



NOBOA, PEÑA & TORRES
ABOGADOS ECUADOR

FLASH LEGAL # 001111

“FINANCIAL RELIEVE LAW”

Dear Clients and Friends:

Yesterday, December 9, 2024, in the 5th Supplement of Official Registry No. 699, the Organic Law for Financial Relief and Economic Strengthening of Generations in Ecuador was published. Below are the most relevant highlights of this new law:

- All Ecuadorian Institute of Social Security (IESS) affiliates under an employment relationship who are dismissed without cause between November 2024 and February 2025 will have immediate access to unemployment insurance.
- Internet and mobile service providers shall implement remediation measures and payment facilities for bills during the electricity emergency.
- During this emergency period, automatic adjustment clauses in lease contracts cannot be enforced.
- All financial sectors may establish extraordinary and temporary deferral programs for financial obligations.
- The Internal Revenue Service (SRI) will publish, openly and without prior registration requirements, individualized amounts related to the economic relief measures approved under this legislation and tax remissions for prior fiscal years.
- Employers who did not lay off workers in October, November, and December 2024 and maintain them under the same or better working conditions will receive a tax credit to offset their income tax for fiscal year 2024. This credit equals the employer's social security contribution for salaries during the specified quarter and will be applied according with a chart that varies between 5% and 45%, depending on the economic sector, company size, and comparison of gross revenues for 2022 and 2023.
- SRI may approve an exceptional payment plan of up to 12 months for overdue tax obligations as of October 31, 2024, related to withheld or collected taxes.
- The Ecuadorian Institute of Social Security Bank (BIESS) will refinance or restructure, for one additional occasion, existing restructured or refinanced mortgage loans as of September 30, 2024, granting a grace period of up to 90 days.

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- Employers will not incur in liabilities with IESS for contributions overdue in November and December 2024 if they are paid within 90 days of becoming overdue and upon employer request.
- Several exemptions or remissions of interest, fines, and surcharges are established for obligations with public financial institutions, derived from responsibilities determined by the Comptroller General's Office, debts of up to \$50,000 with closed banks, and obligations related to educational loans.
- IESS is prohibited from initiating coercive collection proceedings until February 28, 2025.

Amendment to the Internal Tax Regime Law:

- The provision under numeral 14 of Article 9 of this law is replaced, specifying that income generated from the occasional sale of real estate by natural or legal persons is exempt from income tax, applicable up to two (2) transactions per year.

We hope this general information, which does not constitute advice, is helpful. If you have specific questions, we will be happy to assist you.

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