

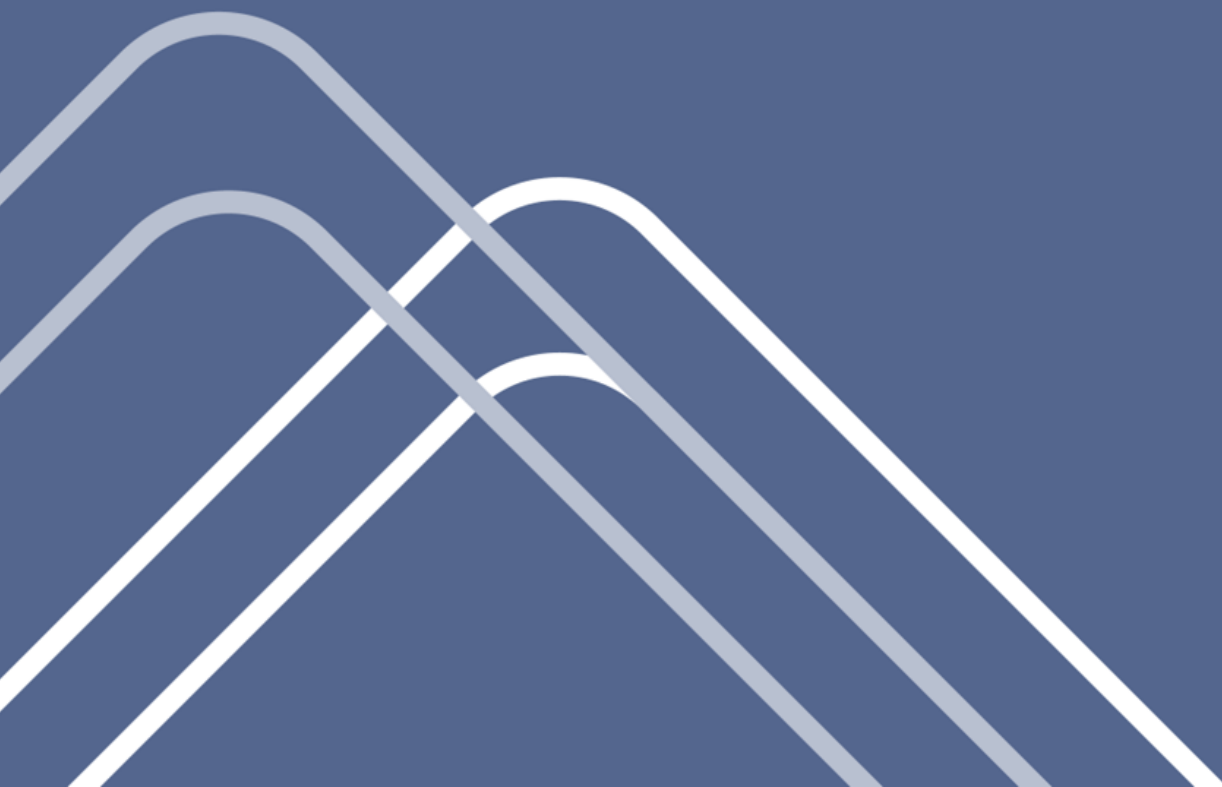


DOING BUSINESS IN NICARAGUA



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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 NICARAGUA 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 in April 2026.

We look forward to helping you do business in Nicaragua.

BUSINESS ENVIRONMENT

BACKGROUND

Nicaragua is one of the largest countries in Central America by land area and has an economy traditionally based on agriculture, agro-industry and natural resources. Over time, the country has also developed manufacturing activity, particularly through free trade zones, as well as services linked to exports, tourism and energy projects.

The economy is characterized by a combination of primary-sector production—such as coffee, beef, sugar and other agricultural exports—and industrial activity associated with assembly, processing and export manufacturing. This dual structure means that Nicaragua operates both as a resource-based economy and as a platform for cost-competitive production.

POPULATION

Nicaragua's population is a little above 6 million people, providing a meaningful labour base for operations that depend on workforce scale more than on deep domestic purchasing power. For investors, that generally makes Nicaragua more attractive for **production and service delivery models** than for purely consumer-led expansion strategies.

GEOGRAPHY

Nicaragua sits in the centre of the Central American isthmus and has access to both the Pacific Ocean and the Caribbean Sea. From an investor's perspective, that dual-coast position is commercially valuable because it supports trade, logistics and sector diversification, especially when the business model is connected to exports, ports, tourism or agricultural production.

CURRENCY

The official currency is the **Nicaraguan córdoba (NIO)**. Nicaragua is not dollarized, so investors need to consider exchange-rate management more actively than in El Salvador. At the same time, the legal framework for investment has long emphasized convertibility and the ability to transfer capital and profits abroad, which remains one of the key protections foreign investors look for when evaluating country risk.

LANGUAGE

Spanish is the official language and is the language used for incorporation documents, registry filings, tax compliance, labour documentation and dealings with public authorities. This means foreign investors can operate successfully in Nicaragua, but formal setup and compliance must be handled through Spanish-language legal and administrative processes.

MAJOR EXPORTS

Nicaragua's export model is strongly linked to agriculture, agro-industry, manufacturing and free-zone activity. This matters because it shows that the country's investment logic is already structured around cross-border production and exports, rather than depending solely on local demand.



MAJOR IMPORTS

Imports include machinery, fuels, industrial inputs, equipment and consumer goods. For investors, that profile is consistent with a jurisdiction where imported inputs frequently support downstream production, processing, assembly or commercial activity.

EDUCATION – PRIMARY AND SECONDARY

Education in Nicaragua is led by the **Ministry of Education**, while universities are regulated in coordination with the **National University Council (CNU)**. The country has both public and private universities, and public universities receive a constitutional budget allocation while private institutions are also part of the education ecosystem. From a business standpoint, Nicaragua offers a labour force that is generally trainable and cost-competitive, but many employers still need to invest in internal training, supervision and process discipline to achieve international operating standards.

TERTIARY EDUCATION

At the tertiary level, Nicaragua produces graduates in business, accounting, engineering and other applied disciplines, supporting the availability of administrative, operational and mid-level professional talent. For investors, this means Nicaragua can support a broad operating workforce and selected professional roles, though highly specialized functions may still require more targeted recruiting and training.

HEALTH CARE SYSTEM

Nicaragua operates a mixed healthcare model in which the state plays a direct role and the formal employer system is linked to the **Nicaraguan Social Security Institute (INSS)**. Social security in Nicaragua is state-regulated and mandatory for workers, and that the integral system includes medical care through companies affiliated with INSS, as well as temporary disability benefits. In practical terms, that means healthcare is not only a social matter but also part of employer compliance and workforce cost planning. Private healthcare remains relevant for executives, expatriates and businesses seeking faster or more predictable service in practice.

COMMUNICATIONS

The telecommunications sector is regulated by **TELCOR**, the Nicaraguan telecommunications and postal authority. TELCOR describes itself as the regulator and supervisor of telecommunications and postal services and also highlights current initiatives connected to digital transformation, mobile coverage mapping and IT/ITES skill development. For investors, this suggests a market in which the government has a strong regulatory role, but where connectivity and digital capabilities are also being promoted as part of the country's broader investment and technology agenda.



BANKING AND FINANCIAL SERVICES

Nicaragua's financial system is supervised by **SIBOIF**, the Superintendency of Banks and Other Financial Institutions. SIBOIF states that it supervises banks and other financial institutions, and its website lists multiple supervised banks operating in Managua, including BAC, Banco Atlántida Nicaragua and others. For investors, this means the banking system is formal and regulated, but account opening, financing and compliance are likely to involve detailed due diligence, beneficial-ownership scrutiny and documentary requirements. The market is private-sector based, but the state's prudential regulatory presence is significant.

TRANSPORTATION LINKS

Nicaragua's principal international airport is **Augusto C. Sandino International Airport** in Managua. The airport operator, EAAI, lists the contact address as **Km 11 North Highway, Managua, Nicaragua**, and describes the airport as the country's main international aviation gateway. American Airlines also lists the airport as located at **Km 10 1/2 Carretera Norte, Managua**, which reinforces the practical location reference on the North Highway corridor. For investors, this airport is the central access point for executive travel, cargo connectivity and international business mobility.

On the maritime side, one of Nicaragua's main ports is **Corinto**, on the Pacific coast. Available port information identifies the authority as **Empresa Portuaria Nacional (EPN)**, with head-office contact references in Managua and the port itself serving as one of the country's key commercial maritime gateways. For investors evaluating logistics, the practical point is that Nicaragua's port and airport network is narrower than that of some regional peers, so location decisions should be made carefully based on whether the business depends primarily on Pacific export routes, Managua access or internal distribution.

Internal transportation relies mainly on roads. As in other Central American markets, the commercial implications are significant: delivery timing, site location, trucking access and the relationship between production sites and export infrastructure should be part of the investment decision from the beginning.

LAND AND BUILDING

Nicaragua generally allows foreign investment and recognizes the right of investors to enjoy, use, possess and own property related to their investment. The modern investment framework also protects against expropriation without just compensation and permits the transfer of capital abroad. For investors, this creates a workable legal base for owning productive assets and operating premises, although land and real-estate decisions should still be reviewed carefully on a case-by-case basis depending on location, title history and sector. In market terms, Nicaragua tends to be most attractive where land and buildings support an operating thesis such as agriculture, free-zone production, tourism or logistics, rather than purely speculative corporate-office demand.

HOLIDAYS IN NICARAGUA

The principal public holidays relevant for business planning in Nicaragua in 2026 include New Year's Day, Holy Week dates, Labour Day, the Sandinista Revolution Day, Battle of San Jacinto, Independence Day, the Feast of the Immaculate Conception and Christmas Day. Depending on

the sector, these dates can affect staffing, transport, government-office availability and transaction timing.

Date	Holiday
1 January	New Year's Day
2 April	Maundy Thursday
3 April	Good Friday
1 May	Labour Day
19 July	Sandinista Revolution Day
14 September	Battle of San Jacinto
15 September	Independence Day
8 December	Feast of the Immaculate Conception
25 December	Christmas Day

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

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

FOREIGN INVESTMENT

Nicaragua's current foreign investment framework is now centred on **Law No. 1240, the Foreign Investment Law**, published in February 2025, and its implementing regulations, published in June 2025. That law expressly sets out principles such as **non-discrimination between domestic and foreign investors, free transfer of capital, and protection against expropriation without just compensation**. For a foreign investor, those are foundational protections because they speak directly to ownership security, exit rights and capital mobility.

A critical operational point is that foreign investment in Nicaragua is now not only protected, but also **mandatorily registrable**. Foreign investments must be registered with the Investment Directorate of **MIFIC**, and that new foreign investments must obtain the **Unique Foreign Investment Registration Certificate (RUIE)**. The same source explains that this certificate is required to carry out procedures for materializing the investment and to request benefits tied to the relevant economic activity. In practice, that means registration is no longer an optional afterthought; it is part of the actual ability to operate formally.

Nicaragua's incentive framework is strongest when the project fits a **sector-specific law**, not when it is simply a standard domestic operation. One of the most important regimes is the **Industrial Free Trade Zones Law**, which supports operations aimed at the export of goods and services. Qualifying free-zone users can receive a **ten-year income tax holiday**, extendable for an additional ten years, and after the full exemption expires may still be entitled to a **60% exemption**. Exemptions from capital tax and stamp duties, indirect and excise taxes, export taxes on locally made products, municipal taxes, and certain property-transfer and capital-gains taxes in specific closure-related situations inside the FTZ framework.

The broader investor guide for Nicaragua also highlights additional sectoral laws such as **the Temporary Admission for Active Improvement of Export Facilitation Law (Law No. 382)**, **the Law for the Promotion of Electric Generation from Renewable Sources (Law No. 532)**, **the Special Law on Exploration and Exploitation of Mines (Law No. 387)** and **the General Tourism Law**. For investors, this matters because Nicaragua's incentive logic is highly sector-driven: the more closely a project aligns with exports, renewable energy, tourism or another promoted sector, the more compelling the economic case can become.

Nicaragua has also entered into multiple bilateral investment protection agreements and is party to international dispute-resolution frameworks such as **ICSID, MIGA, OPIC, UNCITRAL/New York Convention 1958**, and the **Inter-American Convention on Commercial Arbitration**. This does not remove all business risk, but it does provide additional legal architecture that sophisticated foreign investors often value when making longer-term or capital-intensive commitments.

The practical conclusion is that Nicaragua becomes materially more attractive when the investor asks the right question: not simply "Is foreign investment allowed?" but "Does my project fit one of the country's protected and incentive-backed structures?" If the answer is yes, the investment case can improve significantly through tax, customs and legal advantages.

SETTING UP A BUSINESS

For most foreign investors, the most common entry vehicle in Nicaragua is a **corporation (Sociedad Anónima / S.A.)**. The corporation as a legal entity formed through share capital contributed by shareholders who are liable only up to the amount of their shares. The same source also **confirms that foreign companies may establish branches in Nicaragua**, and that for tax purposes such branches are treated as **permanent establishments**.

The guide further notes several practical requirements for foreign companies and new businesses. These include registration of incorporation documents and by-laws at the **Public Registry**, registration as a business entity, registration as a taxpayer with the tax authority and municipality, registration as an employer with the **Social Security Institute**, and compliance with any industry-specific requirements or authorizations. For branches of foreign companies, the need to maintain an **in-country representative with a duly registered general power of attorney**.

What makes Nicaragua different from a purely mechanical incorporation process is the interaction between **general business registration and foreign investment registration**. Institutions responsible for business formalization, including the General Directorate of Revenue, municipalities, INSS and other public entities, require the **Foreign Investment Single Registration Certificate (RUIE)**. In other words, a foreign-owned business may be incorporated on paper, but it will not be fully operational in practice until the investment-registration layer is also completed.

A practical setup path for a foreign investor therefore usually involves: choosing the legal structure; preparing and notarizing formation documents in Spanish; registering the company and corporate books; obtaining tax registration; securing municipal registration where applicable; completing employer registration with INSS if hiring staff; obtaining the **RUIE** through MIFIC; opening bank accounts; and then obtaining any sector-specific permits required by the business model. That sequence matters because it shows that Nicaragua is not just a one-step incorporation market; it is a jurisdiction where incorporation, tax, labour and foreign-investment formalization are interdependent.

For foreign investors, the main practical lesson is that local coordination is especially important. A company may be legally formed before it is fully bankable, tax-ready, payroll-ready or entitled to incentive benefits. Nicaragua is therefore a jurisdiction where **proper sequencing** is a significant part of execution.

LABOUR

Nicaragua is often considered attractive for investors because of its **cost-competitive labour structure**, especially in export manufacturing, services and other labour-intensive operating models. But that advantage needs to be understood in full: Nicaragua is not just “low-cost labour”; it is a jurisdiction with detailed rules on working time, minimum wage, mandatory benefits and social-security contributions.

Working time is structured by law. Current labour references state that the standard **day shift** is limited to **8 hours per day and 48 hours per week**, the **night shift** to **7 hours per day and 42 hours per week**, and a **mixed shift** to **7.5 hours per day and 45 hours per week**. Overtime is paid at double the ordinary salary.

Minimum wage in Nicaragua is highly **sector-specific**. WageIndicator’s 2026 update, based on the ministerial agreement cited on the page, shows different monthly minimum wages depending on economic activity.

Nicaragua also imposes material social-security obligations. Social security is mandatory for workers and sets out contribution rates under the mandatory system. For employers with **fewer than 50 employees**, the guide shows an employer contribution of **12.50%** for IVM plus **1.50%** for occupational risk and **1.50%** for war victims; for employers with **more than 50 employees**, the IVM employer rate rises to **13.50%**, with the same additional components. Employees contribute **4.75%** to IVM, **0.25%** for war victims, and 2.25% for sickness and maternity under the integral system. In practice, this means the real labour cost is significantly higher than base salary alone.

The labour framework also includes mandatory benefits. Benefits such as the **thirteenth-month bonus** and paid rest for the seventh day after six consecutive days of work, while broader labour practice in Nicaragua also requires employers to provision for vacation and termination-related obligations where applicable. For investors, the practical lesson is clear: the relevant number is the **fully loaded employment cost**, not just nominal monthly wages.

From a talent perspective, Nicaragua tends to be strongest when the operating model depends on **disciplined frontline execution, assembly, repetitive industrial activity, back-office support or scalable labour deployment**. It is less naturally attractive when the business depends on a very deep pool of highly specialized senior professionals without internal training.

TAXATION

Nicaragua generally applies a **30% corporate income tax** on net income from economic activities, the income tax payable is the higher amount resulting from comparing **30% of net income** with the applicable definitive minimum payment.

VAT in Nicaragua is generally **15%**, and it applies to the sale of goods, the rendering of services, the grant of use of assets and the import of goods, while exports of goods and services are subject to a **0% rate**. For investors, this makes Nicaragua's tax environment especially relevant for export-oriented models, since the indirect-tax treatment differs materially between export and domestic activity.

The most important tax question for a foreign investor is therefore not only the nominal corporate rate, but whether the project qualifies for one of the country's **free-zone or sector-specific incentive regimes**, which can significantly alter the effective tax burden.

ACCOUNTING AND REPORTING

Nicaragua's accounting and reporting environment is somewhat fragmented, but **IFRS has been adopted in practice through the professional and sectoral framework**. IFAC explains that the Commercial Code imposes basic bookkeeping and annual financial-statement requirements, but does not itself create a single comprehensive corporate-reporting framework for all entities. IFAC also states that the **Colegio de Contadores Públicos de Nicaragua (CCPN)** adopted full IFRS and IFRS for SMEs in 2011 as professional requirements, while **SIBOIF** has sector-specific IFRS-based frameworks for regulated financial entities.

For investors, the practical implication is that proper accounting setup in Nicaragua should be approached as both a **compliance issue and a group-reporting issue**. Entities that will report into international groups can benefit from IFRS alignment, but local tax, registry and sector-specific requirements still need to be addressed carefully.



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BRIEF DESCRIPTION OF FIRM

UHY Auditores & Consultores. is an audit and accounting firm operating in our country since 2012, 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.

A group of young entrepreneurial professionals with experience in external audit services, management consulting, taxes, accounting and finance have been associated with our firm for the development of our services. The partners have been managers, and implementers of cutting-edge technology, to focus on fast, high-impact projects. In addition, they have been professors at the Universidad Nacional Autónoma of Nicaragua and Universidad Centroamericana UCA.

SPECIALIST SERVICE AREAS

Audit, Accounting and Taxes.

PRINCIPAL OPERATING SECTORS

Corporate
Industrial
Pharmacist

LANGUAGES

Spanish and English

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