



## Corporate Obligations Guide Nicaragua 2022



Learn about the annual obligations that apply to your company in Nicaragua.  
At BLP we can help you to ensure compliance.

### January: Business Registration Renewal (Municipal)

Any natural or legal person engaged in the sale of goods, industries, or provision of services, whether they are professionals or not, must register with the corresponding municipality and renew their registration every year.

- **Period:** December 1 to January 31 (Managua) and January 1 to 31 (other municipalities).
- **Base:** 2% on the monthly average of the gross income of the last three months of the previous year or of the months elapsed since the opening date, if less than three months.
- **Penalty:** In case of non-compliance, a 5% fine will be applied for each month of delay.
- **Requirements:** Within the requirements for renewal are:
  - Proof of Label and/or no Labels;
  - Information Update Form and supporting documentation;
  - Environmental Guarantee.

### January: Taxes on Labels (Municipal)

The use of propaganda or publicity through signs located in each municipality of the Republic of Nicaragua is subject to tax.

- **Period:** January.
- **Payment due:** The tax must be paid in January of each year in the corresponding municipality. In case of non-compliance, a 5% fine will be applied.
- **Base:** According to the Classification of the Label and its dimensions.

### January: Information Update (Municipal)

Any person, whether natural or legal, that has a business registration must update and/or, where appropriate, ratify to the municipal authority the information declared in the registration system as a taxpayer. In any case, the taxpayer must provide certain supporting documentation that proves the existence of the natural or legal person, modifications, and/or reforms.

### **January: Environmental Guarantee (Municipal)**

Any natural or legal person who has a business registration, as part of the strengthening of the Environmental Management Plan in charge of each Municipal Authority, must request an Environmental Guarantee from the Municipal Authority as a requirement to request the opening of a business or the renewal of business registration.

### **February: Declaration and payment of annual Income Tax (IR)**

All taxpayers registered in the general regime in the country, whether active or inactive, or legal entities that do not have operations, must declare and pay the annual income tax.

- **Last day to declare and pay:** the last day of February
- **Amount to pay:** 30% of the net income or percentage of the Definitive Minimum Payment (1%, 2%, or 3%) of the gross taxable income.

### **March: Tax on Real Estate (Municipal)**

Annual tax levied on real estate located in the territorial district of each municipality of the Republic of Nicaragua.

- **Period:** First calendar quarter for the first 50% (no later than March 31), and second quarter for the second 50% (no later than June 30).
- **Base:** 1% of 80% of the value of the municipal cadastral appraisal.
- **Form of Payment:**
  - 50% during the first calendar quarter (no later than March 31)
  - 50% no later than June 30.
  - Discount: A 10% discount is applied to the cancellation of 100% in the first quarter.

### **March: Ordinary Shareholders Assembly (Corporate Governance)**

Corporations must hold an Ordinary Assembly per year according to the Commercial Code (Art. 251 CC).

It is customary to take advantage of this ordinary meeting to present and approve the management reports of the company's administrative bodies.

Since the General Meeting must also approve the balance of the company (Art. 257 CC), it is usual to do so in the same Ordinary Assembly and within the first months of the year (after the fiscal closing) and to present at the same time the Declaration of the Annual Tax (IR) based on approved accounts.

### **April: Final Beneficiary Declaration of companies in 2nd Cycle (Compliance)**

Commercial companies must declare and/or update the information related to the Final Beneficiary. Under the instructions established in the "Rules of Operation of the Register of the Final Beneficiary of Commercial Companies" the update of the information can be:

- **Ordinary:** Every 12 months, stating whether or not there are changes or modifications.
- **Extraordinary:** When any change occurs that affects the identification of the Final Beneficiaries; The commercial company has 30 days to carry out the update while companies domiciled abroad have 60 days.

Regarding the Declaration of the Final Beneficiary, the competent authority has established cycles to start declaring the information. Currently, the active cycle is for commercial companies whose company name begins with Letter I to Z in the period from 10/19/2021 to 04/18/2022.

### **December: Survey of Physical Inventory (Fiscal)**

Taxpayers whose cost of sales is determined by inventory difference are required to conduct a survey at the end of the authorized taxable fiscal period.

### **Recurring: Update of Basic information (Corporate Governance)**

Mercantile companies must register their updated information with the competent Mercantile Registry. The Basic Information that each entity must update refers to changes in the shareholding composition, directors or administrators, registered office location, information on the shareholders, and information on the legal representative of the entity.

### **Recurrent: Renewal of the Board of Directors (Corporate Governance)**

Corporate administration is entrusted to a Board of Directors, appointed by the General Meeting or as provided by the corporate charter. The election of the directors will be made from among the same shareholders, for a fixed and determined time, not exceeding ten years, without prejudice to the revocation of the mandate, provided that this agreement is taken at the General Meeting.

**At BLP we have a team that can assist you with the process.**

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