



NOBOA, PEÑA & TORRES
ABOGADOS ECUADOR

FLASH LEGAL # 001113

“TAX UPDATES IN THE METROPOLITAN DISTRICT OF QUITO”

Dear Clients and Friends:

On December 27, 2024, Metropolitan Ordinance No. 086-2024 was issued, which reforms several key taxes in the Municipal Code **for the Metropolitan District of Quito**. Below, we highlight the main changes:

Business License Tax:

1. Modification of the Tax Base:

- For taxpayers not required to keep accounting: a fixed annual fee of US\$15.00 (fifteen dollars) is established; and
- For taxpayers required to keep accounting: the tax base is the net worth from the previous tax year prior to the declaration. Progressive rates are established according to the following table:

Business License Tax Rates			
Tax Base		Rate	
From USD	Through USD	Tax to the basic fraction	Percentage of tax over exceeding fraction
	10.000,00		1%
10.000,01	20.000,00	100,00	1,20%
20.000,01	30.000,00	220,00	1,40%
30.000,01	40.000,00	360,00	1,60%
40.000,01	50.000,00	520,00	1,80%
50.000,01	On	700	2,00%

- If the taxpayer operates in multiple cantons, the proportional part will apply based on the income obtained in each Canton.

The tax cannot be, in any case, less than USD 10.00 nor exceed USD 25,000.00. The upper limits are established based on the ranges according to the following table:

Quito: Av. República de El Salvador N 36-230 y Av. Naciones Unidas,
Edificio Citibank, 2do piso. Teléfono: (593-2) 2 970-193 / 195 / 198 / 199
Guayaquil: Junin 114 y Malecón Simón Bolívar, Edificio Torres del Río, 8vo piso.
PBX: (593-4) 2 300-814





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Quota Limits in the Business License Tax		
Net Worth		Limit
250.000,01	750.000,00	5.000
750.000,01	1.000.000,00	6.000
1.000.000,01	1.500.000,00	7.000
1.500.000,01	2.000.000,00	8.000
2.000.000,01	3.500.000,00	10.000
3.500.000,01	6.000.000,00	15.000
6.000.000,01	10.000.000,01	20.000
10.000.000,01	On	25.000

2. Deadlines for the determination, declaration, and payment of the tax:

- For taxpayers not required to keep accounting: the administration will determine the tax by July 10, and it can be paid without interest until December 31 of the same year of issuance.
- For taxpayers required to keep accounting: it will be declared and paid by the following dates:

If the ninth digit of the RUC is	Expiration Date
1	June 10
2	June 12
3	June 14
4	June 16
5	June 18
6	June 20
7	June 22
8	June 24
9	June 26
0	June 28

- 3. Tax Incentives and Reductions:** Specific exemptions have been introduced for key sectors. Taxpayers who present and execute projects that promote the development of the productive sector within the Special District of Innovation La Mariscal may benefit from a 50% reduction of the tax for three years. Additionally, taxpayers domiciled in Quito who are registered in the National Entrepreneurship Registry may access a 50% reduction of the tax for five years from their registration. Finally, persons with disabilities or their legally declared substitutes may benefit from a 50% reduction of the Business License Tax, provided that the condition of disability or legal substitution is demonstrated.



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1.5 per Thousand Tax on Total Assets:

1. **Taxpayer:** natural persons, legal entities, national or foreign companies domiciled or with establishments in the respective municipal jurisdiction that engage in economic activities and are obligated to keep accounting.
2. **Tax Base and Rate:** it will correspond to the total assets of the previous calendar year, with a single rate of 1.5 per thousand on total assets.
3. **Deadline for the determination, declaration, and payment of the tax:** Taxpayers will declare and pay the tax by the following dates:

If the ninth digit of the RUC is	Expiration Date
1	June 10
2	June 12
3	June 14
4	June 16
5	June 18
6	June 20
7	June 22
8	June 24
9	June 26
0	June 28

Important Note: For this one time, the provisions of this reform will be applicable to the 2024 tax year.

We hope this information, which does not constitute advice as it is of a general nature, will be useful to you. If you have any particular concerns, we will be happy to assist you.

NOBOA, PEÑA & TORRES ABOGADOS

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