



NOBOA, PEÑA & TORRES
ABOGADOS ECUADOR

FLASH LEGAL # 001118

“OBLIGATIONS TO BE FULFILLED IN FEBRUARY 2025”

Dear Clients and Friends:

Below you will find an overview of the main tax, corporate and labor obligations that must be fulfilled in February 2025:

Tax Obligations:

- Submission of Personal Expenses Annex:
 - Individuals who utilize the deduction for their personal expenses against their Income Tax liability must submit information regarding their personal expenses. This requirement applies even to those in an employment relationship. The deductions must not exceed the limits established for each type of expense (deductible personal expenses include those related to housing, education, health, food, and clothing). Please note that you may deduct your personal expenses, as well as those of your spouse or partner and dependent children under the age of majority or with disabilities, provided they do not earn taxable income and are financially dependent on the taxpayer.
- Submission of Final Beneficiaries and Corporate Structure Report (*Reporte de Beneficiarios Finales y de Composición Societaria - REBEFICS*):
 - Corporations, branches of foreign corporations residing in Ecuador, and permanent establishments of non-resident foreign corporations are required to submit the REBEFICS. This report must be submitted through the Internal Revenue Service (Servicio de Rentas Internas - SRI) website by February 28, according to the ninth digit of the Single Taxpayer Registry (*Registro Único de Contribuyentes - RUC*), with information corresponding to the immediately preceding fiscal year. Failure to comply with this obligation will result in consequences regarding the income tax rate and the application of corresponding penalties in accordance with current regulations.
- Recurring Obligations

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- During February 2025, the following recurring tax obligations must be fulfilled:
 - Monthly value added tax return for January 2025.
 - Withholding Tax Return for January 2025.
 - Special Excise Tax Return (if applicable) for January 2025.
 - Outgoing Foreign Exchange Tax Return for January 2025.
 - Simplified Transaction Schedule (*ATS – Anexo de Transacciones Simplificado*) of January 2025.
 - Financial Transactions and Operations Report Annex, (*ROTEF - Reporte de Operaciones y Transacciones Económicas Financieras*) (if applicable) for January 2025.
- Payment of the Special Contribution Established by the Law to Address the Internal Armed Conflict:
 - Fiscal resident corporations in Ecuador that generated taxable income during the fiscal year 2022, with the exception of micro and small enterprises, banks, and savings and credit cooperatives, are required to pay the second and final installment of the Temporary Security Contribution (*Contribución Temporal de Seguridad - CTS*) by March 31, 2025.

Corporate Obligations

- Submission of the Foreign Corporations Registry:
 - Ecuadorian corporations whose shareholders are foreign legal entities are required to submit the following documents to the Superintendencia de Compañías, Valores y Seguros (*Superintendencia de Compañías, Valores y Seguros - SCVS*) by February 5:
 - A certificate of legal existence from the country of origin, issued by the competent authority of that country, duly legalized or apostilled; and
 - A complete list of all shareholders or members, which must include the following details for each individual: full names, marital status, nationality, address, and email until reaching the ultimate beneficiary. This list must be certified by a public notary and legalized or apostilled.
 - If the foreign company is registered on one or more foreign stock exchanges, it must submit a sworn declaration regarding:
 - The registration of the foreign company on the stock exchange(s); and
 - The total capital, confirming that it is exclusively represented by shares or nominative titles.



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- If there are no changes to the information provided for the fiscal year 2024, instead of this list, the legal representative of the Ecuadorian corporation must submit a sworn declaration to that effect.
- Foreign corporations that are shareholders of an Ecuadorian company and do not have a permanent establishment in the country must designate an attorney-in-fact. This power of attorney must be apostilled or legalized before an Ecuadorian Consulate in the corporation's country of origin.
- This obligation must be fulfilled within the first five days of February. If the Ecuadorian corporation does not receive the aforementioned documents from its foreign shareholders, the company must comply with it indicating which shareholders have failed to comply.
- Ordinary General Meeting of Shareholders:
 - In accordance with the provisions of the Corporations Law, corporations incorporated in Ecuador must hold the Ordinary General Meeting of Shareholders within three months following the end of the company's fiscal year, that is, by March 31.
 - The Ordinary General Meeting must address and resolve the following matters:
 - The management report;
 - The commissioner's report (if this position is included in the company's bylaws);
 - Financial statements;
 - The report of External Auditors (if applicable);
 - Independent report from External Auditors for companies subject to the Financial and Economic Analysis Unit (*Unidad de Análisis Financiero y Económico - UAFE*) regulations and reporting on money laundering;
 - Companies that currently have their Manual for the Prevention of Money Laundering and Financing of Crimes must update and approve it through a meeting of shareholders;
 - The allocation of the results for the fiscal year 2024;
 - Designation of administrators with the duration of their appointments when it corresponds;
 - Any other matters included in the notice of meeting.
 - Please consider the following:
 - Meetings of the Ordinary General Meeting of Shareholders must be convened with at least five days' notice and by means established in the corporation's bylaws and must also be notified via email to the address previously registered with the corporation.

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- Shareholders may waive the notice requirement, provided that 100% of the shareholders of the corporation are present.
 - There must be at least five days between the date of publication or notification of the meeting notice and the Ordinary General Meeting (unless otherwise specified in the Bylaws). For the publication of the notice, counting deadlines, and holding the Ordinary General Meeting, all days are considered business days.
 - Telecommunication means may be used.
 - All sessions of the Ordinary General Meetings of Partners or Shareholders must be recorded on magnetic media and incorporated into the respective file, unless it is a universal meeting (where 100% of the company's share capital is present), in which case recording is not required.
 - The commissioners will be summoned, and the external auditors will be informed (if applicable).
- External Audit Report on Compliance and Effectiveness of the Anti-Money Laundering, Terrorism Financing, and Other Crimes Prevention System:
 - Corporations with assets equal to or exceeding USD 500,000, or whose reported income or transactions to the UAFE exceed one million dollars during the audited period corresponding to the previous fiscal year, and whose activities qualify them as obligated subjects to report to the SCVS, must engage an external audit to review the compliance and effectiveness of their anti-money laundering, terrorism financing, and other crimes prevention system.
 - The resulting audit report must be presented to the general meeting of shareholders and must be submitted to the SCVS through the online processing portal on its website, using the access credentials of the obligated subject, by May 30. Failure to comply with this obligation will affect the corporation's Certificate of Compliance with Obligations (*Certificado de Cumplimiento de Obligaciones - CCO*).
 - Qualification of the Compliance Officer:
 - Corporations whose activities qualify them as obligated subjects to report to the SCVS regarding anti-money laundering must qualify their compliance officer in the online processing portal on the website of the regulatory authority, using the access credentials of the legal representative of the obligated subject. Non-compliance with this obligation will be noted in the CCO issued by the SCVS.

Labor Obligations

- Payment of Contributions to the Ecuadorian Social Security Institute (*Instituto Ecuatoriano de Seguridad Social - IESS*):
 - Contributions corresponding to January 2025 are due by February 15, 2025.

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- Registration of the Payment of the Fourteenth Salary:
 - Corporations are required to register the report of the fourteenth salary in accordance with the ninth digit of the RUC, following the schedule below:

Ninth Digit	Payment Date	Registration Date	
		From	From
1, 2, 3, 4 y 5	By December 24	January 5	February 5
6, 7, 8, 9 y 0		February 6	March 6

Obligations to other Regulatory Authorities

- UAFE:
 - Registration of the Compliance Officer for Obligated Companies.
 - Submission of monthly reports or unusual transaction reports, by the corporations' compliance officer.
- Municipality of the Metropolitan District of Quito and Other Municipalities:
 - Renewal of the Metropolitan Single License for the Exercise of Economic Activities (Licencia Metropolitana Única para el Ejercicio de Actividades Económicas - LUAE), as well as the operating permit and fire department approval for other municipalities where companies conduct commercial activities.
 - Payment of the Property Tax with a 8% discount if paid within the first half of the month, and a 7% discount if paid during the second half of February.

We hope that you find this general information helpful. Please note that it is not intended to constitute legal advice. Should you have any specific inquiries, we would be pleased to provide further assistance.

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