

EXECUTIVE SUMMARY

LAW NO. 30-24 ON LOGISTICS CENTERS, LOGISTICS CENTER OPERATING COMPANIES, AND LOGISTICS OPERATING COMPANIES

Aim.

On July 30, Law No. 30-24 on logistics centers, logistics center operating companies, and logistics operating companies was enacted, with the aim of establishing a legal framework for the development and promotion of the Dominican Republic as a Logistics Hub and regulating the activities carried out by logistics centers, logistics center operating companies, and logistics operating companies developed in the national territory.

Main Definitions.

The logistics center is the area located in the primary area of customs jurisdiction or its extension, within which the logistics operating companies carry out all their activities related to the transport, logistics and distribution of goods, both for the international and national markets. In general, the areas of the logistics centres must be delimited, and the entry and exit accesses must be monitored, authorized and controlled by personnel from the General Directorate of Customs (DGA).

Logistics center operating companies are legal entities responsible for planning, building, maintaining, exploring and promoting logistics centres. In particular, they are responsible for supplying the infrastructure and equipment for logistics centres, as well as the services that can be installed and developed there.

Finally, logistics operating companies are legal entities that operate and provide third parties with storage, inventory management, classification, consolidation, deconsolidation and distribution of loads, packaging, repackaging, labeling, relabeling, packing, repackaging and fractionation of products, refrigeration, re-exportation, separation, transportation, and any other logistics activity that facilitates the competitiveness of companies. Logistics operating companies may not carry out processes of transformation or preparation of goods similar to those permitted in industrial free zones; their activities must be limited to minimum processes.



National Logistics Council.

The Law provides for the creation of the National Logistics Council, as a body dependent on the Ministry of Industry, Commerce and MSMEs (MICM), which will be responsible for defining and approving policies, strategies and plans for the development of logistics centres, logistics centre operating companies, and logistics operating companies.

Authorization.

The authorization of logistics centers, logistics center operating companies and logistics operating companies must be submitted through an installation application to the National Logistics Council, which must issue a report approving or rejecting the application within a period not exceeding 90 calendar days. Favorable reports will be authorized through a resolution, which will contain the technical and economic characteristics on which the approval was based.

These licenses will be granted for an indefinite period of time, and may be suspended or revoked at any time by the National Logistics Council for failure to comply with the obligations established in the law and its regulations, after exhaustion of the administrative sanctioning procedure.

Companies that have within their infrastructure platforms for the import, export, dispatch or shipment through electricity networks, pipelines, pipes or places authorized for the entry and exit of fuels from maritime and air cargo transportation means, must comply with a series of special requirements for their authorization, which are established in article 22 of the Law.

Goods Entry/Controls.

Logistics operating companies may handle all types of goods, except those whose import, export or sale is prohibited by law.

Goods received by logistics operating companies may remain there for a period of 12 months from the date of receipt, and may request an additional special period of up to 6 months from the DGA. After the indicated period, the goods will be abandoned. The transfer of goods from one logistics company to another does not interrupt or renew the period of permanence. This provision also applies to goods received in logistics centres.

In this regard, in the case of logistics operating companies, the goods introduced are considered to have been received at an international cargo terminal, so that, for a period of up to 12 months from the date of receipt, they are not required to pay duties and taxes. During this period, these goods may be destined for re-export, consumption, or any other customs regime for which the importer is authorized or for the operations planned for said company.

Goods of foreign origin stored in logistics operating companies are not subject to the payment of duties and taxes applicable to foreign trade, until they are presented under the customs regime to which they are subject. These imported goods will not require the corresponding entry permits, except in cases where the authorities determine that it is necessary for phytosanitary, zoosanitary, public health or national security reasons.

For their part, goods that have been subjected to minimal or insufficient processes or operations by logistics center operating companies and logistics operating companies, in order to enter the local market, must be nationalized by a resident taxpayer with a National Taxpayer Registry (RNC). Such merchandise, upon entering the local market, will be taxed with a 3.5% tax on the value of gross sales, except for those that are exclusively subjected to the following logistics services: storage, inventory management, classification, packaging, repackaging, labeling, relabeling, packaging and product fractionation, refrigeration, re-exportation, separation and transportation.

Foreign goods in the custody of logistics centre operating companies and logistics operating companies will enjoy tariff preferences, provided that the DGA verifies that their nature has not been altered or that they have not undergone a substantial transformation. In such cases, upon entry into the local market, the Most Favored Nation Tariff will be charged on non-originating inputs used in logistics operations, without prejudice to the payment of other duties, taxes or levies that may apply. Otherwise, if the goods are subjected to processes that change their nature or cause their substantial transformation, they will lose their status as originating goods, and the Most Favored Nation Tariff and the 3.5% rate will be applied.

Logistics centre operating companies and logistics operating companies are jointly and severally liable before the Directorate General of Internal Revenue (DGII) and the DGA, with regard to the goods under their custody. Their liability for the goods received ends once: (i) the goods are reshipped, exported or re-exported; (ii) the goods are destined for the consumption regime or other special customs regime in force; (iii) express or de facto abandonment of the goods, or proven losses due to force majeure; and (iv) disposal of the goods or destruction of them, under the process established by the DGA.

When logistics operating companies and industrial free zones that exchange services or supply goods with each other coexist in the same logistics centre, they must comply with all the required procedures and controls, as if said operations were carried out outside the same park or logistics centre.

Tax Regime.

Regarding tax benefits, Article 67 of the Law provides that logistics centers may be established either under the ordinary tax regime; under the tax incentives established in Law No. 8-90 on the Promotion of Free Trade Zones; or under the incentives of Law No. 12-21, which creates the Special Zone for Comprehensive Border Development, which includes the provinces of Pedernales, Independencia, Elías Piña, Dajabón, Montecristi, Santiago Rodríguez and Bahoruco.

Logistics operating companies that wish to benefit from the incentives established in Law No. 8-90 or in the Border Development Law must obtain the approval of the National Council of Export Free Zones or the Coordinating Council for the Special Border Development Zone, as appropriate.

In this regard, logistics centres that are subject to the tax regime of Law No. 8-90 will be taxed in accordance with the provisions of Article 11 of Law No. 139-11, amended by Law No. 253-12, which taxes gross sales made in the local market at 3.5% of their value.

Since logistics operating companies are not considered manufacturers, the 3.5% tax will be applied only to the value of the services provided, regardless of the applicable Most Favored Nation or preferential tariffs and other taxes associated with the importation of the goods.

For their part, logistics center operating companies and logistics operating companies established under the ordinary tax regime will be subject exclusively to the provisions of the Dominican Tax Code.

The use of services provided by logistics operating companies or logistics centres does not exempt companies in industrial free zones from paying the 3.5% corresponding to Income Tax, calculated on the value of their gross sales made in the local market.

As a final tax aspect to highlight, it is prohibited for logistics operating companies and companies established under the industrial free zone regime to operate under the same corporate name or RNC, regardless of whether they are in the same logistics center or free zone park, or whether they provide mutual services or supply goods and materials.

Implementing Regulations/Repeals.

The implementing regulations for Law No. 30-24 must be issued within 120 days from the date of entry into force of the law. The Law entered into force throughout the national territory on August 1, 2024.

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