



NOBOA, PEÑA & TORRES
ABOGADOS ECUADOR

FLASH LEGAL # 001109

“MODIFICATIONS TO THE FOREIGN CURRENCY OUTFLOW TAX (ISD) RATE”

Dear Clients and Friends,

In accordance with the ruling of the Constitutional Court, the tax credit mechanism for the payment of Income Tax derived from the Foreign Currency Outflow Tax (ISD) will cease to be in force on December 31, 2024. This mechanism applies to the importation of inputs, raw materials, and capital goods included in the list approved by the Tax Policy Committee under Executive Decree No. 468, issued by the President of the Republic on December 1, 2024. The ISD rate will be modified exclusively for the list of tariff subheadings to be published by the Ministry of Economy and Finance (MEF) as follows:

1. For the group of subheadings related to the pharmaceutical sector: ISD rate of 0%.
2. For other tariff subheadings in productive sectors: ISD rate of 2.5%.
3. For agricultural subheadings: ISD rate of 2.5%, based on the analysis conducted by the Ministry of Agriculture and Livestock.

Between January 1 and March 31, 2025, during the transition period, the ISD rate applicable to the subheadings included in the list to be issued by the MEF will be 0%.

All other outbound monetary transactions subject to the ISD will remain taxed at the current rate of 5%.

We hope this general information, which does not constitute legal advice, will be useful to you. Should you have any specific questions or concerns, we would be pleased to assist you.

NOBOA, PEÑA & TORRES ABOGADOS

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