

Dominican Republic

The Dominican Republic has met all aspects of the terms of reference (OECD, 2021^[3]) (ToR) for the calendar year 2020 (year in review), except the timely exchange of information on rulings (ToR II.B). The Dominican Republic receives one recommendation on this point for the year in review.

In the prior year report, the Dominican Republic had received the same recommendation. As it has not been addressed, the recommendation remains in place.

The Dominican Republic can legally issue five types of rulings within the scope of the transparency framework.

In practice, the Dominican Republic issued rulings within the scope of the transparency framework as follows:

Type of ruling	Number of rulings
Future rulings in the period 1 March 2019 – 31 December 2019	23
Future rulings in the year in review	57

Peer input was received from two jurisdictions in respect of the exchanges of information on rulings received from the Dominican Republic. The input was generally positive, noting that overall information was complete, in a correct format and almost all received in a timely manner. However, one peer indicated that exchanges on rulings were not timely.

A. The information gathering process (ToR I.A)

363. The Dominican Republic can legally issue the following five types of rulings within the scope of the transparency framework: (i) preferential regimes;¹ (ii) cross-border unilateral APAs and any other cross-border unilateral tax rulings (such as an advance tax ruling) covering transfer pricing or the application of transfer pricing principles; (iii) rulings providing for unilateral downward adjustments; (iv) permanent establishment rulings; and (v) related party conduit rulings.

364. For the Dominican Republic, past rulings are any tax rulings within scope that are issued prior to 1 March 2019. However, there is no obligation for the Dominican Republic to conduct spontaneous exchange information on past rulings. Future rulings are any tax rulings within scope that are issued on or after 1 March 2019.

365. In the prior years' peer review reports, it was determined that the Dominican Republic's undertakings to identify past and future rulings and all potential exchange jurisdictions were sufficient to meet the minimum standard. In addition, it was determined that the Dominican Republic's review and supervision mechanism was sufficient to meet the minimum standard. The Dominican Republic's implementation remains unchanged, and therefore continues to meet the minimum standard.

366. The Dominican Republic has met all of the ToR for the information gathering process and no recommendations are made.

B. The exchange of information (ToR II.B)

Legal basis for spontaneous exchange of information (ToR II.B.1, II.B.2)

367. The Dominican Republic has the necessary domestic legal basis to exchange information spontaneously. The Dominican Republic notes that there are no legal or practical impediments that prevent the spontaneous exchange of information on rulings as contemplated in the Action 5 minimum standard.

368. The Dominican Republic has international agreements permitting spontaneous exchange of information, including being a party to (i) the *Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol* (OECD/Council of Europe, 2011^[4]) ("the Convention") and (ii) bilateral agreements in force with three jurisdictions.²

Completion and exchange of templates (ToR II.B.3, II.B.4, II.B.5, II.B.6, II.B.7)

369. In the prior year peer review report, it was determined that the Dominican Republic's process for the completion and exchange of templates met all the ToR, except for the timely exchange of information on rulings (ToR II.B). During the year in review, the Dominican Republic still experienced delays for the exchange of information on rulings, which was also related to the fact that the relevant officials needed to telework because of the Covid-19 pandemic. The Dominican Republic is recommended to ensure that the exchanges of information on rulings occur as soon as possible.

370. For the year in review, the timeliness of exchanges is as follows:

Future rulings within the scope of the transparency framework	Number of exchanges transmitted within three months of the information becoming available to the competent authority or immediately after legal impediments have been lifted	Delayed exchanges		
		Number of exchanges transmitted later than three months of the information on rulings becoming available to the competent authority	Reasons for the delays	Any other comments
	0	100	See previous paragraph.	N/A

Follow up requests received for exchange of the ruling	Number	Average time to provide response	Number of requests not answered
	0	N/A	N/A

Conclusion on section B

371. The Dominican Republic has met all of the ToR for the exchange of information process except for the timely exchange of information on rulings (ToR II.B) and the Dominican Republic is recommended to ensure that the exchanges of information on rulings occur as soon as possible.

C. Statistics (ToR IV)

372. The statistics for the year in review are as follows:

Category of ruling	Number of exchanges	Jurisdictions exchanged with
Ruling related to a preferential regime	0	N/A
Cross-border unilateral APAs and any other cross-border unilateral tax rulings (such as an advance tax ruling) covering transfer pricing or the application of transfer pricing principles	100	Barbados, Canada, Costa Rica, Curaçao, France, Ireland, Luxembourg, Mexico, Netherlands, Panama, Saint Kitts and Nevis, Spain, Switzerland, United States
Cross-border rulings providing for a unilateral downward adjustment to the taxpayer's taxable profits that is not directly reflected in the taxpayer's financial / commercial accounts	0	N/A
Permanent establishment rulings	0	N/A
Related party conduit rulings	0	N/A
Total	100	

D. Matters related to intellectual property regimes (ToR I.A.1.3)

373. The Dominican Republic does not offer an intellectual property regime for which transparency requirements under the Action 5 Report (OECD, 2015^[1]) were imposed.

Summary of recommendations on implementation of the transparency framework

Aspect of implementation of the transparency framework that should be improved	Recommendation for improvement
The Dominican Republic is still in the process of ensuring the timely exchange of information on rulings.	The Dominican Republic is recommended to ensure that the exchanges of information on rulings occur as soon as possible. This recommendation remains unchanged since the 2019 peer review report.

References

- OECD (2021), *BEPS Action 5 on Harmful Tax Practices - Terms of Reference and Methodology for the Conduct of the Peer Reviews of the Action 5 Transparency Framework*, OECD Publishing, Paris, <http://www.oecd.org/tax/beps/beps-action-5-harmful-tax-practices-peer-review-transparency-framework.pdf>. [3]
- OECD (2015), *Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance, Action 5 - 2015 Final Report*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264241190-en>. [1]
- OECD (ed.) (2017b), *Harmful Tax Practices - 2017 Progress Report on Preferential Regimes*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264283954-en>. [2]
- OECD/Council of Europe (2011), *The Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264115606-en>. [4]

Notes

¹ These regimes are: i) Border development and ii) Logistics centres. It should be noted that FHTP has not yet concluded if these regimes are in scope. If the FHTP decides that these regimes are out of scope for the FHTP, then exchange of information on rulings with respect to these regimes would no longer be required under the Action 5 transparency framework. However, until then, the Dominican Republic has committed to do the spontaneous exchange of information on rulings related to these regimes.

² Participating jurisdictions to the Convention are available here: www.oecd.org/tax/exchange-of-tax-information/convention-on-mutual-administrative-assistance-in-tax-matters.htm. The Dominican Republic also has bilateral agreements with Canada, Spain and United States.



From:
**Harmful Tax Practices – 2020 Peer Review Reports
on the Exchange of Information on Tax Rulings
Inclusive Framework on BEPS: Action 5**

Access the complete publication at:

<https://doi.org/10.1787/f376127b-en>

Please cite this chapter as:

OECD (2021), “Dominican Republic”, in *Harmful Tax Practices – 2020 Peer Review Reports on the Exchange of Information on Tax Rulings: Inclusive Framework on BEPS: Action 5*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/356e02fc-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.