



Dear investor,

It is a pleasure to welcome you to this land of opportunity, where we have strong guidelines to attract investment based on the strategic parameters of the Government of Guatemala's General Policy 2020–2024. Our "Guatemala Moving Forward" plan takes a holistic approach to promoting investments and exports in competitive economic sectors as well as establishing the environment for attracting investments in more advanced economic sectors.

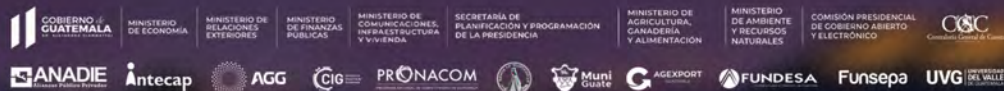
Based on these guidelines, in our country, we are ready to help you with the installation and growth of your business. We offer special regimes that will grant you preferential conditions in the first years of your investment. Likewise, we have a government agency focused on assisting you in your investment process in the country, and, mainly, the current global context strengthens our comparative advantages that we put at your disposal.

We want your future business projects to be constructed in Guatemala. Our country is known for its strategic location, being only 2 hours from the United States and providing access to both the Pacific and Atlantic oceans. Guatemala also has market benefits as a result of a number of trade agreements with the US, Mexico, and Central America, among others. If you invest in our nation, you will have access to one of the cheapest energy costs in Latin America, as well as a youthful and plentiful human capital and world-class academic training institutes.

Consider that you won't have to worry about macroeconomic variables in Guatemala since we have one of the most stable and resilient economies in Latin America, and our banking system is ranked 15th out of 141 nations by the World Economic Forum. In the aftermath of the COVID-19 epidemic, our country had one of the smallest economic contractions in the area. The reforms recommended by the World Bank have made big progress in the field of digitization, which has led to the formation of new businesses and a better business climate.

Guatemala is the appropriate place for your company's relocation. The worth of our nation in the current global environment has been recognized by large investors, as evidenced by the results of 2021, when the target of attracting investment was exceeded, hitting a new high of US\$3,433 million. In addition, our economy grew at the fastest rate in the last 40 years (8 percent of GDP). We are certain that our nation will surpass your expectations, and I restate my pledge to be your primary ally in order for you to invest in Guatemala, Central America's engine.

Dr. Alejandro Giammattei Falla
Presidente de la República de Guatemala



Con el apoyo de **USAID**
DEL PUEBLO DE LOS ESTADOS UNIDOS DE AMÉRICA

GUATEMALA
CENTRAL AMERICA'S
ECONOMIC ENGINE

GUATEMALA
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A place to invest

Why GUATEMALA?

GENERAL INFO

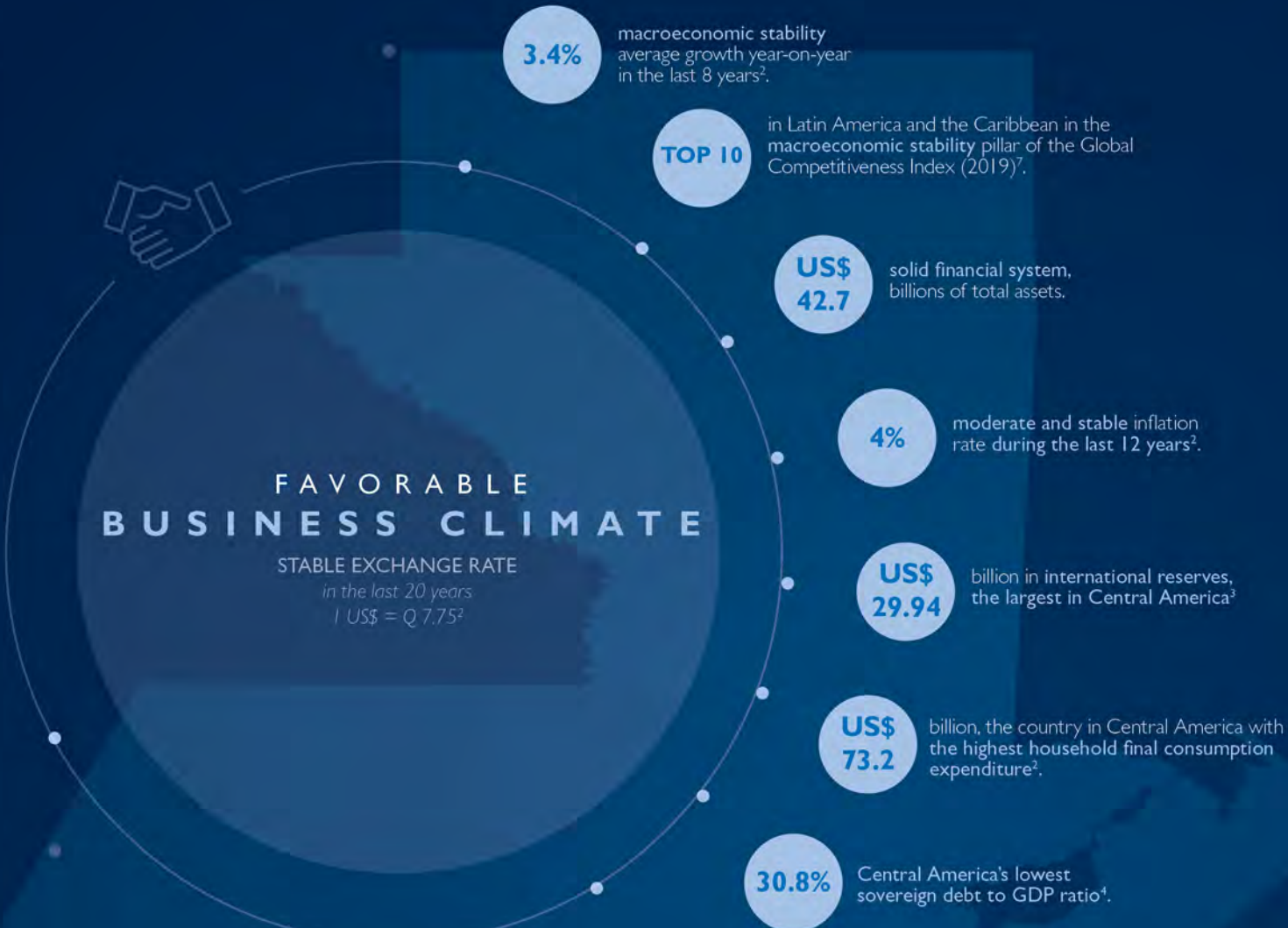
- Capital
Guatemala City
- Area
108,889 km²
- Official language
Spanish, 22 Mayan languages, I Garifuna and I xinca
- Form of government
Democratic Republic
- Head of state
President

POPULATION

- Population 2021¹
17,109,746
- Economically active population (EAP) 2021¹
7,407,379

ECONOMY

- Economic Growth 2020/2021²
8% year-on-year
- GDP 2020³
US\$ 77,598.9 million
- GDP per capita 2021²
US\$ 5,024.2
- Foreign Direct Investment 2020²
US\$ 905.5 million
- Remittances 2021²
US\$ 15,295.7 million
- Exports 2021²
US\$ 13,617.9 million
- Imports 2021²
US\$ 26,607.1 million
- Tax revenue 2021¹⁰
US\$ 10,066.9 million
- Currency
Quetzal Q



- Country risk rating²:
Fitch Ratings (BB Positive), Moody's (Ba 1 Stable), Standard & Poor's (BB Positive)
- GDP² 2021 US\$ 76,917 MM, the largest economy in Central America.
- Customs union between Guatemala, Honduras and El Salvador, that represented a commercial exchange of more than 5,210.1 MM US\$ in 2021²
- Central America's Largest installed capacity for energy production in the north triangle⁹ 4,073.8 MW/a, exceeding El Salvador (2,065.81 MW/a) and Honduras (2,817.74 MW/a).

11.7 million people¹
Working Age Population - WAP -

7.4 million people¹
Economically Active Population - EAP -

26.9% of the population from the WAP between 15 -24 years And 73.1% is 25 years or older¹

Technical institute of training and productivity (aka INTECAP in Spanish)¹¹ Provides technical assistance to business: +28 centers, 5 departmental delegations, 5 business service departments, 72 specialties and 50 high-tech laboratories

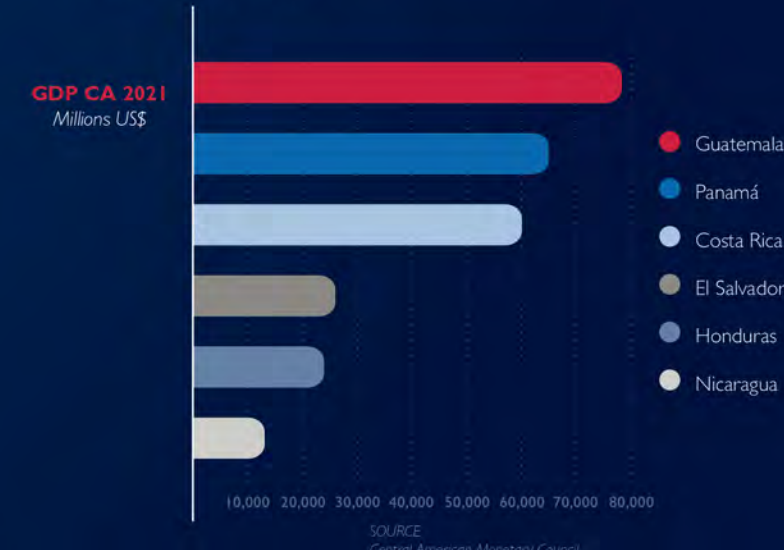


LOGISTICS PLATFORM ⁵

- Direct access to the coastlines on both the Pacific and Atlantic Oceans, 250 km between both coastlines.
- Connectivity: 2 international airports, 9 local aerodromes, 14 commercial airlines and 7 cargo airlines.
- The largest maritime cargo operation in Central America (38%™) in 3 main seaports: Santo Tomás de Castilla, Puerto Barrios on the Atlantic and Puerto Quetzal on the Pacific.

ACCESS TO MAIN MARKETS ⁸

- Gateway to the largest Hispanic American market, Mexico, US\$1.294 trillions GDP in 2021.
- Closeness and Free Trade Agreement with the United States, the largest market in the world, +US\$ 22.997 trillions GDP in 2021.
- Opportunity to access the Central American market with a GDP of more than US\$ 285.254 million, from the country with the region's country with the largest economy in the region.



SOURCES:
1. National Statistics Institute, INE in Spanish.
2. Bank of Guatemala, Banguat in Spanish.
3. Central American Monetary Council.
4. Public Credit Operations Report.
5. Guatemala Exporters Association, AGEXPORT.
6. Private Higher Education Board.
7. World Economic Forum.
8. World Bank.
9. Regional operators and regulators website.
10. Superintendency of Tax Administration, SAT in Spanish.
11. Technical Institute of Training and Productivity, INTECAP in Spanish.

The reference exchange rate for the figures in this document is US\$ 1= Q7.75



TAX OBLIGATIONS

The Superintendency of Tax Administration (SAT for its acronym in Spanish) - The controlling and only entity for tax and customs administration is the Superintendency of Tax Administration (SAT for its acronym in Spanish). After completing the merchant's registration with the Commercial Registry, an entity must register with the Unified Tax Registry (RTU) in order to be authorized to operate in Guatemala, where it will be given a Tax Identification Number (Número de Identificación Tributaria -NIT-). ***The company can now start operating and issuing invoices for the provision of services or the sale of goods. Before the SAT, it is advised that it enable its virtual agency, which will allow it to perform numerous operations electronically, including:***



Annual
data update



Verify declaration
status



Authorization of
electronic invoices

VALUE ADDED TAX • VAT • (IVA FOR ITS ACRONYM IN SPANISH)

The value of the commodity or service given is taxed at a rate of 12%. The tax is already factored into the transaction price.

It is generated by sales, rendering of services on national territory, imports, leasing of movable and immovable property, adjudications of movable and immovable property in payment, donation of movable and immovable property between living persons, and other activities as defined by the Value Added Tax Law, Decree 27-92 of the Congress of the Republic of Guatemala.

INCOME TAX • (ISR FOR ITS ACRONYM IN SPANISH)

Tax that falls on income or profits obtained by individuals; legal entities (companies, foundations, associations, amongst others; or national or foreign assets, resident or non-resident. **It taxes three types of income: lucrative activities, capital income and labor income.** The taxpayer can select between two income tax regimes for profitable activities:

- **Payments on profit** - 25% (expenses are deductible)
- **Optional Regime** - 5% based on brute income (paid over the first USD\$ 3,911.34) and 7% once over USD\$ 3,911.34 (per month).





TAX OBLIGATIONS

SINGLE TAX ON PROPERTIES · (IUSI FOR ITS ACRONYM IN SPANISH)

This tax falls on rustic or rural and urban real estate, including land, structures, constructions and facilities of the property and its improvements, as well as permanent crops. The proceeds go to municipalities directly.

To be paid quarterly or annually. The ranges vary according to the value of the property:

 RANGE	 RATE
Up to US\$260	Exempted
From US\$ 261 to US\$2,610	1% per thousand
From US\$2,611 to US\$9,125	6% per thousand
From US\$ 9,126 onwards	9% per thousand

Note: These are the main taxes related to investment. There may be other taxes, depending on the economic activity that is carried out. There is a regulatory framework that regulates each tax which can be consulted at:



portal.sat.gob.gt/portal/biblioteca-en-linea/sat/legislacion-2/

Reference exchange rate US \$ 1 = Q.7.67



TRADE AND INVESTMENT AGREEMENTS



TRADE AGREEMENTS

Partial Scope Agreements: Belize (f), Cuba (f), Ecuador (f) and Venezuela (f). **Free Trade Agreements (FTA)** Chile (f), Taiwan (f), Colombia (f), Dominican Republic (f), DR-CAFTA (f), Mexico (f), Panama (f), Israel (n), Canada (n), United Kingdom (f), South Korea (n), EFTA (s) and Peru (s). **Regional Integration:** Central American Economic Integration (F). **Association Agreement:** European Union (F).

BILATERAL INVESTMENT TREATIES

Argentina, Austria, Belgium-Luxembourg Economic Union, Chile, Cuba, Czech Republic, Finland, France, Germany, Israel, Italy, The Netherlands, Republic of Korea, Spain, Switzerland, Chinese Taipei, Trinidad and Tobago, Turkey, Sweden.



LABOR AND SOCIAL SECURITY

The employment relationship is formalized with an employment contract. This can be registered online, on the Ministry of Labor and Social Welfare website. A trial period of 2 months is allowed before being definitively hired.

LABOR OBLIGATIONS OF EMPLOYERS

- File within the first 2 months of the year a report at the Labor Statistics department detailing information about the employees and the company.
- Nursery when having more than thirty female workers.
- Payment of travel expenses if workers travel abroad or within the country.
- Recognize unions and comply with collective agreements.
- Proportional compensation for the time worked after an unfair dismissal.
- Contribute to the Guatemalan Social Security Institute (IGSS in Spanish). The company covers 10.67% of the employee's monthly salary and the employee covers an additional 4.83%.
- Contribute to the Technical Institute of Training and Productivity (INTECAP in Spanish), which represents 1% of the employee's monthly salary.
- Contribute to the Recreation Institute for Private Sector Workers of Guatemala (IRTRA in Spanish), which represents 1% of the monthly salary paid to its employees.

FAIR CAUSES OF DISMISSAL

- If the worker does not show up two days in a row or 6 days in the same month, without a fair cause.
- When revealing sensitive information and when violating a non-disclosure agreement.
- When having to serve a sentence.
- Any serious offense that is contemplated in the employment contract.

LABOR BENEFITS

- Workers must receive the seventh day off, after working 6 consecutive days. If they work that seventh day, they must be paid as "overtime".
- There are 13 recognized national holidays.
- After a year of uninterrupted work, the employee must be granted at least 15 days of vacation.
- Annual bonus: equal to 100% of an ordinary salary, must be paid in one payment on July 15th.
- Christmas bonus: equal to 100% of the ordinary salary, payable in 2 installments, the first half on December 15th and the second half on January 31st.
- Compensation, applies in case of dismissal when there is an indefinite contract, and is equivalent to a monthly salary per year worked.
- Grant permits with pay to employees in the events set out by law (death of spouse, marriage, birth of child, subpoenas, and union duties).



LABOR AND SOCIAL SECURITY

WORKING SHIFTS MUST FALL WITHIN THE FOLLOWING RANGE:



DAYTIME

06:00 - 18:00 h

8 hours Maximum work hours
44 hours Maximum weekly work



NIGHTTIME

18:00 - 06:00 h

6 hours Maximum work hours
36 hours Maximum weekly work



COMBINED

Daytime-nighttime

7 hours Maximum work hours
42 hours Maximum weekly work

*The ordinary workday could be extended up to 4 hours a day.
Every extra hour must be paid 1.5 times the regular hour payment.*

WAGES

The minimum wage is established by the Guatemalan Government, currently it is in force in the following structure:

AGRICULTURAL ACTIVITIES	EXPORT AND LIGHT MANUFACTURING ACTIVITIES
US\$ 12.19* per day	US\$ 11.47* per day
US\$ 370.65 per month	US\$ 348.95 per month
US\$ 32.26 (bonuses per month)	US\$ 32.26 (bonuses per month)
US\$ 402.91 monthly	US\$ 381.20 monthly

Pursuant to Governmental Agreement No. 278-2021 published in the Diario de Centroamérica on December 17, 2021, the minimum wage to be in effect as of January 1, 2022 is established.

Source: Ministry of Labor and Social Welfare, MINTRAB in Spanish, and calculated based on daily data from Bank of Guatemala, Banguat in Spanish.

*The amounts can vary according to the current reference exchange rate, the reference exchange rate for this document is US\$1 = 7.75



INVESTMENT LEGAL FRAMEWORK

FOREIGN INVESTMENT LAW · DECREE 9-98

It guarantees national treatment to foreign investors, authorizes their participation in any lawful economic activity in the country and any proportion in the capital stock of a legally constituted company, unless there is a special law stipulating otherwise.

FREE FOREIGN CURRENCIES EXCHANGE LAW · DECREE 94-2000

Stipulates the freedom in the disposition, holding, remittance, transfer, purchase, sale, collection and payment of and with foreign currency, as well as in the holding and management of deposits and accounts in foreign currency. The exchange rate calculated and published daily by the Bank of Guatemala will be used for obligations with the State and conflict resolution.

CODE OF COMMERCE · DECREE 2-70

It is the main legal framework for commercial and mercantile activity. There is no limitation for foreign persons or corporations to appear as shareholder partners in corporations in Guatemala or to obligate Guatemalan persons or entities to participate. In addition, respect for private property and the free disposition of assets and capital is guaranteed in equal treatment for nationals and foreigners. Bearer shares are prohibited.



SPECIAL REGIMES

FREE ZONES LAW · DECREE 65-89

Companies can choose to be free zone users or managers. If they are users, they would be circumscribed to an existing free zone. While being a user can be installed in any region of the country. The fiscal benefits of this regime are:

- Exemption from taxes, customs duties and import charges
- Total exoneration of Income Tax -IT- for 10 years without extension
- Exemption from Value Added Tax -VAT- (in Guatemala it is 12%)
- Exoneration of the Tax of Fiscal Stamps and Special Sealed Paper for Protocols
- The Free Trade Zones operate with negative listings. In other words, there are productive activities that are prohibited within free zones. For further information, please refer to Article 41 of the Free Zones Law

FREE INDUSTRY AND COMMERCE ZONE

SANTO TOMÁS DE CASTILLA - ZOLIC · DECREE 22- 73

It is an extra-customary area, located in a specific perimeter of Puerto Santo Tomás de Castilla, with access to the Atlantic Ocean, department of Izabal. It is administered by ZOLIC, a State Institution, with legal personality, its own patrimony, functional autonomy and full capacity to acquire rights and obligations. Tax benefits include:

- Total exoneration of Income Tax -ISR-, for 10 years without extension.
- VAT exemption (In Guatemala it is 12%).
- Exoneration of the Stamp Tax.
- Exemption from the payment of Tariff Duties, Value Added Tax, taxes and other established fiscal charges.



INVESTMENT LEGAL FRAMEWORK

PUBLIC SPECIAL ECONOMIC DEVELOPMENT ZONE • ZDEEP

ZDEEPs may be located anywhere in the Republic of Guatemala, with the option of being established within ZOLICs, on private land leased or usufructed to ZOLICs, on municipal land, or on land owned by autonomous, semi-autonomous or decentralized state entities.

They are considered as an extra-customs area, located outside the national customs territory, where industrial, commercial and service activities can be carried out. Operations include exporting and importing abroad or into the national customs territory, transfers to any other bonded warehouse, providing services or products to other users or other ZDEEP and transfers to and from other regimes, ports, borders and airports in the country.

Tax benefits of a ZDEEP:

- Exemption from Income Tax -ISR-, for 10 years without extension.
- VAT exemption (in Guatemala it is 12%).
- Stamp Tax exemption.
- Exemption from the payment of Tariff Duties, Value Added Tax, taxes and other established fiscal charges.

LAW FOR THE PROMOTION AND DEVELOPMENT OF THE EXPORTING AND MACHINING ACTIVITY • DECREE 29-89

This regime qualifies the economic activity of the company, not its location. An entity can be established in any area of the republic. Under this law there are two sectors that enjoy all the incentives which are: clothing and textile and services (BPOs, ITOs, Contact Centers). Incentives include:

- Temporary suspension of the payment of import duties -ID- and VAT on raw materials.
- Suspension of ID and VAT on samples.
- Exemption of ID and VAT on machinery and equipment.
- Suspension of ID and VAT on machinery and equipment.
- Exoneration of ID on butane gas.
- VAT exemption on locally produced inputs.
- Total exoneration of the Income Tax that is obtained or comes from the realization of the authorized activity, for a determined term, 10 years without extension from its authorization.

LAW OF INCENTIVES FOR THE DEVELOPMENT OF RENEWABLE ENERGY PROJECTS • DECREE 52-2003

The incentives apply to municipalities, the National Electrification Institute -INDE-, joint ventures and individuals and legal entities that carry out energy projects with renewable energy resources. The incentives are:

- Exemption from import duties, including VAT.
- Exemption from payment of income tax.
- Exemption from the Tax on Mercantile and Agricultural Companies -IEMA-.



STARTING OPERATIONS IN GUATEMALA?

Visit www.asisehace.gt, a web portal that facilitates information regarding processes, estimated times, costs and required documents to carry out the main commercial procedures. These are some of the procedures that are available online:

- Company registration (Local or Foreign)
- Trademark and patent registration
- Tax payment
- Registration as an exporter or manufacturing plant
- Work permits for foreigners with residency
- Sanitary permits

Once the required legal documents are available, the companies' registration process is carried out on the Commercial Registry's website (<https://minegocio.gt/>). Through this site, several governing institutions registration is completed (Superintendency of Tax Administration -SAT for its acronym in Spanish-, Guatemalan Institute of Social Security -IGSS for its acronym in Spanish- and the Ministry of Labor and Social Welfare -MINTRAB for its acronym in Spanish-).

A foreign company can do business in Guatemala through the following figures:

- Constitution of a Public Limited Company (Sociedad Anónima in Spanish), the most common in Guatemala
- Branch of the parent company, registered as a foreign company
- Purchase of a Guatemalan company already constituted or the purchase of shares

COSTS AND TIMING ESTIMATED

Registration of a company, 9-15 days process

- US\$ 77- authorized capital up to US\$65,200
- US\$475 authorized capital up to US\$65,200 (+US\$ 1 tariff for each additional thousand, after US\$ 65,189 up to a maximum tariff of US\$ 5,215)

Registration of a foreign company

- If the company wishes to be established for an indefinite period of time: US\$413, from 12 to 19 days process
- If the company wishes to be established for a definite time: US\$ 447, from 14 to 21 days process



IMMIGRATION PERMITS

IMMIGRATION LAW DECREE · 44-2016 AND ITS REGULATION

Foreigners can either be classified as "residents" and "non-residents"

Ordinary migratory status: This is the migratory category provided to foreigners based on their entry and stay in Guatemala, which is classified as follows:

- Traveler or tourist
- Temporary resident
- Permanent resident
- **Initial admission:** Visitor's visa or business visa, valid just for the trip requested. It permits you to enter and exit the nation as many times as you need over a three-year term. Tourists or travelers can remain in Guatemala for up to 90 days, which can be extended once.
- **Temporary residency visa for investors:** The foreigner must complete out and submit an application form to the General Directorate of Migration in Guatemala which can be obtained at <http://igm.gob.gt/formularios-para-tramite-deresidencia-temporal/>. Applicants can apply for up to 5 years of residence.
- **Temporary or permanent residency visa application:** The application form for permanent residency may be obtained on the website <http://igm.gob.gt/formularios-para-tramite-de-residencia-permanente/>. This must be completed and sent to the General Directorate of Migration in Guatemala.

Guatemala offers temporary residence for up to five years. Permanent residence must be obtained if you want to stay for an extended period of time. For a favorable outcome, the solvency of the person or entity who will appear as a guarantee of the guarantor of the application is critical.



STARTING OPERATIONS IN GUATEMALA?

Once the permanent residency is granted, the foreigner is registered as a foreign resident in the Immigration Department, and likewise in the National Registry of People (RENAP for its acronym in Spanish), where they are given a Personal Identification Document (DPI for its acronym in Spanish).

Temporary residency fees:

- 1 year, \$ 200.00
- 2 years, \$ 300.00
- 3 to 5 years, \$ 500.00
- Permanent residence \$ 700
- Permanent residence for Central Americans- \$ 500.00

General Residency Requirements:

- Residency application form
- Original and full legalized copy of a valid passport.
- Passport validity certificate issued by your country's accredited embassy or consulate in Guatemala.
- If there is no Embassy or Consulate in Guatemala, the applicant must provide a birth certificate with an apostille in line with the Law of the Judicial Organism, as applicable to their legal passports.
- Lack of a valid and current criminal and police record issued by the appropriate authorities in the country or countries where he/she has had legal abode in the previous five years.
- Certification of migratory movement where the last entry to the country is recorded.
- Guarantor who is required to react jointly and severally on behalf of the foreigner before the Guatemalan Institute of Migration

WORK PERMITS FOR FOREIGNERS

90% of the company's employees must be Guatemalan and should receive at least 80% of the total salaries, except in cases where special laws stipulate it, as in the case of lack of national technicians in the area.

A written request is presented, indicating the place to receive notifications before the General Employment Directorate of the Ministry of Labor and Social Welfare. Extension is requested every year:

- **Ordinary request:** Positions of managers, directors, administrators, superintendents and general managers
- **Technical position:** governing body makes a verification in its human resources bank.

Required documentation:

- Photocopy of the complete passport of the foreigner with the respective residency visa, proof of procedure or photocopy of application, with stamp of receipt, of the General Directorate of Immigration.
- Request signed by the representative of the company that requires the permit, as well as an affidavit of the legal representative of the applicant company declaring to be responsible for the foreigner to hire, and that he can speak and understand the Spanish language.
- Certificate of lack of a criminal record abroad, apostilled.
- Accounting certification stating the percentages of salaries paid on payroll. If the company has not started its operations, an affidavit that stipulates it is accepted.
- Act of appointment of the executive position of the foreigner to hire.
- Express declaration of the applicant for commitment to training Guatemalan personnel.



Estimated processing time
61 to 112 days



Estimated cost of processing
US\$ 391

Reference exchange rate US \$ 1 = Q7.67