



NOBOA, PEÑA & TORRES
ABOGADOS ECUADOR

FLASH LEGAL # 001122

“THE REGULATION FOR THE FINANCIAL RELIEF LAW IS ISSUED”

Dear Clients and Friends

Through Executive Decree No. 551, published in Supplement No. 755 of the Official Register on March 5, 2025, the Regulation to the Organic Law for Financial Relief and Economic Strengthening of Generations in Ecuador was issued (see our Legal Flash No. 001111 from December 9, 2024).

In the aforementioned Flash, we reported on the issuance of the law, highlighting, among other aspects, the benefit of a tax credit for employers who have not removed workers from their payroll during the months of October, November, and December and maintain them under the same or better conditions.

The tax credit is equivalent to a percentage of the employer's contribution to social security, based on the remuneration for that quarter, applicable to the fiscal year 2024, according to the following table:

1. Large companies with gross income higher in 2023 compared to 2022: 5%
2. Large companies with similar gross income: 10%
3. Large companies with lower gross income: 15%
4. Medium-sized companies with gross income higher in 2023 compared to 2022: 20%
5. Medium-sized companies with similar gross income: 25%
6. Medium-sized companies with lower gross income: 30%
7. Small and micro-enterprises with gross income higher in 2023 compared to 2022: 35%
8. Small and micro-enterprises with similar gross income: 40%
9. Small and micro-enterprises with lower gross income: 45%

Banks and all institutions in the financial system and the popular and solidarity financial sector have their own table.

According to the recently issued regulation, income is considered similar between one period and another if the variation is within 10% (more or less).

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: Junín 114 y Malecón Simón Bolívar, Edificio Torres del Río, 8vo piso.
PBX: (593-4) 2 300-814



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Outside of this range, income is considered higher or lower, respectively.

Finally, Executive Decree No. 551, which we are discussing, amends Article 18 of the Regulation of the Internal Tax Regime Law with the following literal text:

"Art. 18.- Occasional Transfer of Real Estate.- Gains generated from occasional transfers of real estate, carried out by natural or legal persons, including their accessory properties such as parking spaces, storage units, and similar, shall not be subject to income tax, provided that the transfer is carried out in a single act. The costs, expenses, and taxes incurred for this purpose shall not be deductible, as they are related to the generation of exempt income. It shall be understood that transfers of real estate carried out by natural or legal persons engaged in business activities of subdivision, urbanization, construction, and promotion of real estate are not occasional but habitual."

We hope that the content of this Flash, which does not constitute legal advice as it is general in nature, is useful to you. We will be happy to address any specific inquiries you may have.

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