Tax Printers

On September 2 2008, Presidential Decree No. 451-08 was enacted which created the obligation to all taxpayers, natural persons or juridical persons, whose businesses mainly consist in the sale of products or the rendering of services to Final Consumers (Taxpayers of the Retail Business), to use Tax Printers from the date it enters into force which is the time when the taxpayers are notified by the National Directorate of Internal Taxes (DGII). The Tax Printers are invoices or tax receipts printing equipment that at the moment of their fabrication include a data storage device authorized by the DGII.

In order for a Tax Printer to be considered as such under the provisions of the aforementioned Presidential Decree, and therefore authorized to issue Tax Receipts, they must be supplied and installed by providers who have certified such printers with the DGII. These Tax Printers must have a Fiscal Control Device incorporated and sealed during fabrication, as well as comply with other requirements set forth in the Presidential Decree. The taxpayers must keep book records of each tax printer in which it must register each event related to its operations.

From the date of the installation of the Tax Printers in these retail businesses, the taxpayers will be subject to comply with the following obligations: (i) Submit to the DGII by no later than 15 calendar days after the closing of the month, the Daily Sale Book, which is the electronic file that consolidates the sales per day, per month or per branch, and it is generated from the installed Routines or authorized by the DGII; (ii) Conserve in an electronic file the Daily Book of Sales for at least two (2) calendar years; and (iii) Maintain the documentation remitted on the Daily Book of Sales.

The taxpayers on the retail business that were currently operating as of the date of the Decree will be gradually incorporated in the use of tax printers.

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For this process, the DGII offers certain tax breaks to the taxpayers in order for them to comply with this regulation:

(i) For the first group to enter in the use of Tax Printers, the DGII will provide and install the tax printers, but the taxpayer will be obligated to replace and maintain such printers for their use; and

(ii) For all other taxpayers to enter in the use of Tax Printers, they may request to the DGII to arrange that all investments made to the components of the Commerce Systems that require their replacement, upgrade or incorporation, associated with the installation of the Tax Printers will be used as a tax credit against their Income Tax or Assets Tax in the fiscal year in which the investment was made, including the costs of the components of the Commerce System and the expenses involved in their installation.

For complying with the provisions of the Decree, the juridical persons that sale, install, or render maintenance services to the retail business taxpayers who own Tax Printers, without being previously authorized or certified by the DGII, will be construed as a failure to comply with a formal duty, which constitutes a tax misdemeanor, punishable with a fine ranging from 5 to 30 minimum salaries, as well as supplementary sanctions such as the suspension of the concession, privilege, prerogative, operation or closure of the establishment. In addition to the fines for the taxpayer's failure to comply with formal duties related to the remittance of information to the Tax Administration, the DGII may apply a sanction of 0.25% of the income declared in the previous fiscal period.

The sanctions previously described will also apply to the taxpayers who (i) install computer programs for printing invoices that do not comply with the requirements imposed by the Decree; (ii) install Tax Printers not certified by the DGII; (iii) use maintenance services for their Tax Printers from natural or juridical persons who are not duly certified or authorized by the DGII; or (iv) do not send the Daily Sales Book on the time required by applicable law or regulation.

Taxpayers will be sanctioned with tax fraud when they have included one or more boxes or Sales Points (PoS1), without installing equal amount of Tax Printers, with the same standards which were approved in the resolution of the DGII that authorized the components of the Commerce System. Tax fraud is punishable by the Tax Code with a fine of two to ten times the amount of the taxes evaded, notwithstanding imprisonment which may apply in some cases; the confiscation of merchandise or products, the vehicles and other elements utilized for the perpetuation of the tax fraud when their owners acted as accomplices; closure of the establishment owned by the offender or where the infraction was committed for a maximum period of 2 months; for a maximum period of 6 months, with the cancelation of the operation license, or permits related to the business developed by the offender. Imprisonment of 6 days to 2 years will apply in case of a repeated offense or when the amount of the tax fraud exceeds USD$2,800.00 within the same fiscal year.

With this legislation, the Tax Administration relies on a more efficient tax control system for daily operations of Retail taxpayers, increasing their tax collections and preventing tax evasions. The implementation of these tax printers will complement and increase tax collections, due to the fact that it was only a year ago that a tax control system was implemented by the DGII on the invoices issued by the taxpayers with great success, and therefore, this legislation will complete the control legal framework to considerably reduce the levels of tax evasion in the Dominican Republic.

5 Sale Points (PoS) is defined by the regulation as "an electronicdevice used for invoicing, located in the place where the sale is made".

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