



GLOBAL
EMPLOYER
GUIDE

BOLIVIA





Basic Country Facts

Full name

- Plurinational State of Bolivia

Capital

- Sucre

Main Languages

- Spanish
- Aymara
- Quechua
- Chiquitano
- Tupi Guarani

Population

- 11.35 million

Monetary unit

- Boliviano

Internet domain

- .bo

International dialing code

- +591

Currency

- Boliviano

STATUTORY LABOR REQUIREMENTS

Probation Period

- The maximum probationary (trial) period in Bolivia is 3 months.

Annual Leave

- If an employee has completed one year of employment, they are entitled to 15 days of paid annual leave.
- For an employee who has been employed for at least 5 years, they are entitled to 20 days of paid annual leave.
- For an employee who has been employed for at least 10 years, they are entitled to 30 days of paid annual leave.

Public Holidays

- New Year's Day (1st January)
- Plurinational State Foundation Day (22nd January)
- Candlemas (2nd February)
- Carnival (24th to 25th February)
- Shrove Tuesday (25th February)
- Good Friday (10th April)
- Labor Day (1st May)
- Corpus Christi (11th June)
- Willkakuti (21st June)
- Agrarian Reform Day (2nd August)
- Independence Day (of Bolivia) (6th August)
- All Souls Day (2nd November)
- Christmas Day (25th December)



Maternity Leave

- Mothers are entitled to a total of 90 days, broken down into 45 days before the expected due date and 45 after the birth of the child.
- Pay given to a mother on maternity leave is 100% of the national minimum wage.
- However, the employer is entitled to receive a 90% reimbursement from social security.

Paternity Leave

- For the birth of a child, fathers are entitled to 3 days' pay.
- From the date that the child is born, fathers receive job protection for 1 year.

Sick Leave

- Workers receive five fully paid sick days per year

Work Hours

- The effective working day is eight hours per day up to a maximum of 48 hours per week, except for women who may work only 40 hours per week
- In Bolivia businesses normally work from about 8-12:30 am and from about 2:30 to 6:30 or 7 p.m. because it's a tradition to take the 2-hour siesta and lunch hour at midday.

Overtime

- Overtime is work that is carried out at times of emergencies or to meet the employer's needs.
- Overtime is treated as extraordinary working hours.
- They must be compensated with a 100% extra pay, and must not exceed a total of two hours per day.
- Extra pay of 100% also applies to work done during public holidays.
- Work on Sundays must be compensated by triple the daily salary, or, in some circumstances, by granting a leave of one working day (to be determined by management).

Notice Period

- According to Bolivian labor law, there is no mandatory notice period.

Severance

- Severance for unjustified dismissal is equal to one month pay for each year of service.

13th Month

- 13th month pay is mandatory and tax-free up to one month's wages.
- 14th-month is also mandatory as a holiday bonus if GDP is over 4.5%



Income Tax

- Bolivia taxes individuals only on their Bolivian-source income, regardless of their nationality/residence. In this regard, income arising from goods/assets located or utilized economically within Bolivian territory and performance of any activity carried out within the country is considered Bolivian-source income. No Bolivian taxes are imposed on foreign-source income earned by individuals.
- In general, taxable income includes all wages, salaries, prizes, bonuses, gratuities, compensations and allowances in cash or in kind.
- It also includes fees for directors and trustees and salaries for owners and partners.
- The personal income tax (Regimen Complementario del Impuesto al Valor Agregado or RC-IVA) rate is 13%.
- Employers have the obligation to withhold and pay to the tax authorities the RC-IVA on gross income after deduction of social contributions and other concepts established by tax law.
- There are no local taxes on personal income in Bolivia.

Personal Income Tax Rate (%)	
Flat Rate	13%



Social Security Contributions

- Social security benefits cover old age, disability and survivor benefits; sickness and maternity benefits; worker's medical benefits; work injury coverage; disability benefits; unemployment benefits and family allowance benefits.
- Pension funds are administered privately, and only employees contribute toward their retirement pension. The contribution rate is 12.71% calculated on gross salary with a threshold of 60 minimum national salaries (i.e. approximately 18,300 United States dollars [USD]).
- This payment is registered under the individual account of each employee.
- In addition, employees who earn more than 13,000 bolivianos (BOB) are subject to a supportive social contribution determined on a scale system from 1% up to 10% over the gross salary.

Institution	Employers (%)	Employees
Social Security Office	10	
Housing Fund	2	
Pension Fund Administration		12.71
Solidarity Fund: -		
<i>Fixed contribution</i>	3	0.5
<i>Variable contribution</i>	0	1/5/10*

* Under Law No. 65 of December 2010, the following are the variable contributions to the Solidarity Fund:

- 10% of the difference between the total salary and BOB35,000
- 5% of the difference between the total salary and BOB25,000
- 1% of the difference between the total salary and BOB13,000

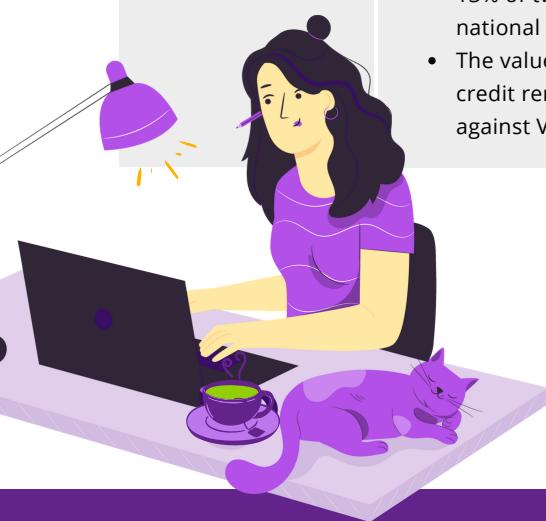


Deductible Expenses

- For personal income tax on employees, the following tax deductions may be claimed with respect to taxable income
 - Employee contributions to social security institutions.
 - The nontaxable minimum amount, which equals two minimum national salaries per month. The current minimum salary is BOB2,122 (USD305).
- In addition, the following credits may be claimed with respect to the tax on the taxable income of employees:
 - 13% of two minimum national salaries
 - The value-added tax (VAT) credit remaining after offset against VAT

Deductible Expenses

Personal Deductions	Employee contributions to social security institutions
	The nontaxable minimum amount, which equals two minimum national salaries per month. The current minimum salary is BOB2,122 (USD305).
Tax Credits	The following credits may be claimed with respect to the tax on the taxable income of employees: <ul style="list-style-type: none">• 13% of two minimum national salaries• The value-added tax (VAT) credit remaining after offset against VAT

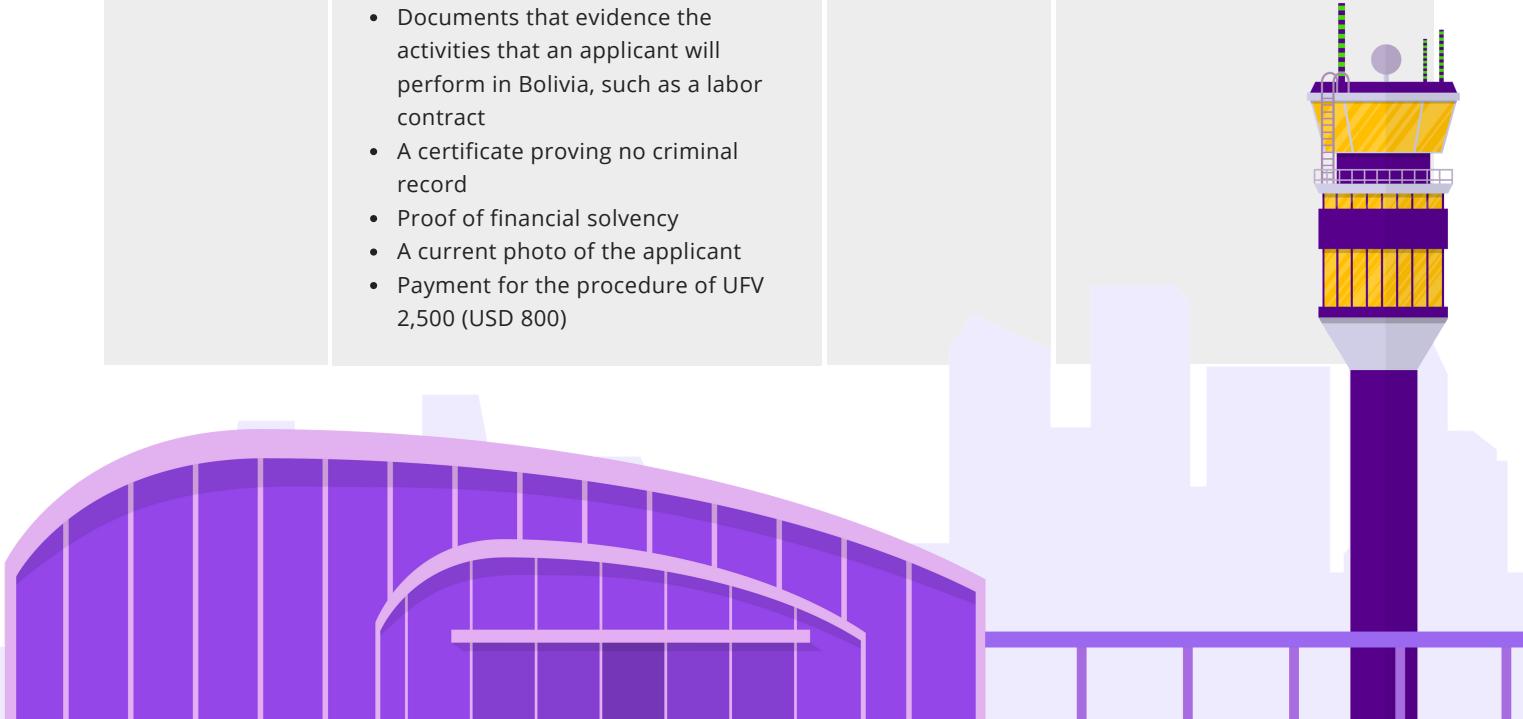


Immigration

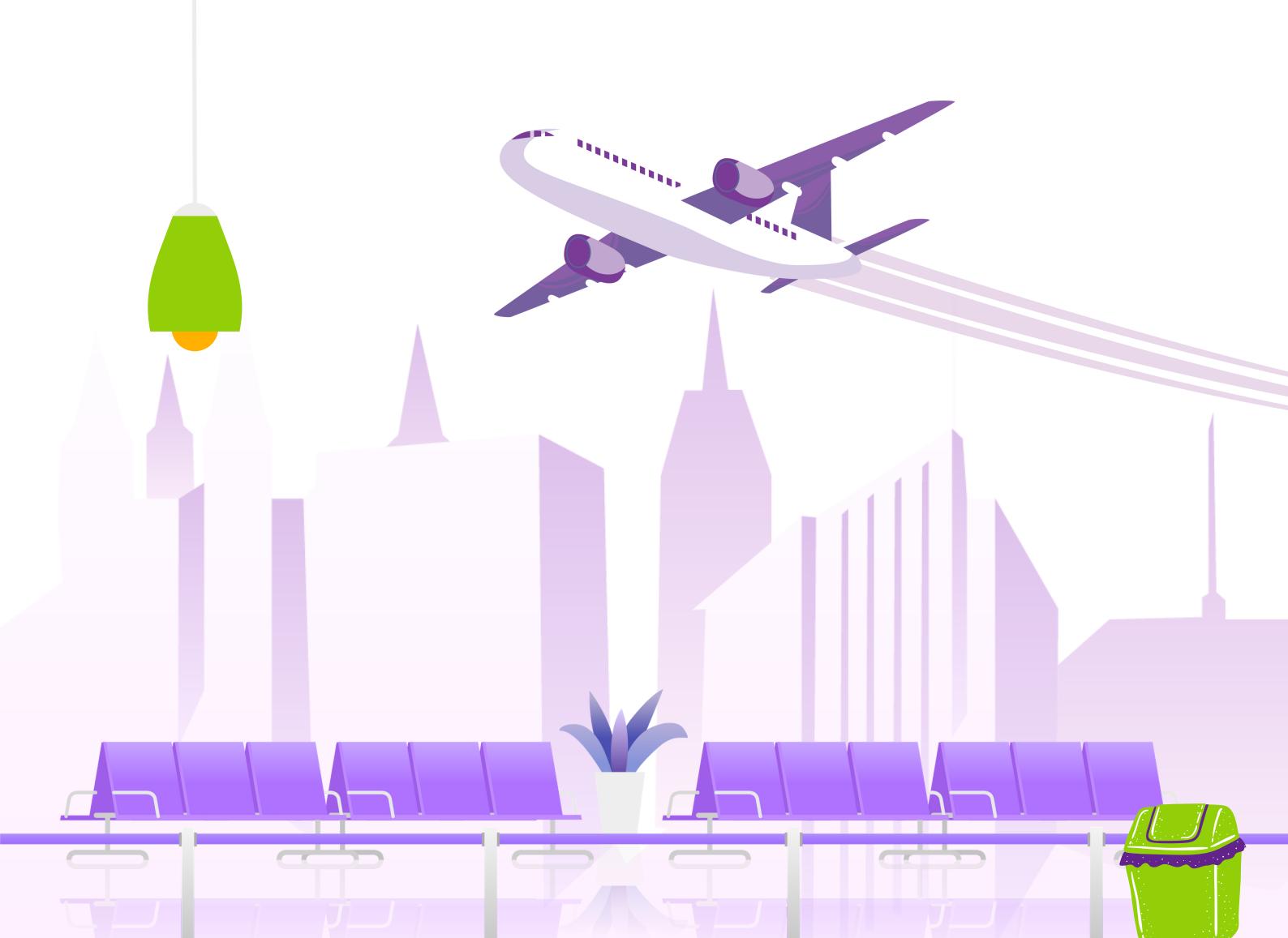
- Expatriates who want to engage in remunerated activities in Bolivia must apply for a visa or residence permit that entitles him or her to work.
- The most common of these documents are the provisional work permits for tourists, subject-to-contract visas and temporary visas.
- Except for provisional work permits, these permits may be obtained after the expatriate has entered the country.
- Individuals may also obtain the documents before their arrival through a Bolivian consulate abroad.
- Foreign nationals may establish businesses in Bolivia if they comply with all legal requirements.
- Companies may be headed by foreign nationals who are resident or domiciled in Bolivia for tax purposes.
- The visas mentioned above allow individuals to reside and work in Bolivia.
- Bolivia issues the following types of residence visas:
 - Officials: Members of the consular and diplomatic corps.
 - Temporary: Expatriates who want to work or perform other legal remunerated activities in Bolivia. This visa may be granted to individuals who have relatives in Bolivia or who intend to make investments that are considered advantageous for Bolivia.
 - Subject-to-contract: Valid for one to two years, and may be renewed for an additional one- to two-year period.
 - Student: Valid for up to one year and may be renewed for additional one-year periods, as many times as necessary.
- Political refugee: Issued to foreign nationals who intend to establish permanent residence in Bolivia.
- Permanent residence: An indefinite visa that grants to the expatriate the same rights as an ordinary Bolivian national, except for the right to vote and work at public offices.



Type of Visa/ Permits	Documentation	Validity	Eligibility
Temporary Residence Visa	<ul style="list-style-type: none"> Application form Passport Foreign national Identification card Documents that prove professional status Documents that prove marital status Documents that evidence the activities that an applicant will perform in Bolivia, such as a labor contract A certificate proving no criminal record Proof of financial solvency A current photo of the applicant Payment for the procedure of UFV 2,500 (USD 800) 	1 to 2 years	<ul style="list-style-type: none"> Expatriates who want to work or perform other legal remunerated activities in Bolivia. Individuals who have relatives in Bolivia Individual who intent to make investments in Bolivia
Subject-to- Contract	<ul style="list-style-type: none"> Application form Passport Foreign national Identification card Documents that prove professional status Documents that prove marital status Documents that evidence the activities that an applicant will perform in Bolivia, such as a labor contract A certificate proving no criminal record Proof of financial solvency A current photo of the applicant Payment for the procedure of UFV 2,500 (USD 800) 	1 to 2 years	<ul style="list-style-type: none"> Individuals who have an employment contract in Bolivia



Type of Visa/ Permits	Documentation	Validity	Eligibility
Permanent Residence	<ul style="list-style-type: none"> • Application form • Passport • Foreign national Identification card • Documents that prove professional status • Documents that prove marital status • Documents that evidence the activities that an applicant will perform in Bolivia, such as a labor contract • A certificate proving no criminal record • Proof of financial solvency • A current photo of the applicant • Payment for the procedure of UFV 2,500 (USD 800) 	Indefinite Period	<ul style="list-style-type: none"> • Individuals who wish to permanently work and reside in Bolivia



Value Added Tax (VAT)

- VAT Standard rate: 13 percent (effective rate 14.94 percent).
- Exemptions: 0 percent on exports.
- VAT paid in export-related purchases or expenses may be recovered through tax refund requests.

VAT Rates	
Standard Rates	13% (14.94% effective rate)
Zero Rate	0%

Withholding Tax

Dividends

- Dividends paid to a nonresident are subject to a 25% withholding tax levied on 50% of the gross dividend, resulting in an effective rate of 12.5%

Interest

- Interest paid to a nonresident is subject to a 25% withholding tax levied on 50% of the gross amount, resulting in an effective rate of 12.5%

Royalties

- Royalties paid to a nonresident are subject to a 25% withholding tax levied on 50% of the gross amount, resulting in an effective rate of 12.5%

Technical Service Fees

- Technical service fees paid to a nonresident are subject to a 25% withholding tax levied on 50% of the gross amount, resulting in an effective rate of 12.5%

Branch Remittance Tax

- Bolivia levies a withholding tax of 25% on 50% of the Bolivian-source profits of a Bolivian branch upon a distribution to the foreign head office, resulting in an effective tax rate of 12.5%.
- The tax may be deferred if the branch reinvests the profits

WHT	
Dividends	<ul style="list-style-type: none">• 25% of WHT• 12.5% effective rate
Interest	<ul style="list-style-type: none">• 25% of WHT• 12.5% effective rate
Royalties	<ul style="list-style-type: none">• 25% of WHT• 12.5% effective rate
Technical Service Fees	<ul style="list-style-type: none">• 25% of WHT• 12.5% effective rate
Branch Remittance Tax	<ul style="list-style-type: none">• 25% of WHT• 12.5% effective rate





Termination

- The employer can dismiss an employee without having to make any payments on the basis of any of the reasons listed in Article 16 of the General Labor Law and Article 9 of the Regulatory Decree on the General Labor Law.
- The following reasons are listed in Article 16 of the General Labor Law:
 - Intentional material prejudice caused to working tools.
 - Disclosure of industrial secrets.
 - Omissions or imprudence relating to industrial security and hygiene.
 - Partial or total breach of the employment agreement.
 - Robbery or theft.
- Unjustified dismissal is whereby an employer can unilaterally terminate an employment relationship at any time without relying on any of the reasons listed above.
- An employee who accepts an unjustified dismissal is entitled to severance pay for years of service.
- Indirect dismissal can result from a reduction of the employee's remuneration or a change of functions. The employer must give the employee three months' prior notice of such change.
- An employee who rejects the reduction or change is entitled to severance pay.

Statutory Benefits

- These are benefits as postulated by law
- These include probationary period, public holidays, annual leave, sick leave, maternity leave, paternity leave, overtime pay, severance for unjustified dismissal, 13th month pay and 14th month pay
- Statutory benefits also include social security benefits

Statutory Benefits

Probationary Period

Public Holidays

Annual Leave

Sick Leave

Maternity Leave

Paternity Leave

Overtime Pay

Severance for unjustified dismissal

13th month pay

14th month pay

Social Security Benefits

Payments and Invoicing

- Tax must be paid monthly when it is paid by a withholding agent and quarterly when it is paid directly by a taxpayer.
- The tax must be paid at the same time the tax return form is filed. The tax return form must be filed between the 13th and 22nd day of the month following the end of the reporting period.
- The due date is determined by the last digit of the Tax Identification Number (Número de Identificación Tributaria, or NIT).

Ease of Doing Business

- The ease of doing business index is an index created by Simeon Djankov, an economist at the Central and Eastern Europe sector of the World Bank Group.
- Higher rankings (a low numerical value) indicate better, usually simpler, regulations for businesses and stronger protections of property rights.
- According to the World Bank Bolivia ranked 150th in the World in 2019 in terms of ease of doing business.



GLOBAL EMPLOYER GUIDE

BOLIVIA



**GX GLOBAL
EXPANSION**

An Equus Software Company