

**Chandrawat  
& Partners**

Guide to do business in

**BOLIVIA**





## BOLIVIA

## ADVANTAGES

Located in western-central South America, the landlocked Plurinational State of Bolivia (Bolivia) is bordered to the north and east by Brazil, to the southeast by Paraguay, to the south by Argentina, to the southwest by Chile, and to the northwest by Peru which shares with the country control of Lago Titicaca, the world's highest navigable lake (elevation 3,805 m). The largest city and principal industrial center are Santa Cruz de la Sierra, in the Llanos Orientales (tropical lowlands), a mostly flat region in the east of the country. Bolivia has a growing middle class and a large, young population. As such, there are opportunities for businesses in sectors such as consumer goods, healthcare, and education.

There are several advantages to doing business in Bolivia, including:

### Natural Resources

Bolivia is rich in natural resources, including natural gas, minerals, and agricultural products. This presents opportunities for businesses in industries such as mining, energy, and agriculture.

### Strategic Location

Bolivia's location in South America provides a strategic advantage for businesses looking to expand their operations in the region. The country has access to several major transportation routes, including highways and railroads that connect it to neighboring countries.

### Growing Economy

Bolivia's economy has been growing in recent years, with an average annual growth rate of around 4%. This growth has been driven by a combination of government policies and foreign investment.

### Favorable Business Environment

The Bolivian government has implemented several measures to attract foreign investment and support local businesses. For example, foreign investors can take advantage of tax incentives, streamlined procedures for setting up a business, and other benefits.

### Skilled Workforce

Bolivia has a young and educated workforce, with a large number of professionals in fields such as engineering, technology, and finance. This presents opportunities for businesses that require skilled labor.

### Cultural Diversity

Bolivia is a multicultural country with a rich history and diverse population. This creates opportunities for businesses that can cater to the unique needs and preferences of different groups of customers.

## Corporate tax

The corporate income tax rate is a flat rate of 25%. There are no separate tax slabs for different levels of corporate income.

## Value Added Tax (VAT)

There is a single value-added tax (VAT) rate that applies to most goods and services. The current VAT rate in Bolivia is 13%. However, certain goods and services are exempt or subject to reduced VAT rates. For example, basic foodstuffs such as bread, rice, and vegetables are exempt from VAT, while other food products are subject to a reduced VAT rate of 5%. Medical products and services, educational services, and certain financial services are also exempt from VAT.

In addition to the standard VAT, there is a simplified tax regime for small businesses called the Simplified Regime for Small Taxpayers (REPECO). Under REPECO, small businesses with annual revenues of up to BOB 1.5 million (approximately USD 218,000) can choose to pay a fixed monthly tax based on their type of business activity. This tax covers income tax, VAT, and municipal taxes. The fixed monthly tax rates under REPECO range from BOB 50 to BOB 1,500 (approximately USD 7 to USD 218) per month, depending on the type of business activity.

Businesses operating in Bolivia are required to register for VAT and issue invoices that show the amount of VAT charged. They must also file periodic VAT returns and pay the VAT owed to the tax authorities. Failure to comply with VAT obligations can result in penalties and legal issues.

## Individual Tax

The personal income tax (Regimen Complementario del Impuesto al Valor Agregado or RC-IVA) rate is 13%. Employers have an obligation to withhold and pay to the tax authorities the RC-IVA on gross income after the deduction of social contributions and other concepts established by tax law.

In the case of non-domiciled individuals who receive Bolivian source labour income paid by non-resident entities (i.e., foreign employers), these non-domiciled individuals are considered direct taxpayers of RC-IVA and must declare and pay the tax on a monthly basis or upon leaving the country, whichever event occurs first.

# BOLIVIA COMPANIES

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Under the Bolivian Commercial Code, the following types of companies can operate:

## Sole Proprietorship

This is a business owned and operated by a single individual. There is no legal distinction between the business and the owner, and the owner is personally liable for all debts and obligations of the business.

## Partnership

A partnership is a business owned by two or more individuals. The partners share the profits and losses of the business, and each partner is personally liable for the debts and obligations of the partnership.

## Limited Liability Company (LLC)

An LLC is a separate legal entity from its owners, known as members. Members have limited liability for the debts and obligations of the company, and the company is taxed separately from its members.

## Corporation

A corporation is a separate legal entity from its shareholders, who own the company through shares of stock. Shareholders have limited liability for the debts and obligations of the corporation, and the corporation is taxed separately from its shareholders.

## Joint Venture

A joint venture is a partnership between two or more companies or individuals for a specific project or period of time. The joint venture is governed by a contract that outlines the rights and responsibilities of each party.

## Branch Office

A branch office is a location of a foreign company that operates in Bolivia. The branch office is not a separate legal entity from the foreign company, and the foreign company is responsible for the debts and obligations of the branch office.

## SERVING CLIENTS WORLDWIDE



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## Key Contact



### **Surendra Singh Chandrawat**

Managing Partner

✉ [surendra@chandrawatpartners.com](mailto:surendra@chandrawatpartners.com)

Connect Surendra on



WhatsApp



WeChat

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