

# DOING BUSINESS

IN GUATEMALA



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# 1 – INTRODUCTION

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UHY is an international organisation providing accountancy, business management and consultancy services through financial business centres in around 90 countries throughout the world.

Business partners work together through the network to conduct transnational operations for clients as well as offering specialist knowledge and experience within their own national borders. Global specialists in various industry and market sectors are also available for consultation.

This detailed report providing key issues and information for investors considering business operations in Guatemala has been provided by the office of UHY representatives:

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Information in the following pages has been updated so that they are effective at the date shown, but inevitably they are both general and subject to change and should be used for guidance only. For specific matters, investors are strongly advised to obtain further information and take professional advice before making any decisions. This publication is current at November 2017.

We look forward to helping you do business in Guatemala.

## 2 – BUSINESS ENVIRONMENT

### DEMOGRAPHY

According to information provided by Invest in Guatemala Agency, Guatemala is a country with young population; 70% of it is less than thirty-five years old. Guatemala has the largest population in Central America with 15.1 million people, and counts an estimated 6 million people in its labor force.

The country also shows an important growth rate in working age population. Since 2010, Guatemala shows a growth of around 30% in the working-age population, higher than the rest of Central American countries and way above the region indicator.

These figures not only reflect a vibrant, young economy for industries that require scalable workforces (such as services outsourcing), The capital city, Guatemala, is located in the geographical heart of the country and is home to an average of 4.5 million inhabitants.

TABLE 1  
*Population statistics*

POPULATION	15,189,958 MILLION INHABITANTS (JULY 2016 EST.)
Growth Rate	1.82%
Male population	49%
Female population	51%
Rural population	47%
Urban population	53%

The data in the table below (from the 'CIA World Fact Book) gives a segmentation of the Guatemalan population by age group:

TABLE 2  
*2016 population estimate by age group*

AGE	PROPORTION
0–14 years	34.5%
15–24 years	21.58%
25–54 years	34.12%
55–64	5.26%
65 years and over	4.54%

The median age in 2016 was estimated to be as follows:

- Both sexes – 22.1 years
- Male – 21.4 years
- Female – 22.8 years

Other population indicators are as follows:

- Birth rate – 24.1 births / 1,000 population (2016 est.)
- Death rate – 4.7 deaths / 1,000 population (2016 est.)
- Net migration rate – -1.9 migrant(s)/1,000 population (2016 est.)
- Rate of urbanisation – 3.23% annual rate of change (2016 est.)

#### CULTURE/ETHNICITY

- Nationality – Guatemalan
- Ethnic groups – ‘Mestizo’ (mixed Amerindian-Spanish, in local Spanish called ‘Ladino’) and European 59.4%, K’iche 9.1%, Kaqchikel 8.4%, Mam 7.9%, Q’eqchi 6.3%, other Mayan 8.6%, indigenous non-Mayan 0.2%, other 0.1% (2001 census)
- Religions – Roman Catholic, Protestant, indigenous Mayan beliefs
- Languages – Spanish 60%, Amerindian languages 40% (23 officially recognised Amerindian languages, including Quiche, Cakchiquel, Kekchi, Mam, Garifuna and Xinca)

#### GEOGRAPHY

Guatemala is in Central America, bordering the North Pacific Ocean, between El Salvador and Mexico, and bordering the Gulf of Honduras (Caribbean Sea) between Honduras and Belize

- Border countries – Belize 266km, El Salvador 203km, Honduras 256km & Mexico 962km
- Area – total 108,890 square km
  - Land 107,159 square km
  - Water 1,730 square km
- Climate – tropical; hot, humid in lowlands and cooler in highlands
- Terrain – mostly mountains with narrow coastal plains and rolling limestone plateau (Petén)
- Administrative Divisions – Guatemala is divided into 22 departments (‘departamentos’) and sub-divided into 332 municipalities (‘municipios’).
- Natural Resources: Petroleum, nickel, rare woods, fish, chicle and hydropower.

#### TRANSPORTATION AND PORTS

- Airports – 16 (paved runways)
- Pipelines – oil 480km (2013)
- Railways – 800 km, narrow gauge: 800 km 0.914-m gauge (2014)
- Roadways – 17,332 km
- Waterways – 990km (260km navigable year round, with an additional 730km navigable during high-water season (2012))
- Ports and harbours – Atlantic Ocean: Puerto Barrios, Santo Tomás de Castilla; Pacific Ocean: Champerico, Puerto Quetzal, Puerto San José

Ground Transportation – the most common way of getting around is by bus or car. ‘Chicken buses’, recycled and often colourfully painted former US school buses, are popular within cities and for short-distance trips. Some operators (such as Litegua between Guatemala City and Puerto Barrios, Fuente del Norte between Guatemala City and Flores or Monja Blanca to Cobán) run modern air-conditioned buses for longer distances. Information on schedules for other lines is limited and usually has to be obtained locally; however, as a rule, there are frequent services along major routes as well as to smaller settlements. There are no passenger trains. Private shuttles are common. Within cities and

many towns, nimble tuk-tuks, which are well-adapted to crowded streets and narrow lanes, provide a taxi service.

- By Air – Guatemala’s airlines offer non-stop services to the various departments
- Boats – ferries are available in certain regions, such as Sayaxché, Cahmperico or around Livingston.

## ECONOMY

Guatemala is the most populous country in Central America with a GDP per capita roughly one-half that of the average for Latin America and the Caribbean.

The agricultural sector accounts for 13.6% of GDP and 31% of the labor force; key agricultural exports include sugar, coffee, bananas, and vegetables. Guatemala is the top remittance recipient in Central America as a result of Guatemala's large expatriate community in the United States. These inflows are a primary source of foreign income, equivalent to over one-half of the country's exports or one-tenth of its GDP.

The 1996 peace accords, which ended 36 years of civil war, removed a major obstacle to foreign investment, and since then Guatemala has pursued important reforms and macroeconomic stabilization. The Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) entered into force in July 2006, spurring increased investment and diversification of exports, with the largest increases in ethanol and non-traditional agricultural exports. While CAFTA-DR has helped improve the investment climate, concerns over security, the lack of skilled workers, and poor infrastructure continue to hamper foreign direct investment.

The distribution of income remains highly unequal with the richest 20% of the population accounting for more than 51% of Guatemala's overall consumption. More than half of the population is below the national poverty line, and 23% of the population lives in extreme poverty. Poverty among indigenous groups, which make up more than 40% of the population, averages 79%, with 39.8% of the indigenous population living in extreme poverty. Nearly one-half of Guatemala's children under age five are chronically malnourished, one of the highest malnutrition rates in the world.

Guatemala is facing growing fiscal pressures exacerbated by multiple corruption scandals in 2015 that led to the resignation of the President, Vice President, and numerous high-level economic officials.

- Official Currency – quetzal
- Currencies – Quetzal (GTQ), US dollar (USD), others allowed
- Fiscal Year – calendar year
- Exchange rates – quetzals per US dollar: 7.59 (2016) 7.64 (2015), 7.60 (2014) 7.87 (2013), 7.94 (2012)
- GDP (purchasing power parity): USD 131.7 billion (2016 est.)
- GDP (official exchange rate): USD 67.5 billion (2016 est.)
- GDP - real growth rate: 3.1% (2016 est.)
- GDP - per capita (PPP): USD 7,900 (2016 est.)
- GDP - composition by sector: agriculture 13.4%, industry 23.8%, services 62.7% (2015 est.)

\*For more information visit:

- [www.banguat.gob.gt](http://www.banguat.gob.gt) (exchange rates)
- [www.cia.gov](http://www.cia.gov)
- [www.investinguatemala.org](http://www.investinguatemala.org)
- [www.banguat.gob.gt](http://www.banguat.gob.gt)

## GOVERNMENT

Country name:

- Conventional long form: Republic of Guatemala
- Conventional short form: Guatemala
- Local long form: República de Guatemala
- Local short name: Guatemala

Government type: Constitutional democratic republic

Capital: Guatemala

Geographic coordinates: 12 38 N, 90 31 W

Time difference: UTC-6 (1 hour behind Washington, DC during Standard Time)

Administrative Divisions: 22 departments (departamentos/singular=departamento); Alta Verapaz, Baja Verapaz, Chimaltenango, Chiquimula, El Progreso, Escuintla, Guatemala, Huehuetenango, Izabal, Jalapa, Jutiapa, Petén, Quetzaltenango, Quiché, Retalhuleu, Sacatepéquez, San Marcos, Santa Rosa, Sololá, Suchitepequez, Totonicapán, Zacapa.

Independence and National holiday: 15 September 1821 (from Spain)

Constitution: 31 May 1985, effective 14 January 1986, note - suspended 25 May 1993 by former President SERRANO; reinstated 5 June 1993 following ouster of president; amended November 1993.

Legal System: Civil law system; judicial review of legislative acts; has not accepted compulsory ICJ jurisdiction.

## BUSINESS PROTOCOL IN GUATEMALA

### INITIAL CONTACT

In Guatemala, local contacts are essential. Potential buyers do not react well to the direct 'cold' approach. Plan to attend a trade show or join a trade mission to meet interested parties. You can also arrange for a chamber of commerce, trade association, government agency or bank to introduce you to Guatemalan companies.

Your first written correspondence should be in Spanish, stating that if possible you would prefer to correspond in English from then on. Request an appointment about two weeks in advance. Expect to meet in an office rather than in a restaurant or bar. Schedule only two meetings per day, one between 10–11:30am and the second starting at 3pm.

### IMPORTANCE OF RELATIONSHIPS

Expect to invest a considerable amount of time developing a good rapport and a pleasant, relaxed relationship before discussing business. Establishing an atmosphere of trust is a precondition to a successful business relationship.

Good topics for small talk are football (soccer), Guatemalan history, literature and places to visit, as well as information about your home town and region. You will probably need two or three visits to the country before you can expect to do serious business. Like other Latin Americans, Guatemalans value deep, long-lasting relationships.

### HIERARCHY, STATUS AND RESPECT

In Guatemala, one's status depends more on social class, education and family background than on personal achievement. Business visitors can enhance their status by displaying a lively interest in intellectual pursuits, dressing elegantly and staying in top hotels.

### PROPER PROTOCOL

Shake hands with everyone in the room, both men and women, when meeting or departing. The handshake should not be too firm.

Use last names only preceded by Señor, Señora or Señorita (Mr, Mrs or Miss). The use of titles is very common, such as Licenciado (anyone with a college degree), Doctor, Professor, Arquitecto, Ingeniero, etc. The use of the title without the last name (Señor Ingeniero) is also appropriate.

Smile and maintain eye contact when you are introduced to someone. 'Como está?' (how are you?) is the most common greeting.

Business cards in English are accepted. However, all correspondence and documents from your company should be translated into Spanish.

Putting your hands in your pockets while talking to someone is considered impolite. Another gesture to avoid is the American OK sign.

### COMMUNICATION STYLE

As warm and friendly people, Guatemalans tend to be talkative, non-verbally expressive and open about showing emotion in public. Don't be offended if you are sometimes interrupted in mid-sentence, because conversational overlap is not rude in Guatemala. However, avoid direct confrontation during negotiations.

Never expect to get down to business quickly. Guatemalans need some time to get to know you.

### BUSINESS ENTERTAINMENT

Wise negotiators include plenty of time for socialising during drawn-out discussions. If you wish to entertain a high-level executive, ask his/her secretary to recommend a restaurant. It is important to host your counterpart only at elegant, prestigious establishments. Similarly, business visitors should only stay in top hotels while in Guatemala.

Women drink wine, spirits and liqueurs, while beer is considered a man's drink. Guatemalans normally eat a light breakfast between 7–9am and a substantial lunch from noon until 2pm. Dinner usually starts after 7pm but dinner parties don't normally get underway until after 9pm.

Avoid using the side of your fork to cut anything and do not pick up food of any kind with your hands. Although they are a very expressive people, Guatemalans do not like a lot of conversation during meals. Wait until coffee is served before talking business, unless your counterpart introduces the topic.

## 3 – FOREIGN INVESTMENT

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### LEGAL FRAMEWORK FOR FOREIGN INVESTMENT

#### OVERVIEW

Guatemala is a country interested in promoting economic and social development. This is reflected in the Foreign Investment Law ('Ley de Inversión Extranjera') and the Promotion and Development for Export and Maquila activities Law ('Ley de Fomento y Desarrollo de la Actividad Exportadora y de Maquila'), as well as by certain exonerations on some taxes such as income tax and value added tax.

The laws also promote and guarantee foreigners will receive impartial treatment in relation to Guatemalans, enjoying the same rights and obligations.

#### LOCAL BUSINESS STRUCTURES

The structure for foreign investment will depend on a number of factors including legal considerations, the location of the business and taxation. Guatemalan law recognises the following local business structures:

- Collective company ('Sociedad Colectiva')
- Limited liability company ('Sociedad de Responsabilidad Limitada')
- Commandite company ('Sociedad en Comandita Simple')
- Commandite company by shares ('Sociedad en Comandita por Acciones')
- Corporation or stock Company ('Sociedad Anónima')

The most important provisions applicable to local business structures are:

- The company is established by granting and executing a public deed, authorised by a Guatemalan Notary
- At least two natural and/or artificial persons must execute the bylaws of the company. In order to avoid dissolution, the company must continue with at least two shareholders throughout its life
- Shares must be issued to the stockholder's name (nominative shares)
- After its establishment, the company must be provisionally registered in the Mercantile Registry of the Republic of Guatemala
- Following this, the company is registered as a contributor before the Tax Administration Office, obtains its Tax Identification Number (NIT) and an authorisation to issue invoices and other accounting documents
- With these requirements, the company may begin its operations, pending any opposition by an interested party. Most opposition is based on similarities with another company's name and/or trade name
- The approximate time to complete the establishment of a local company is 30 days after receiving the corresponding legal information and documents. However a provisional registration is obtained within five business days of incorporation, as long as all the corresponding legal documents are obtained.

## BRANCH OFFICES

A foreign incorporated enterprise may decide to establish a branch office because of some of the unique tax benefits related to this business structure. Legally established foreign companies which would like to set up and operate in any manner in the country, or to have one or more branches or agencies, are subject to the provisions of the Code of Commerce and other laws in the Republic.

Among the most important applicable provisions are:

- Proof that the foreign company is duly incorporated under the laws of its country of origin
- The filing of a certified copy of the Articles of Incorporation and Bylaws of the foreign company if any, as well as of any possible amendments to the same
- Appointment of an Attorney in Fact in Guatemala with ample powers to perform and execute everyday business of the branch and to legally represent it, with the entire special powers that the Law of the Judicial Body states
- Deposit of the initial operating capital exclusively assigned to operations in Guatemala and of a bond in favour of third parties for an amount no less than the equivalent in quetzals of USD 50,000, an amount which the Mercantile Registry will set and which must remain in force during all the time the corporation operates in the country, and an express statement that the corporation shall be liable not only with all of its assets located in the territory of Guatemala but abroad as well, for acts and businesses that are engaged in by the corporation in the country
- Submission to the courts and laws of Guatemala for all acts and businesses which may be executed in Guatemala or which may have effects in Guatemala; and rendition of an affidavit that neither the corporation nor its representatives or workers may invoke foreign rights
- An affidavit granted by the legal representative of the company containing the commitment of the company to fulfil all legal obligations before leaving the country
- Delivery of a certified copy of the foreign company's last balance sheet and loss and profit statement
- Upon submission and review of all required documents, the Mercantile Registry will approve the provisional registration of the branch
- Following this, the branch must be registered as a contributor before the Tax Administration Office, obtaining its Tax Identification Number and an authorisation to issue invoices and other accounting documents
- With these requirements, the branch may begin its operations, pending any opposition by an interested party. The approximate time to complete the establishment of a branch office is 30 days, after receiving the corresponding legal information and documents.

## TEMPORARY BUSINESS

Foreign companies may also request authorization from the Mercantile Registry to carry out temporary business in Guatemala. In these cases, foreign companies are required to provide evidence of being duly organized in its country of origin and must appoint a legal representative in Guatemala.

## OPERATIONS REQUIRING NO REGISTRATION IN GUATEMALA

Foreign companies do not require to be registered in Guatemala to carry out any of the following activities:

- Take part in legal action or proceeding before a Guatemalan court or public office.

- Open or maintain bank accounts in an authorized bank in Guatemala.
- Sell or purchase from independent commercial agents legally established in Guatemala.
- Purchase orders through agents legally established in Guatemala provided such purchases are subject to confirmation or acceptance abroad.
- Grant or open loan to companies established in Guatemala.
- Issue, endorse or contest credit instruments in Guatemala.
- Acquire movable goods or real estate, with the exception of land near international borders and waterfront properties, provided that such goods are not part of a local company or the foreign company does not negotiate with such goods regularly.

#### FOREIGN INVESTMENT LAW

The main economic sectors of Guatemala are open to both local and foreign investment and ownership; however, some restrictions apply to sectors considered to be of strategic interest, such as the military.

The Foreign Investment Law of Guatemala (Decree 9-98 of the Congress of Guatemala), promotes foreign investment and includes provisions which recognise and guarantee private property rights equally for Guatemalan nationals and foreign investors. The law expressly forbids all and any discriminatory actions towards foreign investors and establishes that no restrictions can be placed on foreigners for owning any amount of stock in Guatemalan business entities.

The financial activities of foreign investors are subject to the general protections granted to any kind of investments carried out in Guatemala. The Foreign Investment Law (Decree 9-98 of the Congress of Guatemala), Chapter 10 (investment chapter) of DR-CAFTA FTA as incorporated by its Chapter Twelve referring to Financial Services Chapter and the Guatemalan Constitution, clearly make provision for foreign investors to receive treatment which is not less favourable than national investors.

The Foreign Investment Law of Guatemala has been valid and binding since March 1998. Its main objective is to encourage domestic and foreign investment in Guatemala and it was issued to comply with a fundamental obligation of the government, established in the constitution ('Constitución Nacional de la República de Guatemala'), to protect and promote capital formation, savings and investment.

Before the enactment of this law, applicable legislation was contained in different laws and regulations and therefore it was considered appropriate and necessary to organise and systematise them into a single legal instrument, thus creating the Foreign Investment Law. Although the Guatemalan legal framework already recognised full equality of treatment between domestic and foreign investors, there were some laws which included specific limitations on foreign investments such as: fishing licences, companies providing commercial transportation services, commercial use of radio and television channels in the Radio Communications Law and oil drilling activities. All of these limitations were expressly removed with this new law. Providing insurance services was limited to Guatemalan nationals until the enactment of the new Insurance Law Decree Number 25-2010.

One of the most valuable aspects of the law is that it recognises the foreign investor as having the same treatment as that granted to domestic investors in the development of economic activities. This means that any foreign investor operates under equal legal conditions as domestic investors and this is a great incentive for foreign investors in Guatemala, given that this is not the situation in every country. Guatemalan law expressly prohibits any act of discrimination against a foreign investor or its investment in Guatemala. The original text of the law stated that it should apply equally to all foreign investment, regardless of the country where it is from. However in 2007, there was an amendment and it was established that full equality would only be extended to foreign investors from any country or nation which is a member of the World Trade Organization (WTO) or to investors from any country with whom the Republic of Guatemala has signed an agreement for its inclusion in that institution, thus limiting the extent of this right. The aforementioned is regardless of whether Guatemala does or does not maintain diplomatic relations with a country or has any formal business with a country or nation.

According to the Foreign Investment Law, foreign investors may participate in the development of any lawful economic activity in Guatemala, as well as make any contribution to the capital of a corporation organised under Guatemalan law.

Nevertheless, there are some limitations regulated in specific laws, such as:

- 1) The Guatemalan Constitution – this establishes that the government has domain over a strip of land three kilometres along the ocean, starting from the top line of tides, as well as over land two hundred metres around lake shores, a hundred metres each side of navigable rivers and fifty metres around fountains and springs where populations obtain its water supplies.
  - There are two exceptions to the aforesaid: a) if the land is located in urban areas and b) if the land was acquired prior to 1 March 1956. If any land included in the referred to exclusions is to be sold to foreigners, they are required to obtain an express authorisation from the Executive Branch of the Government to acquire it.
- 2) Forest Law – only a Guatemalan national can be awarded with a government land concession
- 3) Immigration Law – a foreigner requires an immigration permit to stay in Guatemala for more than 90 days, among other permits regulating the development of specific activities. Please refer to the next section called “Other Laws that promote foreign investment”.

Foreign Investment Law establishes that no public officer or employee may request any additional requirement, condition or qualification applicable to any foreign investors which are not expressly included in a validly binding law.

In addition to establishing full equality for foreign investors, the Foreign Investment Law expressly recognises the following rights for all foreign investors:

- Private property ownership
- Expropriation, where reasons of collective or social benefit/interest can be proven
- Free trade
- Free access to foreign exchange
- The prohibition of confiscatory taxation and double taxation.

Regarding administrative matters which apply to this law, the Foreign Investment Law establishes the 'Investment Office' as a department of the Ministry of Economy for foreign investors (through the Government Decision No. 532-92).

The final provisions of the Foreign Investment Law expressly stipulate that any restriction, requirement or condition applicable only to foreign investors for the development of a business or foreign investment in Guatemala contained in a law which has not been expressly modified or amended by this law, are automatically unenforceable.

## 4 – SETTING UP A BUSINESS

In the following section, you will find step-by-step procedures for company registration/filing.

Below is a detailed summary of the bureaucratic and legal hurdles faced by entrepreneurs wishing to incorporate and register a new business in Guatemala. It examines the procedures, time and cost involved in launching a commercial or industrial business with between 10 and 50 employees and start-up capital of 10 times the economy's per-capita gross national income.

No.	Procedure	Time to complete	Associated costs
1	<p><b>Check the proposed company name online and obtain a letter from a Guatemalan notary public to open bank account</b>  <i>Agency: Public Notary</i></p> <p>First, the parties or the Public Notary have to conduct a company name availability search on the website of the Mercantile Registry of Guatemala and after that, they can proceed with the issue of the letter mentioned before. Then, the minimum paid capital requirement of GTQ 5,000 must be deposited in a local bank before the articles of incorporation are signed. For this purpose, a notary public must issue a letter confirming that he or she has been requested to draw up and register the company's deed of constitution. This letter allows for the opening of a temporary bank account while registration is completed. The letter has to indicate the exact address for the new company, which has to be supported by a bill of a public service.</p>	1 day	GTQ 0.5 for each name
	<p><b>Deposit the subscribed capital in a bank and obtain a receipt</b>  <i>Agency: Bank</i></p> <p>The legal representative opens a bank account and deposits the subscribed capital. The bank will require a bill of any public service with the address of the new company. The deposit slip is presented to the Notary. The deposit slip is then presented to the notary.</p>	1 day	No charge
	<p><b>A notary public draws the deed of constitution, fills the forms required by the Commercial Registry and the tax authority and pays the registration fees online</b></p>	Less than one day (online procedure)	see comment

<p>Agency: Public Notary</p> <p>On March 18, 2013, Guatemala launched Mi Negocio, a new online platform that allows registering a new company with the commercial registrar (Registro Mercantil), the tax authority (Superintendencia de Administración Tributaria), the social security institute (Instituto Guatemalteco de Seguridad Social) and the Ministry of Labor (Ministerio de Trabajo) through a single form online (<a href="https://minegocio.gt/">https://minegocio.gt/</a>). This new online platform reduces significantly the time for an entrepreneur to obtain the definitive registration, tax and social security numbers and the authorization to print invoices.</p> <p>The notary issues a certified copy of the deed and draws the appointment of the legal representative (Sole Administrator or members of the Board), who has to be personally registered before the Tax Authorities. Then, the notary fills online the forms required by the Commercial Registry and Superintendence of Tax Administration with the help of the new company's accountant.</p> <p>The following forms are required by the Commercial Registry:</p> <ul style="list-style-type: none"> <li>a- certified copy of the deed of constitution</li> <li>b- appointment of legal representative</li> <li>c- bill of any public service with the exact address of the new company</li> <li>d- letter of intent from the owner of the address</li> <li>e- payment receipt</li> </ul> <p>Finally, the notary pays in Banrural Bank the amount required by the Registry:  GTQ 5,000 average notarial fees + GTQ 250 stamp tax, GTQ 300 notarial stamp tax for the certified copy, GTQ 112 stamp tax for the appointment; GTQ 15 edict; GTQ 100 Social Books; 100 Commercial License.</p>		
<p><b>Obtain the provisional registration of the new company before the Mercantil Register; the Tax Identification Number; the Edict; the Registration of the legal representative appointment and the authorization to print invoices</b></p> <p>Agency: Registration Court</p> <p>Provisional registration at the Commercial Registry with the tax and social security authorities can be</p>	3 days	No charge

	<p>completed in 2–3 days using the online portal <a href="http://minegocio.gob.gt">minegocio.gob.gt</a>. To physically submit the documents, provincial registration in Guatemala takes about 10 to 14 days. In addition, once a corporation is registered, by law, it has 1 year to send to the Mercantile Registry a notice stating the number of shares issued, in relation with the paid-in capital.</p>		
	<p><b>Publication of the edict in Diario de Centro America and opposition to the provisional registration of the company by affected third parties</b>  <i>Agency:</i> Official Gazette (Diario de Centroamérica)</p> <p>Three days after the provisional registration, the Mercantile Registry publishes the notice of incorporation. The law establishes an opposition term of 8 working days, upon the day after the publication, in case any third party disagrees with the registration of the corporation.</p>	<p>2 days on average for the edict to be published and 8 days for the opposition to the provisional registration by third parties</p>	<p>GTQ 525.62</p>
	<p><b>Obtain the definitive registration, the commercial license, the Social Security Number and the Authorization for social and accounting books.</b>  <i>Agency:</i> Commercial Register (Registro Mercantil) and Tax Authority (Superintendencia de Administración Tributaria -SAT-).</p> <p>Once registration is completed, the social security identification number, the commercial license, and the authorization for social and accounting books can be obtained. This can be done through the online portal <a href="http://minegocio.gob.gt">minegocio.gob.gt</a> in 3 days on average. To physically obtain the registration and commercial license, it takes on average 10 to 15 days. Once a corporation is registered, by law it has 1 year to send to the Mercantile Registry a notice stating the number of shares issued, in relation to the paid-in capital.</p>	<p>3 days</p>	<p>GTQ 250 stamp tax</p>

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## 5 – LABOUR

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### LABOUR & EMPLOYMENT – COMMON ISSUES

#### LABOR FRAMEWORK

Prior to starting operations in Guatemala, it is important that foreign investors are clear on the labor regulations that apply in Guatemala, as our law is protective of the rights of workers and establishes a set of minimum guarantees and rights that cannot be waived. Also, labor legislation entitles workers the right to form unions in order to improve their labor rights within a company.

Among the most important aspects, we can mention the following:

1. **Wages:** Can be paid per time unit, for the work to be performed, and by commission or participation in company profits. Every year the Ministry of Labor sets a minimum wage for non-agricultural and agricultural activities everyone must comply with.
2. **Work contracts:** work contracts must be formalized in writing and registered with the Labor Administrative Department. Work contracts are deemed for an indefinite period of time, unless clearly stated otherwise.
3. **Vacation:** workers are entitled to fifteen working days off for every year worked, which must be paid for as if the worker HAD worked.
4. **Working sessions:** There are 3 types of working sessions: day, night, and mixed. The day shift cannot exceed eight hours a day nor 44 hours a week. The night shift cannot exceed 6 hours a day, nor 36 hours a week. The mixed day cannot exceed 7 hours a day nor 42 hours a week.
5. **Aguinaldo, Bono 14 (Bonus 14) and Incentive Bonus:** Every month, employers must pay to their workers an incentive bonus of at least Q250.00 a month. Parties may increase said amount if they deem it convenient. The Guatemalan law also stipulates two additional salaries to be paid per year worked, which consists in an “Aguinaldo” to be paid in December and a “Bono 14” to be paid in July.
6. **Termination of a work contract through an advanced notice to the employer,** a worker may request termination of his/her work contract at any time. When the employer requests termination of the work contract, he must evidence sufficient cause, the former worker is entitled to a severance payment consisting of one salary per year worked for the employer and , as damages, up to twelve additional wages and court fees for the timeframe between layoff and the actual pay day.
7. **Social Security:** An employer is also obliged to contribute to the Guatemalan Social Security Institution (IGSS), to the Technical Capacitation and Productivity Institution (INTECAP), and to the Recreation for Workers Institution (IRTRA). These contributions by the employer add up to 12.67% of the wage paid to each works.

## INDIVIDUAL CLAIMS

The most common issues are as follows:

- Disputes regarding the justified/unjustified termination of the working contracts of employees and the resulting claims for severance entitlements (severance is equivalent to one month's average of salaries earned during the last six months of the contract, per each year of continuous work, with no limit of years of work, nor monthly salary cap)
- Disputes concerning the true legal nature of the contracts and/or agreements entered into with associates (employment relationship vs. independent contractor)
- Adjustments in calculation of severance entitlements, based on additional compensations and other entitlements (performance bonuses, share participation agreements, non-salary benefits, etc)
- Overtime claims (specific limits exist, both from a daily and weekly perspective)
- Maternity protection claims (in the event of termination or harassment of female employees while pregnant or during the breastfeeding period following child birth).

## COLLECTIVE CLAIMS

These include:

- Petitions from organised workers through unions or coalitions demanding collective bargaining to improve salaries, economic benefits and working conditions. These unions or coalitions are formed independently in each specific business or company (or group of related companies), and are not generally unions for a trade or branch of activity
- Reinstatement petitions in cases where employees are fired while a union is in the formation process or while a collective dispute has been filed before the courts.

## ACTIONS AND CLAIMS BY LABOUR AUTHORITIES

There are official visits and verifications from labour inspection authorities (a General Labour Inspection), regarding the compliance and fulfilment of all labour laws and regulations.

Recently, additional powers were granted to the Labour Inspector in order for them to have immediate access to workplaces in which the following labour-related events have taken place: mass firings (ten or more employees), employer substitutions, plant closures, employment of underage employees and other situations the General Labour Inspection deems as emergencies.

## LABOUR & EMPLOYMENT ISSUES/LEGAL PROCEEDINGS

Even though certain external formalities may differ, the substance of the legal proceedings are very similar to those in most other countries in the region (Latin America), thus the right of the employer to answer claims and file counterclaims, to submit evidence and to obtain the revision of judgements by a superior court is duly guaranteed. However Guatemalan labour laws (both substantive and procedural) are of a public order nature and highly protective of the employee and as such place, most burdens lie on the employer. Therefore employers must know and comply with the applicable laws and seek competent counsel if necessary.

In Guatemala, proceedings are handled by specialised Labour Courts, established and recognised by the political constitution. Such proceedings are meant to be simple and fast, disregarding formality as much possible, but in practice, these aims are not necessarily achieved.

The legal proceedings for individual claims are substantiated before a First Instance Labour Judge in a predominantly oral procedure composed of three hearings (the first one for answering the complaint and to formulate counter-claims in cases where it may be proper, and to receive evidence; the second and the third hearings are to receive evidence which was not possible to be received in the first hearing). The judgement issued by the Labour Judge can be appealed before a Court of Appeals overseen by three magistrates.

For collective claims, the petition is filed by organised workers (a union or 'ad hoc' coalition) before a First Instance Labour Judge, who preliminarily has to integrate the workings of a Conciliation Tribunal composed of three members (the judge, a union sector representative and an employer sector representative). If conciliation fails, the workers can declare and execute a legal strike, where legality and justice has to be resolved by the judge with a right of appeal before the Court of Appeals; or the dispute can be submitted (as an alternative to a strike) to resolution by a Court of Arbitration (integrated in the same way as the Conciliation Tribunal) and its judgement can also be appealed before the Court of Appeal.

Things to be aware of with respect to labour and employment laws include:

- Guatemala has a Labour Code and specialised laws and regulations which are intended to regulate most labour issues. Many of the country's most important labour rights and benefits (and many non-core ones) have been raised to the level of constitutional law, as they are included in the political constitution of 1985. Guatemala has also ratified and applies an important number of International Labour Conventions of the International Labour Organisation (ILO), including all of the treaties included in the 1998 ILO Declaration on Fundamental Principles and Rights at Work
- Most of the labour laws and regulations concern public order and are highly paternalistic, thus workers cannot relinquish their minimum labour legal rights. The interpretation and scope of any labour laws, regulations or agreements is construed in favour of the workers when in doubt ('in dubio pro operario')
- Employee remuneration in Guatemala has to be properly understood. It comprises 12 monthly salaries, plus a Christmas Bonus ('Aguinaldo') and a 14th Salary payable in July ('Bono 14'). In the event of unjustified termination, an employee has the right to receive a severance entitlement equivalent to a month of salary per each year of work (for an unlimited number of years and with no maximum salary cap), which has to be calculated taking into account the proportional parts of the Christmas Bonus and the 14th Salary, and possibly other non-salary benefits received by the employee.

#### LEGAL SYSTEM AND FOREIGN COMPANIES

The legal system of Guatemala is based on a Roman tradition – a civil law system, with most legal provisions codified and justice being applied on the basis of codified law and not based on prior cases (jurisprudence). Such a system applies equally to individuals and companies; no difference is made one to another, only as to certain procedural issues which might differ slightly.

Employers in the country can be companies or individuals and both are treated in the same way. Both types of employers are subject to labour laws which are specifically designed to protect workers.

Foreign companies (defined as those established under the laws of countries other than Guatemala) are treated the same way as local companies. The Commerce Code specifies certain activities which do not require the foreign company to be domiciled in Guatemala; however, for hiring employees, a foreign company should have to establish a branch in the country and/or seek alternate arrangements with a service provider capable of providing payroll services.

Recently, there has been discussion before Congress of possible legal provisions which would require companies which obtain specific fiscal benefits (under drawback and export-related activities and legal regimes), to comply with additional labour obligations (such as posting a bond to secure payment of labour obligations towards employees).

### TRIALS

All trials are decided by judges. Juries not allowed in the legal system.

Trials are conducted exclusively by a judge in the first instance and on appeal by a higher court composed of three magistrates.

In collective proceedings originating from collective bargaining negotiations and disputes, cases will be submitted to a Labour Court of Conciliation (one judge, one union representative and one employer representative), and in certain circumstances, to a Court of Arbitration (working in the same way).

Most cases are settled out of court, specifically by an agency of the Ministry of Labour and Social Welfare, which is called the General Inspection of Labour, which has a specific Conciliation Section where employers and employees are summoned to appear in order to try to settle disputes. An important number of cases are also settled before the Labour Courts, which have ample faculties and powers to seek amicable settlements between the parties.

### LABOUR AND EMPLOYMENT LAWSUITS

Suits have to be filed before a First Instance Labour Court competent in the territory where the labour dispute has arisen. If the lawsuit meets all formal requirements, the judge sets a first hearing and serves notice to the employer at least three working days ahead. In the first hearing, the employer has to respond to the claim and also has the right to counter-claim the employee. In such a first hearing, all the evidence has to be presented by both parties, but if it is not possible due to the nature of the evidence or some impossibility related to the court, second and/or third hearings will be set. After all evidence has been received, the judge issues a judgement, which can be appealed before a Court of Appeals. The second instance before the Court of Appeals is just a revision of the first instance judgement, exclusively over any unconformities of the appealing party, but where no new evidence is to be brought or received, except in extraordinary circumstances.

The decision of the Court of Appeals is final and mandatory for both parties. There is only chance to revise procedures by a Constitutional Court if it is clearly demonstrated the Labour Courts violated in any way the constitutional rights of defence and due process of any of the parties.

### LABOUR AND EMPLOYMENT LAWS AND REGULATIONS

The main laws and regulations are as follows:

- Political Constitution of the Republic of Guatemala
- Labour Code (Decree 1441 and subsequent reforms) and regulations
- CAFTA-DR Free Trade Agreement with the United States (Chapter 16 - Labour)
- Foreign Investment Law (Decree 9-98 of Congress)
- Decree 76-78 of Congress (Christmas bonus or 'Aguinaldo' benefit for the private sector)
- Decree 42-92 of Congress (Annual bonus or 14th salary for private and public sector)
- Decree 78-89 of Congress and reforms ('Incentive Bonus' for the private sector)
- Income Tax Law (Decree 26-92 of Congress and subsequent reforms)
- Social Security Institute (IGSS) founding law (Decree 295) and regulations
- Executive accords which determine on a yearly basis the minimum wages for each of the different activities (non-agricultural, agricultural, drawback and export-related activities)
- Executive accord No. 346 which determines which activities are not subject to working hours limitations (overtime).

As a member of the International Labour Organisation (ILO), Guatemala has ratified and applies a number of International Labour Conventions, many of which have very significant effects on labour relations and disputes. As of September 2011, Guatemala has in force 69 International Labour Conventions, of which the most important (called the Major Conventions) are the following:

- No. 29 Forced Labour Convention (1930)
- No. 87 Freedom of Association and Protection of the Right to Organise Convention ((1948)
- No. 98 Right to Organise and Collective Bargaining Convention (1949)
- No. 100 Equal Remuneration Convention (1951)
- No. 105 Abolition of Forced Labour Convention (1957)
- No. 111 Discrimination (Employment and Occupation) Convention (1958)
- No. 138 Minimum Age Convention (1973)
- No. 182 Worst Forms of Child Labour Convention (1999)

The exact list of ratified Conventions can be found at the following link:

[www.ilo.org/ilolex/cgi-lex/ratifce.pl?Guatemala](http://www.ilo.org/ilolex/cgi-lex/ratifce.pl?Guatemala)

The same laws apply in all of the territory, with the exception of minimum wages which might differ depending on the economic activity and the applicability of certain Social Security programs which do not have national coverage.

#### ALTERNATIVE LABOUR DISPUTE RESOLUTION SOLUTIONS

In the resolution of labour issues and disputes, private arbitration is not accepted nor recognised. All the administration of justice in labour matters has to be performed by the Labour Courts which form part of the Judicial Branch of government (Supreme Court).

The Court of Arbitration previously mentioned and provided for in the resolution of collective disputes deriving from collective bargaining, is not really an arbitration body which functions as an alternative to the public Labour Courts, since it is also composed of and presided over by the Labour Judge and by two other members (one from the employee sector and the other from the employer sector). The functions of such a Court of Arbitration are set out in the Labour Code in the chapter dealing with the procedural aspects of collective disputes of a socio- economic nature, and the judgement is subject to a full revision (material and formal) by the Court of Appeals.

Conciliation is completely voluntary and can be used as an alternative solution. The conciliation can be done privately or through the General Labour Inspection and even the Ministry of Labour.

Only in collective conflicts pertaining to collective bargaining is the conciliation activity mandatory. Otherwise, it should not be held as a necessary phase of the judicial proceedings by either party. Any recommendation or position taken by the Court of Conciliation is not obligatory or binding for the parties, and must be voluntarily accepted.

## 6 – TAXATION

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Accurate and current information regarding taxation in Guatemala is often difficult to obtain as there are no reporting services such as those available in the United States and other countries.

It is also difficult to determine how the tax laws will be applied in practice in complex situations. The laws and regulations are limited and ordinarily cover only the most common situations. The system of legal precedent resulting from court decisions is not widely used in Guatemala and each issue is resolved by reference to the respective codes. Though there has been no great interest in tax planning, it is possible to have informal consultations with the tax authorities and to obtain authoritative rulings in many cases. Points which involve large discrepancies between the government and management criteria are commonly brought to judgment by the Constitutional Court whose binding sentences have normally resulted in the laws in dispute being abrogated.

National income is drawn principally from agriculture, poultry and cattle raising, which occupy two-thirds of the economically active population. Taxes collected by the central government, are levied on income, property, bequests and gifts, imports, exports and sales. Local taxes at country-wide level are also levied by the municipalities.

### TAX AUTHORITIES

The tax authority in Guatemala is the central government through the Superintendence of Tax Administration ('Superintendencia de Administracion Tributaria' / SAT), which collects and administers almost all taxes and leaves the municipal governments to collect contributions of a municipal nature ('arbitrios').

All taxes collected are placed in a common national pool ('fondo común') from which they are drawn for allocation to the various national projects and municipalities.

The principal taxes payable in Guatemala are:

- Income taxes
- Transactions taxes (value added, interest income, stamp, inheritance and gift taxes)
- Solidarity tax law.

### VALUE ADDED TAX (IVA, FOR ITS ABBREVIATION BY INITIALS IN SPANISH)

VAT is an indirect tax on consumption. It applies to transfer of goods for a price and to rendering services. Final users or consumers bear the tax. The Value Added Tax in Guatemala is a tax levied at twelve percent (12%) of the tax base. The amount of the tax must always be included in the sales price of good or value of the services.

## INCOME TAX

According to the Income Tax Law (Ley del Impuesto Sobre la Renta), Decree-26-92 of the Congress of the Republic of Guatemala, there is an Income Tax on all earnings obtained by a natural or artificial person, either national or foreigner, domiciled or not in the country, as well as any entity, patrimony or asset specified by the law, deriving from capital or work investment in the country, or a combination of both. According to the Income Tax Law, Income Tax may be paid in one of two ways:

- 1) 5% over gross income (flat tax), or
- 2) 31% over net income (gross income, less the authorized deductions of law). If you choose the 31% regime, no more than 97% of gross income may be used in deductions.

## TERRITORIALITY PRINCIPLE

The tax is generated each time taxed income is produced in Guatemala, or that is considered by law as deriving from a Guatemalan source, and is identified as such by law. Income deriving from Guatemalan source is all income generated by capital, goods, services and rights of any kind invested or used in the country or which derive from any type of activities carried out in Guatemala, including foreign exchange earnings, notwithstanding the nationality, domicile or residence of the persons participating in the operations and the place where the agreements are executed.

### Exemptions:

According to the Income Tax Law among the exempt situations are the following:

- Income obtained by universities;
- Income obtained by non-profit associations or foundations legally established and registered as exempt entities before SAT.
- Interests and commissions from loans obtained abroad by States bodies;
- Compensations or benefits obtained due to death or incapacity from accidents or disease;
- Benefits obtained from the social security.

## INCOME TAX ON SALARIES:

Any individual person obtaining income for rendering personal services deriving from an employment must pay taxes in accordance to law. Said taxes will be set in accordance to the taxed income, which is obtained from subtracting the deductions authorized by law from the net income.

This tax will only be paid by individual persons working under employment, and whose income is larger than Q36, 000.00, annually. The amount to be paid as salary tax will be calculated based on the taxed income in accordance to a progressive rate scale included in the Income Tax Law.

## INCOME TAX FOR PERSONS NOT DOMICILED IN GUATEMALA:

For individual or artificial persons not domiciled in Guatemala, the tax will be determined by applying the percentages of law to the income from a Guatemalan source, received or accredited, and the tax so determined will be considered as a definite payment.

## INCOME TAX, CONTAINED IN THE TAX UPDATED LAW

The Income Tax Law will be repealed as of January 1, 2013. The new income tax, contained in the Tax Update Law (Ley de Actualización Tributaria), Decree 10-2012 of the Congress of the Republic of Guatemala will take effect on that date.

The Tax Update Law establishes that Income Tax may be paid in one of the two ways:

1. Optional Simplified Regime over Income of Profit Activities, with the following rates:
  - a. For the Period January 1, 2013 to December 31, 2013: 6% on taxable income.
  - b. As of January 1, 2014, according to the following progressive rate scale:

Monthly Taxable Income (taxable base amount)		Fixed	Tax Rate
Q.0.01	Q.30,000.00	Q.0.00	5%
Q.30,000.01	And up	Q.1,500.00	7% on the excess of Q.30,000.00

2. Regime over Earnings of Profit Activities, with the following rates:
  - a. For the period January 1, 2013 to December 31, 2013: 31% on taxable income
  - b. For the period January 1, 2014 to December 31, 2014: 28% on taxable income
  - c. Starting on January 1, 2015: 25% on taxable income.

In addition, the Tax Update Law foresees specific rules regarding rates, deductions, exemptions and other requirements that vary depending on the type of income”

1. Income of Profit Activities: According to the regimens described above.
2. Income Tax on Salaries: This tax will only be paid by individual persons working under employment, and whose income is larger that Q60,000.00 annually, The amount to be paid as salary tax will be calculated based on the taxed income in accordance to a progressive rate scale included in the Tax Update Law.
3. Income of non-residents: The Tax Update Law establishes new categories of non-residents and rates that vary from 5% to 25%.
4. Capital Income: The Tax Update Law classifies the capital income in returns on real property and movable property, and capital gains and losses. This classification includes a description of the activities that are considered capital income and the applicable tax rate.

## TRANSFER PRICING RULES

As of March 5, 2012, there was no legislation in Guatemala relating to transfer pricing. However, Tax Update Law, Decree 10-2012 of the Congress of the Republic of Guatemala, has incorporated into the Guatemalan legislation special transfer pricing rules that must apply in all transactions between related parties. The special transfer pricing rules will take effect on January 1, 2013.

In this regard, the Tax Update Law, states that the special transfer pricing rules for the valuation of the transactions between related parties are applicable in any transaction carried out between a resident in Guatemala and a resident abroad and which has some effect in the determination of the tax base for the period in which the transaction is carried out and in the subsequent periods.

According to the Tax Update Law, to determine the value of the transactions according to the Arm's Length Principle, one of the following methods must be applied:

1. Comparable uncontrolled price method.
2. Cost plus method.
3. Resale price method.
4. Partition of profits method.
5. Transactional net margin method.

Furthermore, the Tax Update Law, grants to the Tax Authority enough powers to:

1. Verify if the transaction carried out between related parties have been valued according to the Arm's Length Principle in tax matters and make adjustments as appropriate when the valuation agreed by the related parties has resulted in lower taxes in Guatemala;
2. Reclassify a transaction according to its real nature, if the economic reality of the transaction differs from its legal form, or the agreements relating to the transaction differ substantially from agreements that are taken between non related parties, and the structure of the transaction prevents the Tax Authority to determine the appropriate transfer price.
3. Determine, prior to the completion of a transaction between related parties, the valuation of such transaction. In order for the Tax Authority to determine the valuation of the transaction, the taxpayers must request and comply with the procedure established by law.

Finally, it is stated that the treatment to be applied to services provided between related parties should be follow the same criteria for the transfer of goods or merchandises.

#### SOLIDARITY TAX

On December 22, 2008 the Solidarity Tax Law, Decree No. 73-2008, was publishes in the Official Gazette of Guatemala. This law came into effect on January 1, 2009 and created the Solidarity Tax (ISO, for its abbreviation by initials in Spanish). The ISO charges with 1% the gross income or the net assets of those taxpayers that are in the Income Tax's general regime, and taxpayers hat are in the Regime over Earnings of Profit Activities as of January 1, 2013, and those that carry out mercantile or agricultural activities within Guatemala and obtain a gross margin superior that 4% of the gross income.

#### TAX ON FISCAL REVENUE STAMP AND SPECIAL SEALED PAPER USED BY NOTARIES:

According to the Fiscal Revenue Stamp and Special Sealed Paper used by Notaries Law (Ley de Timbres Fiscales y de Papel Sellado especial para Protocolos), this tax is levied on documents described in the law. The persons who must bear the tax are those who grant or execute documents containing acts or contracts levied by the tax are those who grant or execute documents containing acts or contracts levied by the tax. The tax amount is three percent (3%). The tax is determined by applying the rate to the value of the levied act or contract. The value is the amount stated in the document, which many not be lower than that stated in public registries, cadastres or official lists.

Documents which evidence the payment or account credit of dividends paid by Guatemalan companies are subject to this tax.

### **TAXES ON REAL STATE**

Guatemalan law has a sole annual tax (Impuesto Único sobre Inmuebles – IUSI) on the value of real estate located in the territory of the Republic. This tax is levied on real estate, rustic or rural and urban, which includes the land, structure, constructions and/or facilities attached to the real estate and its improvements.

To determine the annual tax on real estate, the law states a list of applicable rates and scales.

#### **TAX ON REAL ESTATE TRANSFERS:**

First Real Estate transfers are levied by the Value Added Tax, equivalent to 12% of the amount of the sale.

Second and subsequent Real Estate transfers are levied by the Tax on Fiscal Revenue Stamp Tax, equivalent to 3% of the amount of the sale.

#### **OTHER TAX-RELATED ISSUES:**

**FREE-TRADE ZONES:** Free-Trade Zones in Guatemala are governed in accordance to Decree 65-89, Free-Trade Zones Law (Ley de Zonas Francas). Currently in Guatemala, there are more than 10 Free-Trade Zones operating. The benefits obtained from operating in them are tax exemption, excellent location, besides obtaining basic utilities such as electricity, water, telephone, Internet service, security and in some places, land and water transportation.

Free-Trade Zone users may be natural or artificial persons, who must be previously authorized to operate as such by the Ministry of Economy.

Users may be:

-Industrial: Those whose line of business is manufacturing or assembling goods to be exported outside the national customs territory, re-exporting or technological investment and development.

-Service: Those whose line of business is rendering services linked to international commerce.

-Commercial: Those whose line of business is trading in merchandise to be exported outside the national customs territory, as well as re-exporting products when no activities take place that change the products' characteristics or alter their origin.

Companies that manage Free-Trade Zones, as well as their users have various fiscal incentives, including some tax exemptions.

## 7 – ACCOUNTING & REPORTING

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### TAX YEAR

The fiscal year runs from 1 January to 31 December in each year.

### ACCOUNTING STANDARDS

From 1 January 2008, Guatemala adopted the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). To view these standards, see the [IASB](#) website.

### ACCOUNTING REGULATION BODIES

See the [Congress of the Republic of Guatemala](#) website.

### ACCOUNTING REPORTS

All companies have to provide an annual report in Spanish and publish their balance sheet and profit and loss statements in the Official Gazette. For more information consult:

- [Fundesa's Business Guidebook](#)
- A document on accounting in Guatemala at the following link – [Hispanic-American Commission](#) (Spanish only).

### PUBLICATION REQUIREMENTS

Companies' balance sheets have to be published each year. It is advisable to have an accounting system which is clear and wholly translated into Spanish. It has to be noted that it is difficult to get information on Guatemalan companies as there are very few published balance sheets.

### PROFESSIONAL ACCOUNTANCY BODIES

For more information, see the following websites:

- [Institute of Public Accountants and Auditors of Guatemala](#) (Spanish only)
- [Guatemalan Association of Public Accountants and Auditors](#) (Spanish only)
- [List of audit firms](#) (Spanish only)

### CERTIFICATION AND AUDITING

Audited financial statements must be filed annually by an external auditor in the country.

## 8 – UHY REPRESENTATION IN GUATEMALA

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### CONTACT DETAILS

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Liaison contact: Omar Pérez Rosales  
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### SOCIAL MEDIA CONNECTIONS

- Facebook: <https://www.facebook.com/pages/UHY-P%C3%A9rez-Co/275349549265716>

Year established: 2003  
 PCAOB registered?: Yes  
 Number of partners: 5  
 Total staff: 44

### ABOUT US

Making our clients feel confident and comfortable with our expertise and team work is one of our greatest motivations as a firm.

### BRIEF DESCRIPTION OF FIRM

UHY Pérez & Co. is an audit and accounting firm operating in our country since 2003, providing external audit services, management consulting, tax and legal services. We are a member firm of UHY, a cohesive international network of independent member firms providing audit, accounting, tax, business advisory and consulting services worldwide.

After 30 years of professional experience, where we prepared ourselves to offer accounting, taxes and consulting services with high professional and quality services standards, we began our professional services office, NEW WORLD CONSULTANTS in 2003, immediately after leaving my last dependent charge, Tributary Administration Superintendent, the highest charge at the administrative area in the Tributary Administration Superintendence.

Since the beginning we started having exchanges with prestigious international networks in our services field, and by August 2008 we sealed our relation with the UHY International. As a result of our agreement, we started our new firm, UHY Pérez & Co. in substitution to our previous name. All this, gave us more depth and breadth to make our clients to compete in an international level, in successful and efficiently ways.

### SERVICE AREAS

Audit & Assurance, Business Advisory & Accounting, Corporate Finance, Corporate Governance & Risk Management, Corporate recovery & Insolvency, Corporate Tax, Forensic accounting & litigation support, Fund Services, Legal, Internationalisation, Management Consulting & Solutions, Private Client Services.

### PRINCIPAL OPERATING SECTORS

Construction  
 Electronics

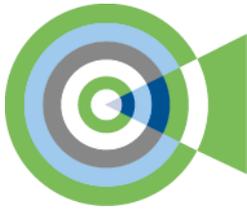
Food & beverages manufacturing  
Packaging & Containers  
Real Estate and Rental and Leasing  
Retail

**LANGUAGES**

Spanish and English

**CURRENT PRINCIPAL CLIENTS**

SigmaQ  
Elektra  
Banco Azteca  
PolyFibras  
Unicomer  
Extrudoplast Group  
Livesmart  
ECA



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