



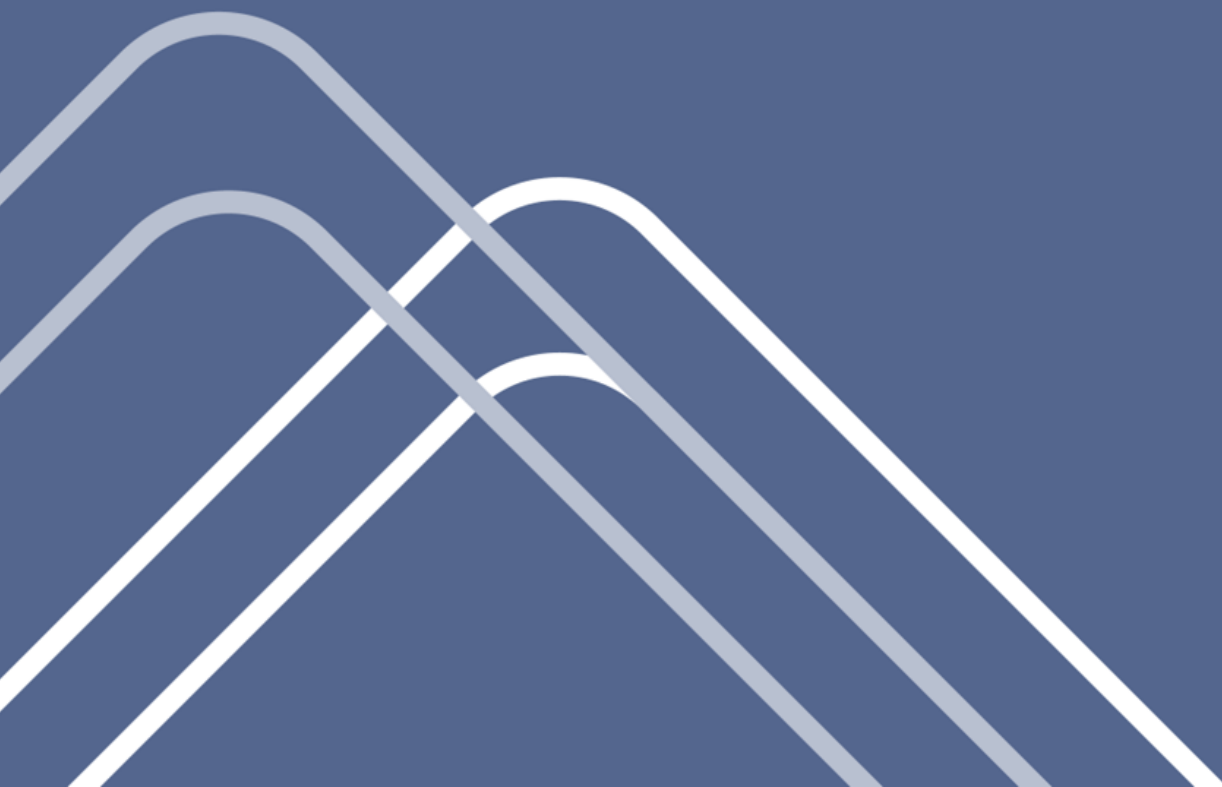
DOING BUSINESS IN

El Salvador



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INTRODUCTION

UHY is an international organisation providing accountancy, business management and consultancy services through financial business centres in nearly 100 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 EL SALVADOR has been provided by the office of UHY representatives:

UHY ASESORES Y CONSULTORES, S.A DE CV

Condominio Villas de Normandía, local 12B, 1.a calle poniente y 47 avenida norte, Colonia Flor Blanca, San Salvador, El Salvador

Phone +(502) 5526 1230

Website <https://uhyca.com/>

Email intdesk@uhy-perez.com

You are welcome to contact [Omar Pérez, Managing Partner \(operez@uhy-perez.com\)](#) for any inquiries you may have.

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 in April 2026.

We look forward to helping you do business in El Salvador.

BUSINESS ENVIRONMENT

BACKGROUND

El Salvador has emerged as one of the most reform-driven economies in Central America, with a strong focus on investment attraction, economic modernization and digital transformation. In recent years, the country has positioned itself as a competitive platform for services, logistics and nearshoring, supported by its macroeconomic stability, ongoing structural reforms and increasing integration into global markets.

POPULATION

El Salvador has a population of approximately 6.5 million inhabitants, with a relatively high level of urbanization compared to other countries in the region. This concentration facilitates access to labour and simplifies operational setup for businesses, particularly in metropolitan areas such as San Salvador. From an investor's perspective, the country offers a workforce that is accessible, adaptable and increasingly oriented toward service-based industries.

GEOGRAPHY

Strategically located on the **Pacific coast of Central America**, El Salvador provides efficient access to regional markets and maintains strong logistical connections with North America. Its relatively small geographic size allows for shorter travel times and faster distribution of goods, which is particularly advantageous for companies operating logistics, distribution or time-sensitive operations.

CURRENCY

El Salvador uses the **United States Dollar (USD)** as legal tender, which represents a significant advantage for foreign investors. Dollarization eliminates exchange rate risk, simplifies financial planning and facilitates cross-border transactions. Additionally, **Bitcoin** has been recognized as legal tender, reflecting the country's openness to financial innovation, although its practical use in business transactions remains evolving.

LANGUAGE

Spanish is the official language and is used in all legal, regulatory and administrative processes. English is increasingly used in business environments, particularly in multinational companies, outsourcing operations and service industries, which enhances the country's attractiveness for international investors.

MAJOR EXPORTS

El Salvador's export base is diversified and includes **textiles and apparel, electronics, and agro-industrial products**. The country has developed a strong export-oriented manufacturing sector, particularly in textiles, supported by trade agreements and preferential access to key markets such as the United States.

MAJOR IMPORTS

Imports are primarily composed of **machinery, fuels, raw materials and consumer goods**. This reflects the structure of the economy, which combines domestic consumption with export-oriented manufacturing and service activities.

EDUCATION – PRIMARY AND SECONDARY

El Salvador has made notable progress in expanding access to education and improving quality, particularly in urban areas. The public education system is regulated by the **Ministry of Education**, while private institutions play a significant role in providing higher-quality education, including bilingual programs.

From an investor's perspective, the key advantage lies in the availability of a workforce that is increasingly trained in technical and service-related skills, making the country particularly suitable for operations such as customer support, back-office services and light manufacturing.

TERTIARY EDUCATION

At the tertiary level, El Salvador has a solid network of universities and technical institutions that produce professionals in **business administration, engineering, information technology and finance**.

The country has strengthened its position as a hub for shared services and outsourcing operations due to its growing pool of bilingual talent, particularly in urban centres. This makes it an attractive location for companies seeking nearshoring opportunities and service-based operations aligned with international markets.

HEALTH CARE SYSTEM

El Salvador operates a mixed healthcare system composed of public and private providers. Public healthcare is administered by the **Ministry of Health**, while social security coverage is provided through the **Instituto Salvadoreño del Seguro Social (ISSS)** for formally employed workers.

In practice, the private healthcare sector plays a key role for businesses and expatriates, offering higher service quality, modern infrastructure and shorter response times. For foreign investors, access to private healthcare services is an important factor when evaluating relocation of personnel and overall operational conditions.

COMMUNICATIONS

The telecommunications sector in El Salvador is regulated by **the Superintendencia General de Electricidad y Telecomunicaciones (SIGET)** and is characterized by strong private sector participation and increasing competition.

The country has achieved high mobile penetration rates and continues to expand broadband and digital infrastructure. In recent years, the government has promoted digital transformation initiatives, which has supported the growth of technology-based businesses and improved connectivity for corporate operations.

BANKING AND FINANCIAL SERVICES

El Salvador's financial system is regulated by the **Superintendence of the Financial System (SSF)** and supported by the **Central Reserve Bank (BCR)**. The system operates within a dollarized economy, which provides stability and reduces currency-related risks for investors.

The banking sector includes both local and international institutions and is characterized by solid regulatory oversight, adequate capitalization and increasing levels of financial inclusion. Additionally, the country has seen growth in digital banking and fintech solutions, which contribute to improving efficiency in financial operations.

TRANSPORTATION LINKS

El Salvador has developed a transportation infrastructure that supports both domestic and international business activities. The main international airport is the **Monseñor Óscar Arnulfo Romero International Airport**, located near San Salvador, which serves as the primary gateway for passenger and cargo traffic.

On the maritime side, the **Port of Acajutla** is the country's principal commercial port, handling the majority of imports and exports.

Internally, transportation relies primarily on road networks, which provide efficient connectivity across the country. Due to its compact size, El Salvador allows relatively fast movement of goods and personnel, which is a competitive advantage for logistics and distribution operations.

LAND AND BUILDING

Foreign investors are generally allowed to own property in El Salvador, and the real estate market has experienced steady growth in recent years.

Key areas of development include **industrial parks, logistics facilities, commercial centres and urban residential projects**. This growth has been driven by increased investment in nearshoring, logistics and service sectors.

For investors, the real estate market offers opportunities both for operational infrastructure and for long-term investment, particularly in areas with strong economic activity.

HOLIDAYS IN EL SALVADOR

The following are among the principal holidays commonly relevant for business planning in El Salvador in 2026.

Date	Holiday
1 January	New Year's Day
March/April	Holy Week
1 May	Labour Day
6 August	Feast of San Salvador
15 September	Independence Day
2 November	All Souls' Day
25 December	Christmas

<https://www.cia.gov/library/publications/resources/the-world-factbook/>

<http://data.worldbank.org/country/>

FOREIGN INVESTMENT

El Salvador has established a legal framework that is clearly oriented toward attracting foreign investment, based on the principle of **equal treatment between domestic and foreign investors**. In practical terms, this means that foreign investors may establish and operate businesses in El Salvador with full ownership, without the need for a local partner in most sectors.

One of the country's main advantages is its fully dollarized economy, which eliminates exchange rate risk and facilitates the repatriation of profits, dividends and capital. This significantly reduces financial uncertainty for international investors and simplifies the structuring of regional operations.

From an incentives perspective, El Salvador offers several regimes designed to attract investment, particularly in export-oriented sectors, services and technology. The most relevant include:

- **Free Trade Zones (FTZ):**

Designed primarily for export-oriented companies, this regime may provide income tax exemptions for up to 15 years depending on project conditions, as well as exemptions on import duties and VAT related to machinery, equipment and raw materials.

- **International Services Law:**

Applicable to companies providing services abroad, such as call centres, BPO, software development and digital services. This regime offers tax benefits similar to those available in free trade zones, particularly in relation to income tax exemptions and operational tax relief.

- **Legal stability agreements:**

In certain cases, investors may access agreements that provide legal certainty and stability for long-term investments.

It is important to note that these incentives are not automatic. Their application depends on the nature of the business, whether it is export-oriented, and compliance with specific regulatory requirements.

From a strategic perspective, El Salvador is particularly attractive when the business model is aligned with exports or international services, as this can significantly reduce the effective tax burden.

SETTING UP A BUSINESS

The process of establishing a company in El Salvador is relatively structured and efficient compared to other countries in the region, particularly when supported by local advisory services.

The most common legal structure for foreign investors is the **Corporation (Sociedad Anónima de Capital Variable – S.A. de C.V.)**, although branches of foreign companies are also permitted. The choice of structure depends on governance preferences, tax strategy and operational needs.

In practical terms, the incorporation process involves several key steps:

- **Execution of the incorporation deed:**

This is carried out before a Salvadoran notary in Spanish and includes the company's bylaws, corporate purpose, shareholding structure and appointment of legal representatives.

- **Registration with the Commercial Registry:**

This step grants legal personality and allows the company to operate formally.

- **Tax registration (NIT):**

The company must register with the tax authority (DGII) to obtain its tax identification number and comply with fiscal obligations.

- **VAT and tax compliance registration:**

Depending on the business activity, the company must register for VAT and other applicable taxes.

- **Opening of bank accounts:**

This process involves compliance checks and documentation requirements, particularly for foreign shareholders.

- **Employer registration:**

The company must register with the Social Security Institute (ISSS) and pension system administrators (AFP).

- **Operational and municipal permits:**

Additional licenses may be required depending on the industry, including municipal, environmental or sector-specific permits.

A key consideration for foreign investors is the requirement to appoint a local legal representative, who will act on behalf of the company before authorities, financial institutions and third parties.

From a practical standpoint, while legal incorporation may be relatively fast, full operational readiness depends on completing tax, banking and regulatory processes effectively.

LABOUR

El Salvador offers a competitive labour environment, combining relatively low labour costs with a growing and increasingly skilled workforce. The labour framework is structured and protective of employees, requiring companies to manage employment relationships formally and in compliance with labour laws.

Working hours

The standard workweek is approximately 44 hours, with specific regulations for daytime, nighttime and mixed shifts. Overtime is permitted but must be compensated according to legal requirements.

Minimum wage

Minimum wage varies by sector (industry, commerce, services and agriculture), typically ranging between USD 240 and USD 365 per month.

Social contributions

Employers and employees are required to contribute to:

- Social security (ISSS)
- Pension system (AFP)

These contributions increase the effective cost of labour and must be factored into financial planning.

Employee benefits

The labour system includes mandatory benefits such as:

- paid vacation
- annual bonus (aguinaldo)
- severance payments under certain termination conditions

These elements form part of the total employment cost and should be properly provisioned.

Talent profile

El Salvador has developed a strong position in sectors such as:

- customer service
- outsourcing (BPO)
- administrative support
- digital and technology services

The availability of bilingual talent has been increasing, particularly in urban areas, making the country attractive for nearshoring and service-based operations.

From a strategic perspective, El Salvador is particularly well suited for **labour-intensive service operations that require structured processes and scalable teams.**



TAXATION

El Salvador's tax system is relatively straightforward. The corporate income tax rate is generally **30%**, while the Value Added Tax (VAT) is **13%**.

Additional withholding taxes may apply depending on the nature of payments and whether the recipient is a resident or non-resident entity.

For investors, the most relevant consideration is not only the nominal tax rate, but also the potential access to special regimes (such as free trade zones and international services), which can significantly reduce the effective tax burden.

ACCOUNTING AND REPORTING

El Salvador applies accounting standards aligned with the **International Financial Reporting Standards (IFRS)**, facilitating integration with international financial reporting frameworks.

Companies are required to maintain proper accounting records and comply with both financial and tax reporting obligations.

For foreign investors, IFRS adoption is a key advantage, as it simplifies consolidation and enhances transparency in financial reporting.

UHY IN EL SALVADOR



UHY Asesores Y Consultores, S.A De CV

El Salvador

CONTACT DETAILS

UHY Asesores Y Consultores, S.A De CV
2a calle 24-00 zona 15 Vista Hermosa II
Edificio Domani
Nivel 17 Oficina 1702
Guatemala City
Tel: +502 2503 5900
Email: operez@uhy-perez.com

Year established: 1996
PCAOB revistered? No
Number of partners: 5
Total staff: 23

CONTACTS

Liaison contact: Omar Pérez Rosales
Position: Partner
Email: operez@uhy-perez.com

BRIEF DESCRIPTION OF FIRM

Asesores Y Consultores, S.A De CV, was established in 1996 and is based in the capital San Salvador. The firm provides a wide range of audit, accounting, finance, tax and business process outsourcing (BOP) services. Their typical clients range from large corporates to small and medium-sized companies covering a variety of sectors: agriculture, catering, education, financial services, insurance, IT, non-governmental organisations, not-for-profit, pharmaceutical, real estate and retail.

SPECIALIST SERVICE AREAS

Audit, Accounting and taxes

PRINCIPAL OPERATING SECTORS

Banking, financial services & insurance
Hospitality, tourism & leisure
Construction & Real Estate
Not-for-profit
Packaging
Health sciences & care
Engineering & industrial

LANGUAGES

Spanish & English

BRIEF HISTORY OF FIRM

Asesores y Consultores, S.A. de C.V. was founded by professionals with over 25 years of experience in the financial field. Our main goal has always been to offer a service with high professional and quality standards, and although we have accomplished that with our local clients, the need to offer an international support and standards to our clients kept getting stronger, until we find the perfect network to be a part of, UHY International, and since 2017 we proudly are a member of this prestigious global network, and since then we are now UHY Asesores y Consultores, S.A. de C.V.

Let us help you achieve further business success

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