing the payment of tax liabilities.

These changes are intended to encourage voluntary compliance while providing taxpayers with greater certainty regarding the administration of tax debts.

Tax amnesty

Law 30-26 establishes a temporary tax amnesty available through December 31, 2026. Subject to specified requirements, taxpayers may settle certain outstanding tax liabilities in connection with direct and indirect taxes administered by the DGII, including liabilities under administrative or judicial appeal, final tax assessments, and omitted tax returns, through payment of the underlying tax together with limited interest and penalties. Taxpayers seeking to benefit from the amnesty must satisfy the statutory eligibility requirements and applicable payment conditions.

Other relevant measures

The law also includes several additional provisions that may be relevant depending on a taxpayer's operations, including:

- revisions to the Simplified Tax Regime (RST);
- new rules governing the interaction of the RST with VAT (ITBIS);
- a refund mechanism for fuel excise tax and insurance tax applicable to exporters;
- refunds of excise tax on ethyl alcohol used in pharmaceutical manufacturing; and
- modifications affecting various indirect taxes and sector-specific regimes.

Multinational groups with operations in the Dominican Republic should evaluate the application of these provisions considering their business activities and investment profile.

Let's talk

For a deeper discussion of how the law could affect your business, please contact:

International Tax Services (Latin American Tax Group), New York

Maria Bel, *New York*
(646) 637-2461
maria.j.bel@pwc.com

Luis Vargas, *New York*
(347) 325-4171
maximo.l.vargas@pwc.com

Camila Silva, *New York*
(646) 704-4849
camila.silva.jimenez@pwc.com

PwC Dominican Republic

Andrea Paniagua
Santo Domingo
+ 1-809-567-7741
andrea.paniagua@pwc.com

Alejandro Fernández
Santo Domingo
+ 1-809-567-7741
alejandro.fernandez@pwc.com

Juan Tejeda
Santo Domingo
+ 1-809-567-7741
juan.tejeda@pwc.com