DECREE NO. 431

THE LEGISLATIVE ASSEMBLY OF THE REPUBLIC OF EL SALVADOR,

WHEREAS:

I. The Constitution of the Republic establishes that it is a function of the State to promote economic and social development by increasing production, productivity and the rational use of resources.

II. In order to fulfill the objective of creating more and better employment opportunities for Salvadorans, increase national and foreign investment, as well as diversify the economic sectors, it is necessary to promote new activities related to the provision of international services.

III. It has been proven that trade in services at a national and international level reflects a strong and consistent growth, as well as a significant growth in trade flows worldwide.

IV. The geographic location, the commercial opening and the infrastructure conditions are important elements of competitiveness to make El Salvador an international center for the provision of specialized technical services, as well as international logistic distribution services of foreign and national products, requiring for such effect to facilitate the development of such activities.

V. The reasons stated above made it necessary to issue a law that regulates the establishment and operation of parks, service centers and users thereof.

THEREFORE

in exercise of its constitutional powers and at the initiative of the President of the Republic through the Ministers of Economy and Finance,

DECREES the following:

INTERNATIONAL SERVICES LAW

CHAPTER I
GENERAL PROVISIONS AND DEFINITIONS

Art. 1.- The purpose of this Law is to regulate the establishment and operation of service parks and centers, as well as the benefits and responsibilities of the owners of companies that develop, manage or operate in them.

Art. 2.- For the purposes of this Law, the following definitions are established:

a) Service park: A delimited area that, forming a single body, is fenced and isolated, without resident population, where the goods that are introduced and the services provided are considered outside the national customs territory, with respect to import duties and taxes,

within which and under the responsibility of an authorized administrator, several services are established and operated.

b) Service Center: Delimited and isolated area, according to the nature of the activity, which is considered outside the national customs territory, by virtue of being considered as a zone that enjoys customs extraterritoriality, where the goods that are introduced therein and the services that are rendered are considered as if they were not in the national customs territory, with respect to import duties and taxes, within which the establishment of a company dedicated to the rendering of services is authorized, under the terms of this Law.

c) Direct user: Natural or legal person, national or foreign, authorized to provide services in the park or service center, in accordance with the provisions of this Law.

d) Indirect user: Natural or legal person, national or foreign, with residence or not in the country, accredited as owner of the goods in accordance with the respective customs documentation, destined to be interned in a service park to undergo international distribution or logistics operations, in charge of a qualified direct user, who assumes responsibility for the custody, handling and distribution of the goods.

e) Consignment of goods: Legal act by which a natural or legal person, whether domestic or foreign, domiciled or not in the country, entrusts the custody, handling and distribution of its goods to a direct user of a service park or service center.

f) Designated Goods: These are goods that a natural or legal person, whether domestic or foreign, notifies, ships, delivers, and/or consigns to a qualified direct user for the purpose of receiving, managing, and distributing their inventories within a service park.

g) Carrier: Is the one that carries out the transportation of the goods or under whose responsibility the same is carried out and by reason of which it issues the master general cargo manifest or corresponding transport document, to be presented to the Salvadoran customs authorities.

h) Shipping company or shipping agent: The natural or legal person who acts on behalf of the Principal Carrier or Carrier, as agent or commercial commission agent, being empowered to represent it before third parties and before port and customs authorities.

i) Multimodal transport operator: A natural or legal person that enters into a multimodal transport contract, understood as one in which the goods must be transported by at least two different means or modes of transport, assuming full responsibility for the transport to the consignor.

j) Cargo Co-consolidator: A natural or legal person qualified as a consolidator who uses the services of another consolidator for the transport of the goods for which he has contracted, by virtue of which he issues deconsolidation documents derived from the document issued by the deconsolidator who transported the goods.

k) Second generation documents or child documents: These are those transport documents issued by an international distributor or logistics operator duly registered with the *Dirección General de Aduanas*, acting as multimodal transport operator, international freight forwarder, freight consolidator, carrier, directly or representative or agent of another in a country of origin, in the name of each consignee and with the detail of the goods, according to the consolidated cargo manifest, in the shipments in which it participates as direct consolidator or co-consolidator.

l) Vertical Service Park: A designated area forming a single tower or building, isolated and without a resident population, where the goods introduced, and the services provided are considered outside the national customs territory with respect to import duties and taxes. within this area, and under the responsibility of an authorized administrator, multiple companies engaged in the provision of services may be established and operated under the terms and conditions regulated by this law. (3)

Art. 3.- In order to be subject to the benefits and tax incentives granted by this Law, national or foreign investors must previously register the capital, in accordance with the Investment Law, at the *Oficina Nacional de Inversiones*, ONI, which shall issue the corresponding resolution within a term not exceeding 5 working days.

Art. 4.- Every employee, whether a natural or legal person, national or foreign, domiciled, hired or subcontracted, on a permanent or temporary basis, by a beneficiary of the present law, to work or render services in a service park or service center duly qualified in accordance with this Law, shall be subject to the payment of taxes and the corresponding fiscal obligations.

In the case of non-domiciled foreigners, the provisions of article 158, second paragraph of the Tax Code will not be applicable.

CHAPTER II
OF THE ACTIVITIES BENEFITED

Art. 5.- Natural or legal persons, national or foreign, that comply with the requirements established in the present Law, shall enjoy the benefits established in the same, when they are engaged in the rendering of international services, specifically the following:

a) International distribution: This is understood as those services of storage, collection, consolidation and deconsolidation of third-party merchandise, carried out by a beneficiary of this Law, without transforming the nature of the same, with the purpose of destining them for exportation and re-exportation, without prejudice that part of the same is destined for national importation.

b) International logistic operations: Understanding those complementary services to the international distribution operations, provided by a direct user authorized to operate within a service park, to third parties or indirect users, with the purpose of making more effective the processes of physical distribution of the same, through integral logistic services, from the origin of the goods to the final destination, such as: planning, control and

management of inventories, selection, packing, packaging, fractioning, classification, packaging, labeling, labeling, invoicing, cargo inspection and other activities that do not substantially transform the nature of the goods.

c) International Call Center, commonly referred to in international commerce as a "call center" or "contact center," refers to information services provided by a centralized office owned by a foreign resident, offered to third parties or received by third parties residing abroad. these services include order processing, complaint handling, reservations, account balance inquiries, telemarketing, and the sale of products or services, which may be conducted through additional channels such as email, chat, and multimedia messages. this definition does not preclude part of the service being allocated to the domestic market.

d) Information Technologies: Services provided by a company benefiting from this law to legal persons domiciled outside the national territory, including the design, development, support, maintenance, or administration of software, databases, platforms, systems, tools, IT applications, video games, and others; cloud storage services, commonly referred to in English as "cloud services," such as SAAS, IAAS, OR PAAS, among others. This definition does not preclude part of the service being allocated to the domestic market. (3)

e) Research and development: Refers to experimental, scientific, or technological research and development services in areas such as chemistry, biology, medical and pharmaceutical sciences, agricultural sciences, and others, aimed at improving products, production processes, and human development.

f) Repair And Maintenance of Maritime Vessels: Refers to repair and maintenance services provided to individuals or entities engaged in international maritime transportation of goods, cruise ships, medical and/or scientific research vessels, and industrial fishing vessels.

g) Repair and Maintenance of Aircraft: Refers to repair and maintenance services performed on an aircraft or any part thereof, including the repair of components and accessories, advisory services, training for technical personnel, or any other service related to the maintenance and repair of aircraft and components, except for maintenance carried out at passenger terminals, unless such activity is complementary to the primary maintenance and repair of aircraft.

h) Business Processes: Refers to remote services or "outsourcing," also known in international trade of services by their English acronym as BPOs, consisting of the subcontracting of administrative processes provided by a company established in a service park or service center to individuals or entities operating outside the national territory. These services support business processes, including data entry, customer processing and management, market research and surveys, studies, analysis, quality control and supervision, accounting, payroll preparation, and other human resource-related activities; data processing and management; design and drafting of plans;

document translation, transcription, and text printing; data capture; advertising, brand management, and marketing, among others. (1) (3)

i) Medical-Hospital Services: Refers to general and specialized medical services for the treatment of diseases, whether requiring surgical intervention or not, including dental services, provided by a medical-hospital institution to patients whose permanent residence is outside Salvadoran territory.

j) International financial services: Refers to those financial services consisting of the outsourcing of administrative processes, provided by a company established in a service park, to financial entities, in support of business processes, such as: data entry, customer processing and management, market surveys and research and feasibility studies, supervision and quality control, accounting, payroll preparation, human resource records, and data processing and management.

k) Repair and Maintenance of Containers: Refers to repair and maintenance services for dry and refrigerated containers, special equipment and ISO tanks. These services must be provided to legal persons engaged in the international transport of goods, both air and sea; repair and maintenance works include: painting, straightening, cleaning or fumigation, as well as other services related to such activity (1).

l) Repair of technological equipment: Refers to repair services of tangible technological equipment, such as computers, cell phones, televisions, cameras, printers; or intangible equipment, related to the application of a system and others, rendered to legal persons domiciled outside the national territory (1).

m) Care for the Elderly and Convalescents: Refers to services provided to individuals whose permanent residence is outside the national territory and who require special care of any nature.

n) Telemedicine: Refers to remote health care services provided through electronic communication channels by qualified personnel registered to practice in the country. These services include post-consultation medical guidance, specialized inter consultations on diagnostic results, laboratory tests, pathological and imaging studies, management of medical histories, and treatment support. These services are provided to individuals with permanent residence outside the national territory. Clinical consultations are excluded. (1)

o) Cinematography: Refers to post-production services performed on recorded material, which may include subtitling, translation, among others, provided to legal persons domiciled outside the national territory. (1) (2)

p) Specialized services for aircraft: Refers to services provided to international passenger and cargo aircraft for the supply of non- alcoholic beverages and prepared foods, as well

as inventory management services for consumable and disposable items, organization, laundry and cleaning of reusable goods inside the aircraft.

Notwithstanding the foregoing, natural or legal persons, whether national or foreign, engaged in the provision of the following services may establish themselves in service parks; however, they shall not enjoy the benefits and tax incentives granted under this Law and shall therefore be subject to compliance with the applicable national tax regulations:

1) Hotels.

2) Airlines.

3) Generation, supply and distribution of electric power.

4) Communications and Telecommunications; except the services determined in paragraphs c) and n) of the preceding item and the telephone companies that do not have own fixed networks and that exclusively dedicate to the intermediation of services of termination of international incoming transit; however, the latter shall not enjoy the benefits conferred by articles 21 and 25 of this law. (2)

5) Banking, financial and insurance, except for those established in paragraphs c) and j) of the preceding paragraph.

6) Air, sea and land transportation.

7) Tourist, travel agencies, express or courier services.

8) Professionals and Technicians: Such as legal, tax, construction, real estate, advertising, and consulting services, except as provided in subsections h), i), j), and n) of the preceding paragraph.

9) Food Supply: Whether prepared or not, intended for employees or companies benefiting from this Law and any other tax exemption regime, except as provided in subsection p) of the preceding paragraph

10) Any type or mechanism of private security.

11) Leasing of any nature, except that provided by administrators to direct users of the service park.

Art. 6.- The natural or legal persons referred to in paragraphs a) and b) of Article 5, may only operate in service parks.

The services referred to in paragraphs f) and g) of Article 5, which require specific physical characteristics for their operation, may choose to carry out their activities in service centers, as well

as in the facilities or lands belonging to maritime and airports, in compliance with the requirements of this Law.

The services referred to in paragraphs k) and p) of Article 5 may be authorized as service centers when located in the primary zone of air or maritime ports, as applicable. The primary or customs operation zone is understood as any area where customs services, controls, or operations are temporarily or permanently performed, as well as the related facilities established in the vicinity of their offices, warehouses, and premises, regulated by various laws.

Similarly, they may be authorized as service centers when located within a radius of no more than ten kilometers from air or maritime ports, measured from any boundary of the properties owned by the *Comisión Ejecutiva Portuaria Autónoma*. In this case, the transfer of all types of goods from the air or maritime port to the service center facilities must be documented with the corresponding goods declaration.

In the case of paragraphs c), d), e), h), i), j), l), m), n), and o) of Article 5 of this Law, they may operate in service parks, vertical service parks, or service centers. (1) (2) (3)

Art. 7.- The application of this Law shall correspond to the Ministerio de Economía. The supervision and effective control of the customs and fiscal regime of the parks and service centers shall correspond to the *Ministerio de Hacienda*, in accordance with this Law, its Regulations and other fiscal regulations.

The establishment, administration and operation of a service park, as well as the granting of tax benefits and incentives to the respective owners and the companies operating therein, shall be authorized by the Ministerio de Economía, hereinafter referred to as "the Ministry", pursuant to the provisions of this Law.

Art. 7-A. The qualified beneficiaries may perform teleworking, being allowed the transfer of personnel and technological equipment, such as monitors, computers, telephones, accessories, internet, among others, that are necessary to perform their normal performance, from the facilities of the service park or authorized service center to the place where the teleworking will take place. Companies will have to raise a register of employees that will work in this modality and of the goods that will leave the parks of services, parks of vertical services or centers of services, which will be sent to the Ministerio de Economía and to the governing entity in the matter of customs for its knowledge and later verification.

Beneficiaries must maintain updated records for consultation during the exercise of surveillance and control or as required by the Ministerio de Economía and the governing body in customs matters.

Beneficiaries may adopt the teleworking modalities established in Article 5 of the Law Regulating Teleworking, with the exception of teleworking in work centers or telecenters. Under no circumstances may beneficiaries create telecenters, establishments, or branches for teleworkers to carry out the authorized activity.

Teleworking under the terms provided for in this article shall not be considered a breach of the provisions of article 47 (g) of this law. (3)

Art. 8.- The services referred to in the first paragraph of Article 5 of this Law must be intended for export, in accordance with the established provisions. For the purposes of this Law, exportation is understood as services used exclusively abroad or in extra-customs territories and provided to a client domiciled outside the national territory or in extra-customs territories.

Additionally, services referred to in subsections f), g), k), and p) of the first paragraph of Article 5 of this Law, provided to a natural or legal person engaged in the operation of aircraft conducting international flights or maritime vessels engaged in international maritime transportation, shall also be considered exports, regardless of their domicile of origin or where the service is utilized.

The services described in subsections a) and b) of the first paragraph of Article 5 of this Law, provided by beneficiaries of this Law to companies benefiting under the Free Trade Zone regime or the Inward Processing Warehouse regime, shall not be subject to the corresponding taxes, including the Tax on the Transfer of Movable Property and the Provision of Services, provided that such services are directly linked to the export of goods. To qualify, the service provider must issue a final consumer invoice stating the name of the service recipient and other requirements established in the Tax Code.

In the case of activities contemplated in subsections a), b), c), d), e), and j) of the first paragraph of Article 5 of this Law, part of their services may be allocated to the national market.

The provision of services to the national market may only be carried out for taxpayers duly registered in the Taxpayer Registry for the Tax on the Transfer of Movable Property and the Provision of Services.

Such services shall be subject to Income Tax, the Tax on the Transfer of Movable Property and the Provision of Services, and the corresponding municipal taxes. The service provider shall assume the status of a taxpayer with respect to all taxes generated by such transactions.

In the case of services provided to the national market, the recipient of the services, whether a legal or natural person, owner of companies that pay or credit amounts corresponding to the services established in subsections a), b), c), d), e), and j) of the first paragraph of Article 5 of this Law, shall be required to withhold 1.5% as an advance payment of Income Tax, which must be remitted within the timeframe stipulated for withholdings under the Income Tax Law. Consequently, such income shall not be subject to the system of payment or advance payment provided in the Tax Code. Failure to comply with the withholding obligation established in this paragraph shall subject the taxpayer to the sanctions stipulated in the Tax Code.

In the case of the provision of services to the domestic market, all taxpayers of the Tax on the Transfer of Movable Goods and the Provision of Services, regardless of their classification, shall withhold 1% of the value of the services received from the services specified in paragraphs a), b), c), d), e), and j) of the first subparagraph of Article 5 of this Law, as an advance payment of said tax.

Any matters not expressly provided for in this paragraph shall be subject to the provisions established in the Tax Code.

The introduction of goods into the domestic market derived from international distribution operations and logistic operations are considered definitive imports, in which the importer assumes the status of taxpayer with respect to all taxes generated by the same, when applicable. In the case of goods not produced in the country, owned by non-domiciled subjects or located in non-customs territory, they will be understood to be located in the national territory, at the moment they are subject to definitive importation. (1) (2)

Art. 9.- In the transfer of goods, services or other operations carried out between a beneficiary of the present Law and natural or legal persons established in the national customs territory, market prices shall be applied.

For the purposes of the preceding paragraph, the Hacienda, through the a *Dirección General de Impuestos Internos*, in the exercise of its inspection powers, may request the taxpayers mentioned in this article to submit detailed information on the operations carried out and, based thereon, make the pertinent adjustments to the costs, deductions, income, profits, losses and any other concept of the operations declared by the taxpayers, by means of the reliable determination of the price or value of the operations in which the taxpayer has acquired or disposed of goods or services, for which the procedure established in the Tax Code shall be applied.

Art. 10.- The benefits and tax incentives set forth in this Law shall be enjoyed by natural or legal persons, national or foreign, owners of companies, which:

a) Develop service parks or developers.

b) Manage service parks or administrators.

c) Be established and operate in service parks or direct users.

d) Be established and operate in service centers.

Art. 11.- The benefits and incentives conferred by this Law shall not be enjoyed:

a) Natural or legal persons whose benefits conferred by this Law have been revoked.

b) Companies in which individuals serve as Directors or Shareholders of other companies in which the benefits conferred by this Law were revoked appear as Directors or Shareholders.

c) When the services intended to be rendered contravene morality or public order.

d) Natural or legal persons, partners or shareholders of these, who based on the account statements provided by the *Ministerio de Hacienda*, through the *Dirección General de*

Aduanas and the *Dirección General de Impuestos Internos*, have firm and definitive tax obligations.

Art. 12.- The *Ministerio de Hacienda*, through the *Dirección General de Impuestos Internos* and *Dirección General de Aduanas*, may carry out verifications of the tax returns of the beneficiaries of this Law.

For Income Tax payment purposes, the beneficiaries of this Law, who render services to taxpayers operating in the national customs territory, in order to determine the net income, must comply with the requirements established in the tax regulations.

CHAPTER III
DEVELOPERS SERVICE PARKS

Art. 13.- The natural or legal person, national or foreign, that makes a new investment destined to the establishment and development of a service park, which shall be authorized by the Ministerio de Economía shall have the quality of developer.

In order to obtain such authorization, the beneficiary must comply with the pre-qualification and authorization stages and start operations. The regulations of this Law will develop the requirements necessary for such purposes.

Notwithstanding the foregoing, the developer must also comply with the following requirements:

1. COMMON BUILDINGS:

a) Control and surveillance booth located at the park's entrance and exit points.

b) Customs and Tax Delegation Office.

c) Administrative and maintenance offices.

d) Areas for personnel training.

2. INDIVIDUAL BUILDINGS:

a) Buildings, units, work modules or spaces that comply with the physical-spatial characteristics and regulations, according to the activity to be developed.

b) Parking of vehicles.

c) Emergency exits.

3. URBANIZATION:

a) A minimum extension of five blocks, when it does not plan to house activities referred to in letters a) and b) of the first paragraph of Article 5 of this Law.

A minimum extension of ten blocks, when it is planned to house all or any of the activities established in the first paragraph of Article 5 of this Law.

b) Green area: thirty percent of the total area, which may include areas for ecological purposes or sports areas.

c) Streets, passages and sidewalks; as well as acceleration and deceleration lanes to avoid traffic interruption for access to the service park.

d) Perimeter fence.

4. OPTIONAL BUILDINGS:

a) Delegation Office of the Ministerio de Trabajo

b) Post Office.

c) Clinic.

d) Bank.

e) Cafeteria.

f) Others.

In the event that the service park includes the establishment of facilities to provide medical-hospital services or care for the elderly and convalescents, they must comply with the provisions of article 23, second and third paragraphs of this law, as applicable. likewise, the facilities must be physically isolated from other activities in the park, have independent access for effective control within the park, and have a minimum of four thousand square meters constructed in the hospital unit's buildings, in the case of medical- hospital services. (1)

In addition to the provisions contained in the previous numbers, buildings intended for international distribution services and logistics operations must have the following areas:

a) Offices.

b) Storage area.

c) Loading and unloading areas.

d) Parking for containers.

The designs of each of the aforementioned elements must be subject to the standards and specifications issued by the competent authorities, and the corresponding authorizations must be obtained.

The developer may arrange the sale of plots and/or premises and enter into contracts with natural or legal persons for the leasing of facilities for the establishment and operation of companies within them, as well as determine the service fees that the park will provide to its direct users. For the purposes of this Law, the terms of lease or sale, the sale deadlines, and the service fees shall be agreed upon by the contracting parties. (1)

Art. 13. A.- In the case of vertical service parks, the developer must comply with the stages and requirements established in Article 13 of this law, except for the urbanization and customs delegation requirements. The vertical service parks must have a minimum construction area of eight thousand square meters (8,000 m2), which may be distributed in several levels, according to the available land area, and must have the necessary infrastructure for the operation of the companies established therein. (3)

Art. 14.- Authorized developers under this Law shall enjoy the following tax benefits and incentives:

a) Total exemption from Income Tax for a period of fifteen years, starting from the commencement of operations of the duly qualified service park. This exemption, in the case of companies, shall apply both to the owning company of the park and to the partners or shareholders individually, with respect to the profits or dividends derived from the eligible activity. If one or more partners are legal entities, this benefit shall apply exclusively to them and may not be transferred to their shareholders.

   The exemption referred to in this paragraph does not relieve the beneficiary from the obligation to file the corresponding tax return for each fiscal year during the operation of the service park.

b) Total exemption from municipal taxes on the company's assets for a period of ten years, starting from the commencement of operations.

c) Total exemption from the Real Estate Transfer Tax for the acquisition of real estate to be used in activities subject to this incentive.

CHAPTER IV
ADMINISTRATOR OF SERVICE PARKS

Art. 15.- The natural or legal person, national or foreign, directly responsible for the direction, administration and management of a service park, duly qualified by the Ministerio de Economía, shall be considered the administrator of a service park.

The park manager shall:

a) Provide, directly or through third parties, the necessary facilities to companies operating within the park for the supply of potable water, wastewater treatment, electricity, telecommunications, solid waste management, and other essential services.

b) Maintain all common services within the park, such as roads, fences, green areas, and public lighting.

c) Promote the establishment of new investments within the park.

When deemed necessary, the administrator may request the *Dirección General de Aduanas* to increase personnel or extend the customs service hours. In both cases, the administrator shall bear the costs associated with the personnel required for the operation of such extensions. These funds shall be allocated to the General State Fund.

The applicable customs regulations shall apply to service park administrators, as appropriate.

Art. 16.- The administrator of a service park shall have the following powers:

a) Enter into contracts establishing the conditions governing the installation and operation of direct users in the service park, which must also include the provisions set forth in the park's Internal Regulations.

b) Adopt the necessary measures for the effective management, administration and operation of the service park and the companies that operate in it, as well as contribute with the customs service in the proper functioning of international distribution and logistics operations, which may include the electronic registration of inventories, and an online system shared with the Customs Service.

c) Authorize the establishment of complementary activities indicated in this Law, operations that in no case will enjoy tax benefits and incentives.

d) Collaborate with the authorities in the activities that by law correspond to them.

Art. 17.- Administrators of service parks authorized under this Law shall enjoy the following fiscal benefits and incentives:

a) Full exemption from Income Tax for a period of fifteen years, starting from the commencement of their operations related to the administration of the service park. In the case of corporations, this exemption shall apply both to the service park administration company and to its individual shareholders or partners concerning the profits or dividends derived from the favored activity. If one or more shareholders are legal persons, this benefit shall be exclusive to them and may not be transferred to their shareholders.

The exemption referred to in this paragraph does not relieve the beneficiary of the obligation to file the corresponding tax return for each fiscal year of the service park's operations.

b) Full exemption from municipal taxes on the company's assets for a period of ten years, starting from the commencement of operations.

These benefits do not apply to the operation of complementary activities specified in this Law.

Art. 18.- If the same person obtains the qualifications of both developer and administrator of a service park, they shall enjoy the benefits established in Articles 14 and 17 of this Law.

Art. 19.- In case of sale or alienation of plots of land in the service park, the purchaser shall be subject to the provisions contained in this Law.

CHAPTER V
DIRECT USERS OF THE SERVICE PARK

Art. 20.- Any natural or legal person, national or foreign, authorized in accordance with this Law and its Regulations, to render any of the services established, shall be considered a direct user.

Art. 21.- The direct user of a service park shall be entitled to enjoy the following benefits and tax incentives:

a) Free internment of machinery, equipment, tools, spare parts, accessories, office furniture and equipment and other goods necessary for the execution of the incentivized service activity to the service park for the period of time they carry out their operations in the country.

The following goods and services are exempt from this benefit: food and beverages, products containing tobacco, alcoholic beverages, rental of housing, furniture and household goods, cleaning articles, sumptuary or luxury items, vehicles for transporting people individually or collectively and merchandise, hotel services, in which case, their entry into the service park will be subject to the presentation of the definitive merchandise declaration for payment in the case of foreign merchandise or the presentation of the tax credit vouchers or final consumer invoice, in the case of purchases of said goods in the local market, in which it is evidenced that the corresponding tax has been paid.

b) Income Tax exemption, exclusively for the income derived from the incentivized activity, during the period in which they carry out their operations in the country, counted from the tax year in which the beneficiary begins its operations.

This exemption, in the case of companies, will apply both to the owning company and to the partners individually considered, with respect to the profits or dividends from the favored activity. In the event that one or more partners are legal persons, this right shall be exclusive to them, which may not be transferred to their partners.

This exemption does not release the beneficiary from the obligation to file the respective tax return for each tax year of its operation.

c) Exemption from municipal taxes on the assets of the company, during the period in which they carry out their operations in the country, counted from the fiscal year in which the beneficiary begins its operations.

Art. 22.- Direct users, acting as international distributors or logistic operators, shall comply with the following requirements:

a) Have a minimum of 500 square meters in property or lease; in exceptional cases, the Ministerios de Economía and Hacienda may authorize, at the request of the direct users, a smaller amount of square meters, depending on the nature of the activity.

b) Register with the *Dirección General de Aduanas*, in order to receive the access code to the computerized customs service systems.

c) Maintain an electronic inventory register and an online system at the disposal of the Customs Service, in accordance with the provisions established by the latter, and for such purposes, issue documents for the entry and exit of goods from the warehouse.

d) Keep copies of the Consolidated Cargo Manifests of the operations in which it is involved for a period of 5 years.

e) Submit to the customs authority the packages transported under their custody and responsibility, according to the Consolidated Cargo Manifest, when applicable, and assign the necessary equipment and personnel for the loading and unloading of the means of transport.

f) Respond before the customs authorities, for differences in the margins established in the customs regulations, in terms of quantity, nature and value of the goods declared, with respect to what actually arrived at the service park; notwithstanding, the liability for shortages, duties and taxes, or fines that

If the latter is found to be liable, it may demand payment from the principal carrier.

g) Responsible for the payment of taxes of its indirect user customers, in case of inventory shortages, losses, misplacements and shrinkage.

Art. 23.- National or foreign legal persons applying to be qualified as direct users to provide business process services in service parks in accordance with the provisions of this law, must comply with the following requirements:

a) New investment in assets for an amount not less than one hundred and fifty thousand united states dollars (us$150,000.00) in the first six months of operations, corresponding to working capital and fixed assets.

b) Operate with no less than ten permanent jobs.

c) Have a minimum written contract of six months.

d) Present a business plan.

Medical-hospital services as direct users to provide services in service parks, in accordance with the provisions of this law, shall comply with the following requirements:

a) New investment in fixed assets for a minimum amount of one million dollars of the united states of america (us$1,000,000.00) in the first year of operations for projects whose activities are destined to the provision of services for the treatment of diseases with or without surgical intervention, as well as general medical and dental services.

b) Operate with no less than ten permanent jobs.

c) The building or buildings where the authorized activity is carried out must have at least four thousand square meters of the hospital unit.

d) Present a business plan.

e) That the designs of each of the aforementioned elements comply with the standards and specifications issued by the competent authorities in the field of medical-hospital safety.

In the case of care services for the elderly and convalescents as direct users to provide services in service parks, in accordance with the provisions of this law, they must comply with the following requirements:

a) New investment in assets for a minimum amount of two hundred and fifty thousand United States Dollars (U.S. $250,000.00) in the first year of operations, corresponding to working capital and fixed assets.

b) Operate with no less than ten permanent jobs.

c) Present a business plan.

In the of non-compliance with the provisions of the above paragraphs, in the case of business processes, medical-hospital care, care for the elderly and convalescents, the company will not enjoy the benefits and tax incentives established in this law, corresponding to the fiscal year of non-compliance. (1)

CHAPTER VI
SERVICE CENTERS

Art. 24.- National or foreign natural or legal persons, owners of companies engaged in the provision of services of international call centers, information technologies, repair and maintenance of maritime vessels and aircraft, business processes, medical-hospital, repair and maintenance of containers, care for the elderly and convalescents, telemedicine, cinematography and specialized services for aircraft, may operate in service centers, subject to the granting of tax benefits and incentives by the Ministerio de Economía , and must comply with the following requirements:

a) Have location authorization from the authority corresponding; (1) (2)

b) That the facilities comply with adequate environmental and occupational health and safety conditions; (1) (2)

c) Formal administrative and financial organization; and, (1) (2)

d) Buildings:

i) Parking of vehicles.

ii) Emergency exits.

iii) Any other necessary according to the activity to be carried out. (1) (2)

In the case of container repair and maintenance services, repair and maintenance services for maritime vessels and aircraft, and specialized services for aircraft, an office must be assigned for the customs delegation, when located outside a primary customs zone, which must be properly equipped and located in accordance with the requirements established by the *Dirección General de Aduanas*, taking into account the reasonable needs for the operation. the beneficiary shall assume the payment of the services and the necessary office and computer equipment of the customs delegation, in accordance with the guidelines established by the *Ministerio de Hacienda*. (1) (2)

The designs of each of the aforementioned elements will be subject to the standards and specifications issued by the competent authorities, and the corresponding authorizations must be obtained. (1)

Art. 24- A.- National or foreign legal persons applying to be qualified to provide business processing, information technology and cinematography services in service centers, in accordance with the provisions of this law, must comply with the following requirements: (1) (2)

a) New investment in assets for an amount of not less than two hundred and fifty thousand united states dollars ($250,000.00) in the first six months of operations, corresponding to working capital and fixed assets; (1) (2)

b) Operate with a number of not less than twenty permanent jobs; (1) (2)

c) Have a minimum written contract of six months; (1) (2)

d) Submit a business plan. (1) (2)

Medical-hospital services in service centers in accordance with the provisions of this law shall comply with the following requirements: (1)

a) New investment in fixed assets for a minimum amount of two million dollars of the United States of America (U.S $2,000,000.00) in the first year of operations, for projects whose activities are intended for the provision of services for the treatment of diseases with or without surgical intervention, as well as general medical and dental services. (1)

b) Operate with no less than fifteen permanent jobs (1).

c) The building or buildings where the authorized activity is carried out must have at least four thousand square meters of the hospital unit (1).

d) Submit a business plan (1)

e) That the designs of each of the elements mentioned above comply with the standards and specifications issued by the competent authorities on medical-hospital safety (1).

In the case of care services for the elderly and convalescent as service centers, in accordance with the provisions of this law, they shall comply with the following requirements: (1)

a) New investment in assets for a minimum amount of five hundred thousand United States Dollars (U.S. $500,000.00) in the first year of operations corresponding to working capital and fixed assets (1).

b) Operate with no less than fifteen permanent jobs (1).

c) Submit a business plan (1)

In the event of non-compliance with the above paragraphs, in the case of business, medical-hospital or elderly and convalescent care processes, the company will not be entitled to the tax benefits and incentives established in this law, corresponding to the fiscal year of non-compliance. (1)

Specialized aircraft services qualified as service centers pursuant to the provisions of this law shall comply with the following requirements: (2)

a) New investment for a minimum amount of five hundred thousand United States Of America dollars ($500,000.00) in the first year of operations, in fixed assets and working capital. (2)

b) Operate with no less than fifty permanent jobs. (2)

c) Submit a business plan (2)

If the beneficiary fails to meet the requirements established in this Article, they shall not be entitled to the fiscal benefits and incentives provided for in this Law for the fiscal year in which the non-compliance occurs. (2)

Art. 25.- The owner of a company, whose establishment has been declared a service center, shall be entitled to enjoy the following tax benefits and incentives:

a) Total exemption of customs duties and other taxes levied on the importation of machinery, equipment, tools, spare parts, accessories, office furniture and equipment, and other goods necessary for the execution of the incentivized activity.

The following goods and services are exempt from this benefit: food and beverages, products containing tobacco, alcoholic beverages, rental of housing, furniture and household goods, cleaning articles, sumptuary or luxury items, vehicles for transporting people individually or collectively and merchandise, hotel services, in which case, their entry to the service center will be subject to the presentation of the definitive merchandise declaration for payment in the case of foreign merchandise or the presentation of the tax credit vouchers or final consumer invoice, in the case of purchases of such goods or services in the local market, in which it is stated that the corresponding tax has been paid.

The exception referred to in the preceding item concerning food and non alcoholic beverages shall not apply to the services described in literal p) of article 5 of this law, provided that the goods introduced, including goods on consignment, are to be supplied within the means of air transportation. of article 5 of this law, provided that the goods introduced, including goods on consignment, are to be supplied within the means of air transport. (2)

b) Income Tax exemption, exclusively for the income derived from the incentivized activity, during the period in which they carry out their operations in the country, counted from the beginning of operations.

This exemption, in the case of companies, shall apply both to the owning company and to the partners individually considered, with respect to the profits or dividends from the favored activity. In the event that one or more partners are legal persons, this right shall be exclusive to them, which may not be transferred to their partners.

Such exemption does not release the beneficiary from the obligation to file the respective tax return for each fiscal period of its operation.

c) Exemption from municipal taxes on the assets of the company, during the period that they carry out their operations in the country, counted from the beginning of operations.

CHAPTER VII
CUSTOMS REGIME

SECTION ONE
GENERAL PROVISIONS

Art. 26.- The Regime that shall regulate the entry and permanence of all goods introduced by the direct users of a service park for the rendering of their services, shall be of a liberatory nature and its term of permanence shall be indefinite. Such goods shall not be subject to any tax or bond while they remain within the service park. Notwithstanding, international distribution or logistic operations shall be governed in accordance with the provisions of the second section of this Chapter.

In the case of service centers, the raw materials, inputs and other goods introduced will have a permanence term of one year, counted from the date of acceptance of the corresponding merchandise declaration; likewise, capital goods will be liquidated at definitive exemption.

For those service centers operating in primary customs zones where there is a customs delegation, raw materials, inputs, capital goods and other goods introduced may remain as long as necessary for their operations and must comply with the provisions contained in the regulations of this Law.

Sales or transfers of goods and services used in the benefited activity, made by natural or legal persons established in the national customs territory, to a direct user of a service park or service center, shall be considered as definitive export operations, consequently articles 75, 76 and 77 of the Law of Tax on the Transfer of Movable Goods and the Rendering of Services shall be applicable. In no case will be considered as necessary for the development of its activity, the goods and services contemplated in the second paragraph of literal a), of articles 21 and 25 of the present law; consequently, such goods and services will be subject to the rate established in article 54 of the Law of Tax on the Transfer of Movable Goods and the Rendering of Services.

For the purposes of the provisions of the preceding paragraph, it shall be understood that a good or service is used in the benefited activity when it is used for the purposes of the benefited activity.

SECOND SECTION
OF INTERNATIONAL DISTRIBUTION AND LOGISTICS OPERATIONS

Transit conditions of the goods

Art. 27.- Companies engaged in the rendering of distribution or distribution services shall logistics operations under this Law, may transit consolidated or unconsolidated goods, in full or partial containers without restriction, to the facilities of the service park, in accordance with the provisions of this Law and its Regulations, as well as the provisions of the customs legislation that regulates the matter.

Authorization for remission or customs transit of goods

Art. 28.- The remission or customs transit of goods from peripheral Customs to the service parks, shall be authorized to the international distributor or logistic operator, under the compliance of the following provisions:

a) Be duly registered in the computer system of the *Dirección General de Aduanas*.

b) Present the master cargo manifest, issued by the main carrier, as well as the international transit declaration, DTI, when required by customs regulations.

c) In the case of consolidated cargo, the cargo consolidation manifest issued by the direct user must be presented.

In the case of paragraphs b) and c) of this article, the manifests may be submitted electronically.

Cargo manifest contents

Art. 29.- Consolidated cargo manifests shall be presented in the electronic format determined by the *Dirección General de Aduanas*, prior to the arrival of the means of transport at the service park, which shall contain, among others, the following data:

a) Name of consignees or indirect users.

b) Number of packages.

c) Gross weight of packages.

d) General manifest number mother or master.

e) Transport document number.

f) Name of the person issuing the manifest.

g) Place and date of issue.

Goods that cannot enter the service park

Art. 30.- Those goods whose entrance to the national territory is prohibited by Salvadoran laws, as well as the following merchandise, shall not be admitted to the service parks:

a) Explosives.

b) Hazardous substances, if they do not have the corresponding permits.

c) Radioactive goods, if they do not have the corresponding permits.

d) Weapons and ammunition of any kind.

e) Any kind of dangerous goods, according to national and international regulations applicable to cargo transportation, with the exception of goods consigned to companies dedicated to research and development services, as established in article 5, first paragraph, letter e) of this Law, provided they have the respective permits from the competent authorities.

If the customs authority stationed at the peripheral or border customs offices observe this type of merchandise in the cargo manifests or international transit declarations, they shall proceed in accordance with the customs legislation to notify the competent authorities so that they may adopt the corresponding security measures, in addition to informing the *Dirección General de Aduanas* for the initiation of the corresponding sanctioning procedure.

Goods Entry Authorization

Art. 31.- The entry of goods destined or consigned to the beneficiaries of this Law in service parks shall be authorized by the respective Customs Delegation in the same, with the presentation of the DTI and the master or consolidated cargo manifest, as the case may be.

Unloading operation at the service park

Art. 32.- In order to proceed with the unloading of the goods and for the purpose of applying the regulations established in the customs legislation regarding the loading and unloading of goods, the means of transportation shall be placed at the disposal of the customs authority of the customs delegation of the service park, for the review and breaking of the corresponding seal, and who may or may not witness the unloading of the means of transportation.

Once unloading is completed, the direct user will issue the document of actual receipt of the goods and upload them to the inventory control system.

Deadline and procedure for declaring the destination of the goods

Art. 33.- Once the goods have been unloaded at the facilities of the direct user, the latter shall have a period of twenty working days to proceed to place them under the temporary admission regime for a period of twenty-four calendar months, extendable once for eighteen months, subject to authorization by the *Dirección General de Aduanas*, during which time the goods shall not be subject to any tax or bond; or within the same twenty working days, at the request of his client, he may place them under the applicable customs procedures. (2)

Upon expiration of the period of twenty working days without the goods having been assigned to a specific regime, the goods shall be considered abandoned.

Applicable customs procedures

Art. 34.- Direct or indirect users may opt to declare their goods under any of the following regimes, in accordance with legal regulations:

a) Definitive importation.

b) Definitive export.

c) Temporary Importation with re-exportation in the same state.

d) Customs Transit.

e) Re-export.

Users must request the authorization for the declaration of goods in internal transit, to the Warehouse or authorized place, when they need to submit their goods to any of the following regimes:

1) Free Trade Zones.

2) Active Improvement Deposit.

3) Customs Warehousing Regime.

In case of executing the following operations, they must be transferred to the corresponding internal customs office:

I) Reimportation.

II) Temporary export with re-importation in the same state.

III) Temporary export for outward processing.

IV) Postal shipments.

V) Express or courier shipments.

VI) Luggage.

VII) Household goods.

VIII) Small commercial shipments.

Other customs operations within the service park

Art. 35.- Direct or indirect users may apply to the customs authorities for authorization to carry out the following operations:

a) Reshipment

b) Transshipment, for short-term storage.

In the case of goods that have arrived by mistake at the service park and that belong to non-domiciled individuals in El Salvador, the authorization for the respective re-shipment shall be requested before the customs authorities by the direct or indirect user.

Such authorizations will proceed, provided that the goods have not been formally received in the inventory of the direct user and provided that they have complied with the legal requirements and conditions established in the CAUCA and RECAUCA.

Pre-verification

Art. 36.- Prior verification may be requested under the conditions and within the time limits established in the customs legislation.

Supporting documents and control documents for second generation transport documents

Art. 37.- The documents that support the merchandise declarations in the different customs regimes that are allowed in the service park shall be those established in the customs regulations. Notwithstanding, the issuance of second-generation transport documents or child documents, to carry out the deconsolidation of goods, shall comply with the formalities established for such purpose in the Regulations of this Law.

Regarding the documents supporting compliance with non-tax obligations for restricted or regulated goods by direct or indirect users, the provisions of the applicable legal regulations shall be observed and their requirement by the customs authorities shall be at the time of filing the final goods declaration.

Collection operations for the export of goods in free circulation

Art. 38.- Goods in free circulation that are destined to a service park for stockpiling and subsequent final export to various destinations, shall be subject to the respective customs control, which shall include the physical separation of the inventory and the affixing of vignettes or special labels.

The remission of goods in free circulation to the service park will be documented before the Customs and Fiscal Delegation of the service park, through the remission note.

In order to carry out the operations referred to in this article, the beneficiary must be previously authorized by the *Dirección General de Aduana*s, which, in granting such authorization, shall take

into account the operational infrastructure, computer systems and other security and control measures.

Warehousing services for domestic and nationalized goods

Art. 39.- Simple storage operations shall be allowed in the service park, being understood as those goods that have been previously nationalized or of national production, prior authorization of the *Dirección General de Aduanas* which for the granting shall take into account the operational infrastructure, computer systems and other security and control measures.

In addition, the authorized beneficiary must comply with the following conditions:

a) The physical inventory of such merchandise must be under the responsibility of the direct user, who must justify the existence thereof, through the respective service contract and keep control of it in its computerized inventory system.

b) The location within the warehouses, warehouses or ships that are destined to this type of operation, must have a physical separation duly delimited from the rest of the facilities, so as to avoid the confusion of goods subject to customs control.

c) Subject to the other control conditions determined by customs legislation.

Failure to comply with the provisions of this article shall result in the suspension of the authorization of operations.

Output, minimum requirements

Art. 40.- The exit of goods from the service park shall be made under the protection of a document of exit from the warehouse of the direct user, whose registration shall be made in the computer system of the Customs Service, in addition to the declaration of goods corresponding to the declared customs regime.

Shipment of goods and length of stay

Art. 41.- Once the declaration of goods to any customs procedure has been legalized, according to the provisions of Article 34 of this Law, the goods may remain in the dispatch status, within the facilities of the direct user, for a maximum period of twenty working days from the day following the registration of the corresponding declaration of goods in the computer system of the *Dirección General de Aduanas*. The direct or indirect user shall inform within the aforementioned term the reason and the legal actions to be taken.

Goods on consignment

Art. 42.- The goods on consignment that enter the service park, in accordance with the provisions of this Law, shall enter in the name of the direct user, shall remain under his custody and

shall leave under the protection of an international transit declaration or declaration of definitive import goods, in the name of a consignee registered in the Salvadoran customs territory.

Exclusions from the customs taxable base

Art. 43.- For the purpose of determining the taxable value of goods destined for the domestic market, in accordance with the price paid or payable, the costs of storage and conservation of the goods during their stay in the service park shall not be included in the customs value, provided that these are expressed separately from the price paid or payable for the goods.

Issuance of customs control certificates

Art. 44.- The Customs Delegation of the service park, at the request of the interested party, may issue Customs Control Certificates for the Goods that are re-exported from the park to other destinations, in order for them to keep the benefits inherent to their origin within the framework of the Free Trade Agreements or Central American Economic Integration, subscribed by the Government of El Salvador.

The *Dirección General de Aduanas* will issue, through general administrative provisions, the regulations, formats and procedures related to such certificate.

Residual products, wastes and residues

Art. 45.- Previous authorization of the Customs Delegation of the service park, the residual products coming from the packing or packaging of merchandise such as: wooden or plastic pallets, drums and similar, may be destined for definitive consumption in the national territory paying the import duties and taxes on the invoiced value at market prices, through the simplified merchandise declaration.

They will not pay any tax when they are destined to solid waste dumps authorized for their destruction or may be exempted from duties and taxes when they are donations to non-profit, humanitarian, educational or other community service institutions, prior qualification of the Ministerio de Economía and exemption of the Legislative Body. In both cases, they shall be carried out under the coordination and supervision of the *Dirección General de Aduanas*
The regulations of this Law shall establish the procedures for the application of this provision.

Art. 45-A.- In the case of goods that, due to their condition or state, are not suitable for industrial or commercial use, including those unfit for use or consumption, they may be destroyed upon the request of the interested party, in accordance with the provisions of the CAUCA and its regulations.

In the request, the interested party must include the general information of the applicant and his legal representative, the merchandise to be destroyed, the place of destruction, and must only prove that the merchandise is not susceptible of industrial or commercial use for whatever reason, among others, expiration of the merchandise, loss of essential qualities, commercial restrictions, damaged or damaged, as well as add the corresponding tables of discharge. This may be accredited

by the applicant, at its choice, by means of a letter explaining why the goods have no commercial use or exploitation, affidavit issued by an expert that accredits such condition, or by means of official documentation issued by the competent authority that demonstrates that the goods have no commercial use or exploitation. They must also add the documentation evidencing that the destruction will be carried out in a place duly authorized by the *Ministerio de Medio Ambiente y Recursos Naturales*.

The direct users of a service park shall present the respective request before the administrator of the customs of the free zone or service park where it operates; in the case of the owners of a company whose establishment has been declared a service center, they shall present the request before the administrator of the customs in which they formalize their operations. In the case of those goods that for duly proven technical reasons must be subject to processes prior to their destruction, such as rendering them inert or other similar cases, and such process must be carried out in facilities other than those of the beneficiary, at the request of the interested party, justifying the reasons for the treatment, the customs authority will authorize the exit of the goods for such purpose, for a maximum period of six months, prior to their destruction. Once the corresponding treatment has been carried out, the customs authority that issued the corresponding resolution shall be notified to proceed with the destruction of the goods in the presence of the customs authority in a place duly authorized by the b of the environment and natural resources, and at the cost and expense of the beneficiary. The customs authority shall issue the resolutions related to the requests it receives pursuant to the provisions of this article within a maximum term of five working days, counted from the date of receipt thereof.

The act of destruction will prove the corresponding discharge, extinguishing the customs tax obligation and canceling the respective regime totally or partially, being the obligation of the customs officer to consign the amount of the quantities and values object of destruction, and to liquidate the corresponding merchandise declaration within the maximum term of twenty-four hours after the destruction has been carried out.

In no case shall the entry into the country of goods or raw materials for the sole purpose of their subsequent destruction or for the performance of activities not provided for in Article 5 of this law be allowed. (2)

CHAPTER VIII
OBLIGATIONS AND PENALTIES

Art. 46.- The following are obligations for the direct users of service parks and service centers:

a) Communicate to the administrator of the service park and to the agency of the Ministerio de Economía determined by the Regulations of this Law, or only to the latter in the case of service centers, the plans, projects and modifications of its company and its operations, within ten working days as of the day of the modification.

b) Maintain a minimum of 500 square meters of the property on which the economic activity is carried out, or the minimum authorized in accordance with Article 22, paragraph a) of this Law.

c) To keep for the case established in article 22 of the present Law, the copies of the Consolidated Cargo Manifests, of the operations in which it intervenes, for a term of 5 years.

d) To have the means to ensure the effective custody and conservation of the goods, in accordance with the measures established by the Customs Service according to the needs required by the nature of such goods and in accordance with the location and infrastructure conditions of the service park.

e) To inform the customs service about the loss, destruction, damage or abandonment; as well as other irregularities with respect to the goods, within eight days from the respective event.

f) Temporarily allocate spaces for the prior examination or immediate verification of deposited goods, as well as for the storage of abandoned or detained goods; such spaces must be qualified by the Customs Service.

Failure to comply with the provisions of this article shall be considered a Less Serious Violation.

Art. 47.- The following are obligations for the direct users of service parks and service centers:

a) Register in electronic and magnetic media or in any other media required by the Ministerio de Economía and Hacienda, through the *Dirección General de Aduanas*, in accordance with the applicable regulations, all the information related to the operations carried out, inventories and their movements, and any other information considered necessary for the respective fiscal and administrative control. Said records must be submitted annually to said Institutions, or when requested by them, and shall also be subject to inspection or inspection by the respective Ministries, in order to verify compliance with legal obligations; additionally, in the case of computer records, it must allow the auditing of their systems.

b) Inform the Ministerio de Economia and Hacienda, through the Customs Direction, 30 days in advance, of the change of domicile or closure of operations, indicating in this case whether it is a temporary or definitive closure and the respective reasons and justifications.

c) To allow access to the beneficiary company's facilities to delegates of the Ministerios de Economía and Hacienda through the *Dirección General de Aduanas* and the *Dirección General de Impuestos Internos*, in compliance with their obligations and functions, as well as to provide all the information and truthful documentation required by them.

d) Establish accounting controls and records of its operations, in accordance with the Law.

e) Establish the physical inventory of the merchandise under their custody and responsibility, in the case of distributors and logistics operators, who must keep track of it in their specialized computer system. Beneficiaries engaged in providing specialized services for aircraft must have a record of inventories that allow the traceability of the goods. (2)

f) To have the services of an independent auditing firm duly authorized by the *Dirección General de Impuestos Internos*, which shall issue biannual reports. Said opinions shall contain pronouncements on the compliance of the beneficiary with the obligations established in the present law, as well as on the veracity and conformity of the information provided by the beneficiary on the sales made, and shall be sent by the auditing firm directly to the *Dirección General de Impuestos Internos* y Ministerio de Economía

g) Not to develop activities outside the park or authorized service center facilities.

h) Comply with labor and social security laws, regulations and other legal provisions in favor of workers, including:

   1) The right to unionize.

   2) Prohibition of forced labor or any form of compulsory labor.

   3) Acceptable working conditions with respect to minimum wage, working hours, occupational health and safety and all those necessary for the good performance of the worker in the development of their work.

i) Pay severance, Christmas bonus and proportional vacation in the form and amount established in the Labor Code and labor benefits to all workers who are affected in the event of total or partial closure of the company or establishment.

j) In the extraordinary case of total closure without any justification of the company's operations, the assets of the company will be used preferentially to cancel the liabilities and other labor obligations, without prejudice to the corresponding administrative sanction.

k) To integrate the personnel of your company with at least ninety percent of Salvadorans. When the number of personnel results in a mixed number, the fraction will be taken as a unit.

   However, in special circumstances that the *Ministerio de Trabajo y Seguridad Social* will qualify, employers may be authorized to employ more than ten percent of foreigners, in order to employ people who are difficult or impossible to replace by Salvadorans, being

obliged to train Salvadoran personnel under the supervision and control of said Ministry, for a period not exceeding five years.

Failure to comply with the provisions of this article shall be considered a serious infraction.

Art. 48.- The following are obligations of the administrators of service parks:
Comply with the requirements of the competent authorities to ensure that park users comply with the provisions of the Law, its Regulations and other laws of the Republic, especially those related to labor, environmental and intellectual property issues.

Adopt the necessary measures for the permanent compliance of the provisions mentioned in the previous paragraph, by the beneficiaries and others that operate in its park, and inform the Ministerios de Economía y Hacienda through the *Dirección General de Aduanas*, of any information of the users that it has at its disposal or that is known to it.

To temporarily provide the Customs Delegation with the necessary computer equipment and office equipment to facilitate the efficient exercise of its tax and customs functions.

Keep and maintain at the disposal of the Customs Service, the documents and information related to the contractual relationship with direct users, for a period of five years.

To accredit and maintain before the Customs Service, for all purposes, a legal representative or proxy with sufficient powers of representation.

To have sufficient means to ensure the effective operation of the park to facilitate the custody and conservation of its clients' merchandise, in accordance with the measures established by the Customs Service, according to the needs required by the nature of the activity or service, and in accordance with the location and infrastructure conditions of the service park.

Inform the customs service of damaged, lost, destroyed, abandoned or abandoned goods and other irregularities occurring during the permanence of the goods in its service park of which it is aware.

Failure to comply with the provisions of this article shall be considered as Minor Infractions.
Graves.

Art. 49.- The administrators of service parks are obliged to allow the entry to the service park, of the means of transport, previous verification of the conditions and states of the markers and other security measures, when there is no customs presence, which shall not include the breaking of the marker; and to communicate opportunely to the Customs Service of their entry, as well as any irregularity found, so that this one carries out the process of entry of the merchandise; also to allow the exit of the merchandise only with the authorization of the customs authority, at the hours and days enabled for such effect.

Failure to comply with the above obligations shall constitute a serious infringement, and recidivism shall be considered a very serious infringement.

Art. 50.- In cases where the *Dirección General de Aduanas* and the *Dirección General de Impuestos Internos* in the use of their inspection powers have determined the existence of repeated tax infractions to the customs legislation or to the internal tax legislation, or have had knowledge of the existence of a firm criminal sentence for violation of said legislation; as well as in the case where the audits referred to in letter f) of Art. 47 of this Law reflect inconsistencies, the Ministerios de Hacienda y Economía may require the beneficiary to provide a bond to respond for the fulfillment of the obligations derived from the benefits received.

When the obligation to pay the employer's pension or social security contributions of the workers is violated, as well as to transfer the amounts deducted from them for such concepts, the respective resolutions issued by the officials of the *Ministerio de Trabajo y Seguridad Social* or the corresponding authority of the Salvadoran Social Security Institute, or of the Superintendence of Pensions, as the case may be, shall be notified to the Minister of Economy, so that he may decide if the temporary suspension of the benefits for a period of three months is appropriate, and, in case of recidivism attributable to the beneficiary, the Minister shall decree the revocation of the benefits.

In case of the existence of a final and definitive sentence for the crimes established in the Anti-Money Laundering Law, by the natural or legal persons benefited by this Law, the competent judge shall inform the Minister so that the benefits may be revoked.

Art. 51.- When there are repeated infractions resulting in the omission of payment of duties or taxes directly or indirectly, or the amounts left unpaid correspond to those established for the configuration of an offense in the corresponding legislation, the customs or tax authority, depending on the matter in question, shall send the corresponding final and firm resolution to the Ministerio de Economía, so that the latter may decide on the temporary suspension of the benefits for three months, and in case of recidivism attributable to the beneficiary, the revocation of such benefits.

Art. 52.- The infractions established in the present Law shall be administratively sanctioned by the Ministry, in the following manner:

a) The Less Serious Infringement shall be sanctioned with a written warning to the Offender, in which a term shall be established for compliance with the obligation in question. Recidivism in a less serious infraction will be sanctioned with a fine equivalent to three monthly minimum wages of the highest amount.

b) Serious Infringement will be sanctioned with a fine equivalent to thirty minimum monthly salaries of the highest amount. In case of recurrence, a fine equivalent to forty monthly minimum wages of the highest amount will be imposed.

   In the event of a third serious infraction, the benefits will be revoked.

c) Very Serious Violations will be sanctioned with temporary suspension of benefits for a term of three months. Recidivism in this type of infraction will result in the revocation of the benefits.

Art. 53.- In the event of the definitive closing of operations or abandonment of a park or service center user company, judicial proceedings shall be instituted for the payment of any outstanding obligations, and the vacating of the property, even if there are no arrears, without prejudice to the *Ministerio de Hacienda*, in order to safeguard the fiscal and social interest, and after an inventory of the goods, may order the transfer of the goods to its own premises or others that may be enabled for this purpose, or make use of the modalities of disposition of goods, which the Law grants to the *Dirección General de Aduanas* Revenue.

A company may be declared abandoned at the request of an interested party or by the Attorney General's Office of the Republic, who will appeal to the respective Judge, who, after verifying the facts, will declare the company abandoned within a term not exceeding five working days.

Actions to redeem tax, patrimonial or labor rights will be filed before the respective judge, who must issue an executive decision within ninety days. The judicial declaration of abandonment will give rise to the preventive seizure of the assets and the delivery in deposit of the same, prior judicial resolution. In the event of liquidation of the seized assets, and in order to protect the interests of the workers, the Legislative Assembly may grant exemption from the payment of the respective taxes. In case of noncompliance with the terms set forth in this article, the parties or the Attorney General's Office of the Republic may make use of the corresponding instances to deduct administrative or criminal liabilities from the violators.

Art. 54.- If a natural or legal person, owner of a company, has had the benefits granted under this Law suspended or revoked, they shall not be eligible to request such benefits for another company, nor may they appear as a shareholder or director in companies that apply for these benefits.

Art. 55.- The companies in which persons who were Directors or Shareholders of other companies whose benefits conferred by this Law were suspended or revoked shall not be entitled to the benefits granted by this Law.

CHAPTER IX
PROCEDURES AND APPEALS

Art. 56.- Those interested in obtaining the benefits granted by this Law, shall submit the respective application to the Ministry, through the Legal Representative or Power of Attorney empowered to do so.

Art. 57.- In the application, the interested party shall indicate the activity to which it will be dedicated, the type of benefits to which it wishes to apply, the general characteristics of the company, as well as the legal documentation and the necessary information required by the Regulations.

Art. 58.- The Ministry, in the process of granting tax benefits and incentives, shall send the respective application, in writing or electronically, when complete, to the *Ministerio de Hacienda*,

through the *Dirección General de Aduanas* and *Dirección General de Impuestos Internos*, so that they may verify that the applicant, partner or shareholder thereof, has no formal or substantive tax obligations pending with any of said Directorates, which shall have a period of five business days from the notification of the Ministry, These Directorates shall have a term of five working days as from the notification of the Ministry to issue a favorable opinion, if applicable, in accordance with the provisions of Article 11, paragraph d) of this Law. Once the established term has elapsed and if there is no notification from any of the above mentioned Directorates, it shall be understood that the applicant for the benefit of this Law does not have any pending tax obligation.

Once the favorable opinion has been received and the legal requirements have been met, the Ministry shall resolve the respective request within a maximum period of five working days, counted from the working day following the receipt of the opinion, issuing an agreement granting the tax benefits and incentives established in this Law, which shall be notified to the interested party and published in the Official Gazette at its own expense, sending copies to the *Dirección General de Aduanas* and the *Dirección General de Impuestos Internos*.

If the application does not meet the requirements established in this Law, the Ministry shall issue a reasoned resolution denying the request, which will be notified to the applicant. If the non-compliance pertains to formal requirements, the Ministry shall notify the applicant to correct them within a period of five business days. If the deficiencies are not remedied within the established period, the Ministry shall deny the request.

Art. 59.- When the Minister becomes aware that a beneficiary has committed any of the infractions to the present Law, he shall initiate the procedure ex officio, giving a hearing to the alleged offender so that within five working days he may express his opinion in writing regarding the infraction attributed and present the evidence in his defense.

The Minister, within eight working days following the date on which the hearing was held, shall issue the corresponding Resolution.

Art. 60.- An appeal for revocation shall be filed against the Resolutions or Decisions issued by the Minister and shall be heard by the same official who issued the challenged resolution, which must be filed in writing within three working days from the respective notification, stating the reasons of fact and law that support the appeal.

Art. 61.- Upon receipt of the document by means of which the appeal is filed and once the established legal requirements have been complied with, with the sole analysis of the same and the respective file, it shall resolve within fifteen working days, being able to confirm, modify or revoke the administrative act appealed.

Art. 62.- If any natural or legal person receiving the benefits of this Law ceases to operate for a period of three continuous months, the benefits granted by this Law shall be revoked, except in the case of force majeure or fortuitous event, after application of the procedure provided for the imposition of sanctions in this Law.

If the resolution determines the cancellation of the benefits, the *Dirección General de Aduanas* will proceed to disable access to the computer system.

CHAPTER X
TRANSITIONAL PROVISIONS

Art. 63.- The natural or legal persons, national or foreign, benefited by this Law, that are engaged in the rendering of any of the services and that at the time of the entry into force of the same are qualified as users, enjoying the benefits and fiscal incentives of the Law of Industrial and Commercialization Free Zones, shall have full right to enjoy the benefits and fiscal incentives granted by the present Law.

The same shall apply to the persons benefited by this Law, who render services in warehouses for inward processing, authorized in accordance with the Law of Industrial and Commercialization Free Zones. Excepted from this provision are those services that can only be rendered in service parks, in accordance with the provisions of Article 6 of this Law.

In the case of distributors or logistic operators, they must comply with the provisions of paragraphs a), b) and c) of Article 22 of this Law, within a maximum term of six calendar months from the effective date of this Law.

Art. 64.- The developers and administrators of Industrial Free Trade Zones and Free Trade Zones of Commercialization shall comply with the obligations established in this Law, for those service activities that enjoy the benefits and tax incentives granted by the same and that are located within the Zone; for which, in no case shall the developers and administrators enjoy the benefits and tax incentives of the present Law, for enjoying the benefits and tax incentives in the terms and terms that have been granted to them by the Law of Industrial and Commercialization Free Zones.

Art. 65.- Those natural or legal persons that in accordance with the Law of Industrial and Commercialization Free Zones have the quality of administrators and are hearing applications for the concession of benefits to users that will be dedicated to the rendering of any of the services benefited by this Law, shall suspend the respective procedures and send the corresponding files to the Ministry, notifying the interested parties, within ten working days after the effectiveness of this law, in order for the Ministry to continue the authorization process.

Art. 66.- For the effects of the present Law, the direct users authorized in accordance with the provisions of the same, that are installed in free zones authorized in accordance with the Law of Industrial and Commercialization Free Zones, shall be considered as if they were installed in a service park.

Art. 67.- The developers and administrators of free zones benefited under the Law of Industrial and Commercialization Free Zones may request the qualification of the former as a service park to establish only activities benefited by this Law, in which case the Ministry shall proceed to the revocation of the free zone qualification and its respective benefits, prior to the granting of the new quality, without the enjoyment of the benefits and fiscal incentives of the present Law.

CHAPTER XI

FINAL PROVISIONS

Art. 68.- The natural and legal persons beneficiaries of this Law shall comply with the other Laws of the Republic.

Art. 69.- The General Director of Customs may request the collaboration of public and private institutions to establish the integrated computer platform, with the set of computer systems and networks, by means of which the competent authorities, users and logistics operators, ports and airports, certifying persons or other persons, exchange data and information related to foreign trade logistics operations.

Art. 70.- The President of the Republic shall issue the respective Regulations within 120 days from the effective date of this Law.

Art. 71.- This Decree shall enter into force eight days after its publication in the Official

GIVEN IN THE BLUE ROOM OF THE LEGISLATIVE PALACE: San Salvador, on the eleventh day of the month of October of the year two thousand seven.

RUBÉN ORELLANA,
PRESIDENT

ROLANDO ALVARENGA ARGUETA
VICE PRESIDENT.

FRANCISCO ROBERTO LORENZANA DURÁN,
VICE-PRESIDENT

JOSÉ RAFAEL MACHUCA ZELAYA,
VICE PRESIDENT.

RODOLFO ANTONIO PARKER SOTO,
VICE-PRESIDENT

ENRIQUE ALBERTO LUIS VALDÉS SOTO
SECRETARY.

MANUEL ORLANDO QUINTEROS
SECRETARY.

JOSÉ ANTONIO ALMENDÁRIZ RIVAS
SECRETARY.

NORMAN NOEL QUIJANO GONZÁLEZ
SECRETARY

ZOILA BEATRIZ QUIJADA SOLÍS,
SECRETARY

PRESIDENTIAL HOUSE: San Salvador, on the twenty-fifth day of October in the year two thousand seven

PUBLISH,

ELÍAS ANTONIO SACA GONZÁLEZ,
President of the Republic.

WILLIAM JACOBO HÁNDAL HÁNDAL,

Minister of Finance.

YOLANDA EUGENIA MAYORA DE GAVIDIA,
Minister of Economy

D. O. NO. 199 Volume No. 377
Date: October 25, 2007

SV/adar

AMENDMENTS:

(1) D. L. No. 277, JANUARY 24, 2013;
D. O. No. 28, T. 398, FEBRUARY 11, 2013.

(2) D. L. No. 396, AUGUST 15, 2019;
D. O. No. 172, T. 424, SEPTEMBER 16, 2019.

(3) D. L. N° 818, AUGUST 15, 2023;
D. O. N° 157, T. 440, AUGUST 25, 2023.

TRANSITIONAL PROVISIONS:

- **TRANSITIONAL PROVISIONS TO ENSURE COMPLIANCE WITH THE SANITARY STANDARDS DECREED UNDER THE COVID-19 NATIONAL EMERGENCY, FOR DIRECT USERS OF PARKS OR SERVICE CENTERS TO DEVELOP THEIR ACTIVITIES OUTSIDE THEIR ORDINARILY AUTHORIZED FACILITIES.**
  D. L. No. 617, APRIL 1, 2020;
  D. O. No. 90, T. 427, MAY 6, 2020.

- **TRANSITIONAL PROVISIONS SO THAT DIRECT USERS OF SERVICE PARKS OR SERVICE CENTERS AUTHORIZED TO OPERATE ARE NOT SUBJECT TO THE PROVISIONS OF THIS LAW.**

  ESTABLISHED IN ART. 47 LETTER g) OF THE INTERNATIONAL SERVICES LAW, AND THUS BE ABLE TO DEVELOP THEIR ACTIVITIES OUTSIDE THE AUTHORIZED FACILITIES, IN COMPLIANCE WITH THE HEALTH AND SOCIAL DISTANCE REGULATIONS BY THE COVID-19 PANDEMIC.
  D. L. No. 705, AUGUST 13, 2020;
  D. O. No. 174, T. 428, AUGUST 28, 2020.

  REFORMS:
  D. L. No. 793, DECEMBER 17, 2020;
  D. O. No. 255, T. 429, DECEMBER 23, 2020.
  D. L. No. 63, JUNE 15, 2021;
  D. O. No. 117, T. 431, JUNE 21, 2021;
  D. L. No. 241, DECEMBER 14, 2021,
  D. O. No. 243, T. 433, DECEMBER 21, 2021**.**

EXTENSION OF VALIDITY OF LEGISLATIVE DECREE NO. 705/20:
D. L. N° 587, NOVEMBER 30, 2022;
D. O. N° 239, T. 437, DECEMBER 19, 2022. (Expires: 12/31/2023)

ROM
26/02/13

GH
08/10/19

SP
07/05/20

GM
04/09/20

VD
19/01/21

GM
28/06/21

ADAR
04/02/22

AR
04/01/23

NGC
05/09/23

Glosary

1. **Comisión Ejecutiva Portuaria Autónoma:** Autonomous Executive Port Commission.
2. **Dirección General de Aduanas:** General Direction of Customs
3. **Dirección General de Impuestos Internos**: General Directorate of Internal Taxes
4. **Ministerio de Hacienda:** Ministry of Finance
5. **Ministerio de Medio Ambiente y Recursos Naturales:** Ministry of Environment and Natural Resources
6. **Ministerio de Trabajo y Seguridad Social**: Ministry of Labor and Social Security
7. **Oficina Nacional de Inversiones**: National Investment Office