



FISCAL REVENUES

2019 - 2020

Viceministerio de Políticas Tributarias

Ministry of Finance

Directorate General of Tax Policy and Legislation

Dominican Republic

October 2019



2019 MACROECONOMIC FRAMEWORK

Variable	Effective 2017	Effective 2018	Budget 2019	Jan-Aug 2019
Real GDP growth (%)	4.7	7.0	5.0	4.7
Nominal GDP growth	9.04	11.4	9.2	-
Inflation (% average)	3.28	3.56	4.00	1.72
Inflation (% December)	4.20	1.17	4.00	1.72
Exchange rate (average, RD\$/US\$)	47.54	49.54	52.18	51.12
WTI Oil Price (US\$ per barrel)	50.9	64.8	60.5	57.0
Gold (US\$/Oz, PM average)	1,258.8	1,269.0	1,261.5	1,344.3

Other economic indicators:

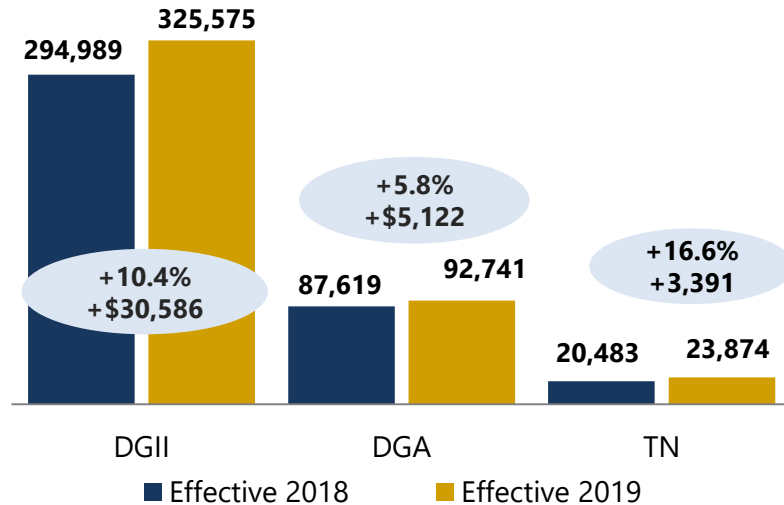
- Monetary policy rate: reduction in June (5.00%), July (4.75%) and August (4.50%).
- Legal reserve release in May (RD\$29,210 MM) and August (RD\$5,154 MM) for a total of RD\$34,364 million.
- Credit to the private sector: 10.3% annual increase in comparison to 2018.
- Taxable Imports: 3.2% above 2018 levels, an additional US\$268.6 million.
- Taxed fuel consumption: 9.3% increase compared to 2018.
- Declared alcoholic beverages: 12.7% increase over the previous year.



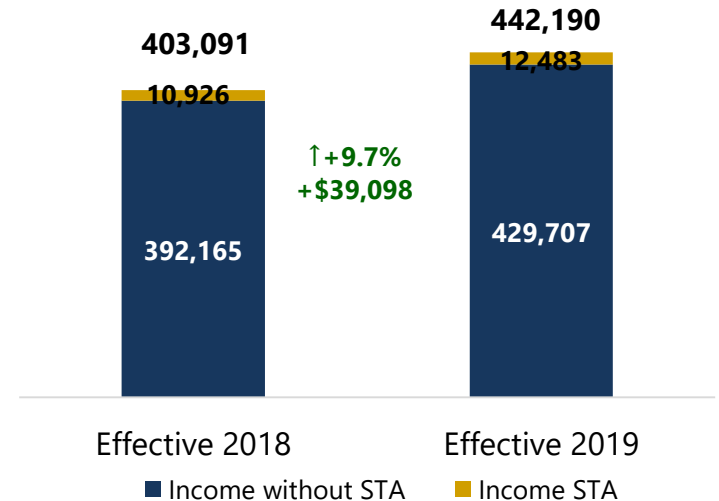
FISCAL REVENUE

Fiscal revenue excluding grants reached **RD\$442 billion**, for a **compliance of 97.3%** of the total budget.

Effective 2018 vs. 2019
Jan – Aug; Millions of RD\$



Effective 2018 vs. 2019
Jan – Aug, Millions of RD\$



Source: DGPLT, Ministry of Finance. Based on the 2014 Budget Classifier.
Note: Preliminary figures, subject to change. Excludes grants.



EXTRAORDINARY REVENUE

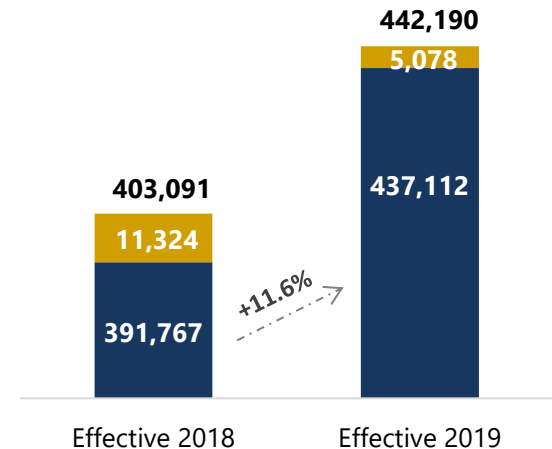
During Jan – Aug 2019 an amount of **RD\$5 billion** was perceived as extraordinary fiscal income, representing 1.2% of total tax collection.

Excluding this income, tax collection showed an increase of 11.6% (RD\$45,344 million).

Extraordinary Income
January - August 2019; (Millions of RD\$)

Partidas	2014	2015	2016	2017	2018	2019	Variation	
							Abs.	%
Capital Gain	11,182.1	1,822.3	-	2,325.0	10,289.3	3,091.3	(7,198.0)	(70.0)
Companies Constitution	-	-	-	-	-	134.5	134.5	-
Real Estate Transfers	-	-	-	-	-	123.4	123.4	-
Dividends	-	-	731.8	-	-	1,638.6	1,638.6	-
Transnational Agreements	-	-	-	-	351.0	90.2	(260.8)	(74.3)
Correctives of Excise Tax	-	-	-	-	216.0	-	(216.0)	(100.0)
Mining Royalties 5% (DGA)	-	-	-	-	346.0	-	(346.0)	(100.0)
AERODOM	-	-	506.7	-	-	-	-	-
Dividend surplus from REFIDOMSA	837.6	-	-	-	-	-	-	-
Additional contribution dividendes Banco de Reservas	-	1,500.0	-	-	-	-	-	-
Cement companies agreement audits for fuels	314.7	-	-	-	-	-	-	-
Public tender of radio spectrum frequencies	3,061.3	-	-	-	-	-	-	-
Inspections	-	-	-	1,328.4	-	-	-	-
Others*	1,401.8	854.7	411.0	144.8	121.6	-	(121.6)	(100.0)
Total	16,797.5	4,177.0	1,649.5	3,798.2	11,323.9	5,078.0	(6,245.9)	(55.2)

Revenues 2018 vs. 2019
Jan – Aug; Millions of RD\$



■ Ordinary ■ Extraordinary



REVENUES FROM MINING CONCESSIONS

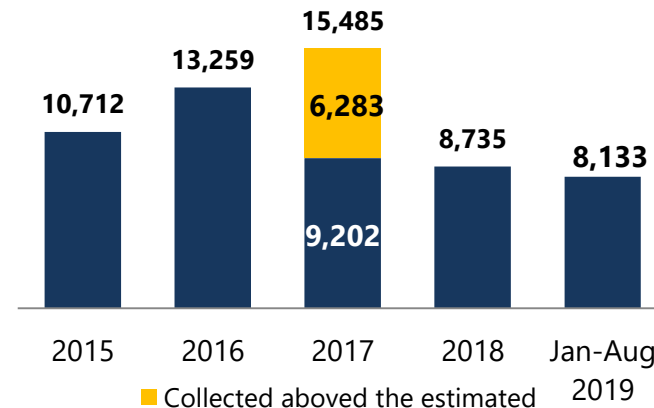
Fiscal revenues from mining concessions reached an amount of **RD\$8 billion**, representing a 6.1% increase compared to 2018.

This amount is above the estimate due to a NPS payment advance, that was planned for the third quarter of the year.

Revenues form Mining Concessions
Jan - Aug; Millions of RD\$

Concepto	Effective 2018	Budget 2019	Effective 2019	Var. Abs.	Var. Rel.	2018 vs. 2019
Royalty	1,481.3	1,172.1	1,424.4	252.3	21.5%	-3.8%
Minimum Tax on Assest (IMA)	264.6	569.0	0.0	(569.0)	-100.0%	-100.0%
Income Tax	3,370.3	2,195.7	3,677.4	1,481.7	67.5%	9.1%
Net Profit Share (NPS)	2,551.6	519.9	3,030.8	2,510.9	483.0%	18.8%
Total	7,667.8	4,456.7	8,132.6	3,675.9	82.5%	6.1%
US\$	154.7	89.4	161.1	71.7	80.2%	4.1%

Revenues from Mining Concessions
Millions of RD\$





BUDGET POLICY – 2019

The new measures that have been implemented since beginning of the year have generated **additional revenues** of approximately **RD\$8 billion**.

DGII

- Non-indexation of personal income tax brackets.
- Liquid Petroleum Gas Differential.
- Beginning of the electronic invoice pilot plan.

DGA

- Elimination of import tax exemptions for slot machines, parts, spare parts, accessory equipment, etc.
- Collection of the RD\$2.0 per gallon on the consumption of gasoline and diesel, premium and regular when imported prior to customs clearance.
- Control and safety traceability of re-exported fuel, that is, crossing the border from Dominican territory to another market.
- Administrative measure modification on cellphones, tariff increase of 3% to 8%.



2019 REVENUE ESTIMATES



INTERNATIONAL ENVIRONMENT

- In July, the **IMF** reduced its forecast for global activity for 2019 to 3.2%; given weaker than expected international activity and global trade, influenced by tensions between United States and China.
- **WTO** expects a decrease in the volume of merchandise trade of 2.6% in 2019. In addition, the Goods Trade Barometer, published in August, reached 95.7, indicating that merchandise trade will probably remain weak in the upcoming months.
- **EIA** has reduced its price projections for WTI crude oil from US\$59.49/barrel in July to US\$57.81/barrel in August.
- For these reasons, the inter-institutional team that prepares the projections, that are the basis for revenue estimates, revised down some key indicators.



2019 REESTIMATED MACROECONOMIC FRAMEWORK



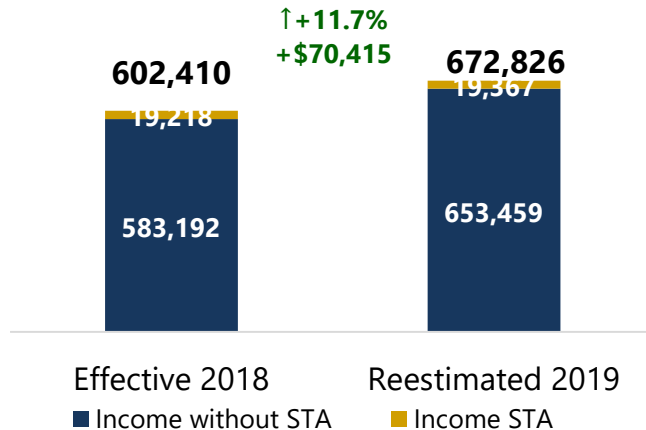
Detail	Effective 2017	Effective 2018	Budget 2019	Macro framework jun-19	Macro framework sep-19
Real GDP growth (%)	4.7	7.0	5.0	5.3	5.0
Nominal GDP growth	9.04	11.4	9.2	8.4	7.6
Inflation (% Average)	3.28	3.56	4.00	3.00	2.00
Inflation (December)	4.20	1.17	4.00	3.50	3.50
Exchange Rate (average, RD\$/US\$)	47.57	49.54	52.18	52.18	51.25
WTI oil price (US\$ per barrel)	50.9	64.8	60.5	60.5	57.8
Gold (US\$/Oz, PM average)	1,257.6	1,275.1	1,261.5	1,312.3	1,343.1



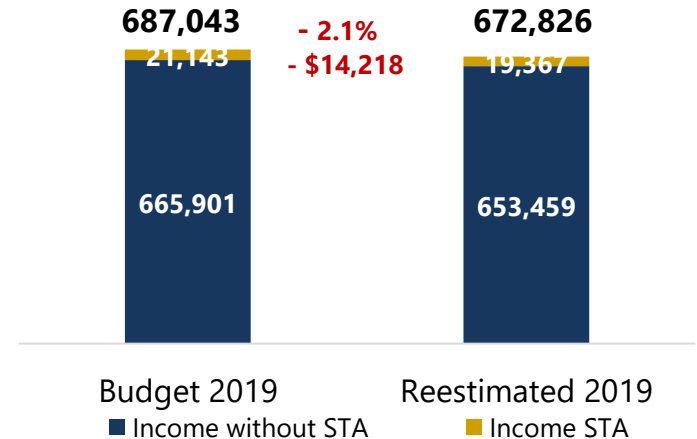
2019 REESTIMATED FISCAL REVENUE

The re-estimated revenue for 2019, is **RD\$673 billion**, an increase of 11.7% compared to 2018 and a reduction of 2.1% in contrast to 2019 Budget.

Effective 2018 vs. 2019
Millions of RD\$



Reestimated vs. Budget 2019
Millions of RD\$

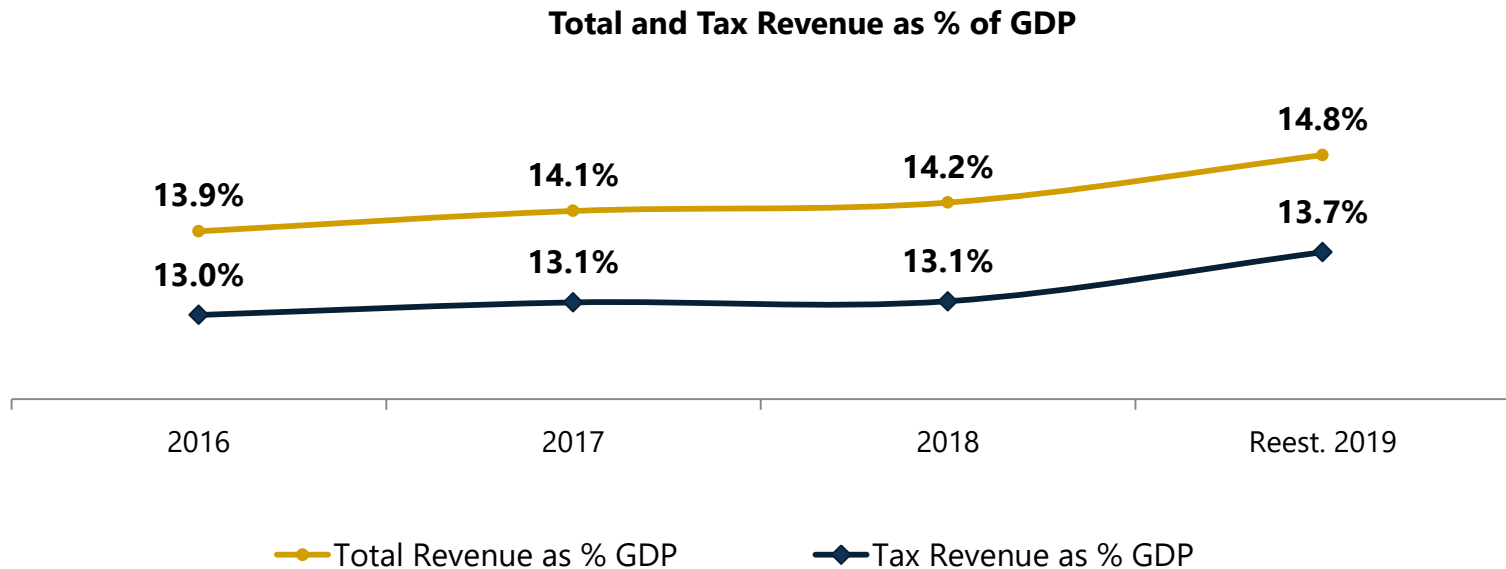




TOTAL AND TAX REVENUE AS % OF GDP

Total revenue as % of estimated GDP for 2019 will reach 14.8%, while tax revenue will equal 13.7% of estimated GDP.

An increase of 0.6 percentage points when compared to 2018.





2020 BUDGET



2020 MACROECONOMIC FRAMEWORK



Detail	Effective	Effective	Reest.	Budget
	2017	2018	2019	2020
Real GDP growth (%)	4.7	7.0	5.0	5.0
Nominal GDP growth	9.04	11.4	7.6	7.9
Inflation (% Average)	3.28	3.56	2.00	4.00
Inflation (December)	4.20	1.17	3.50	4.00
Exchange Rate (average, RD\$/US\$)	47.57	49.54	51.25	53.56
WTI oil price (US\$ per barrel)	50.9	64.8	57.8	59.1
Gold (US\$/Oz, PM average)	1,258.8	1,269.0	1,343.1	1,390.8

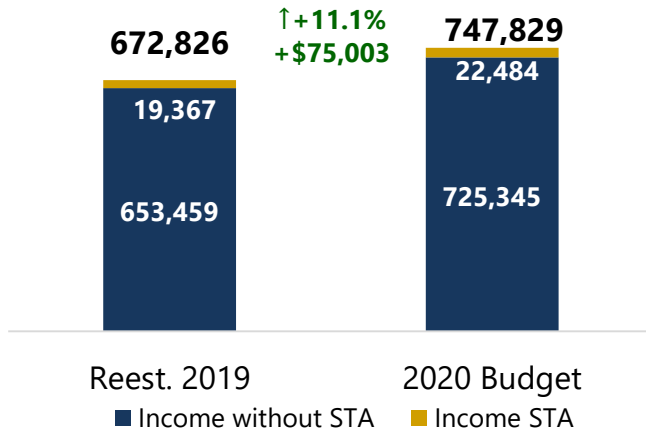


2020 FISCAL REVENUE

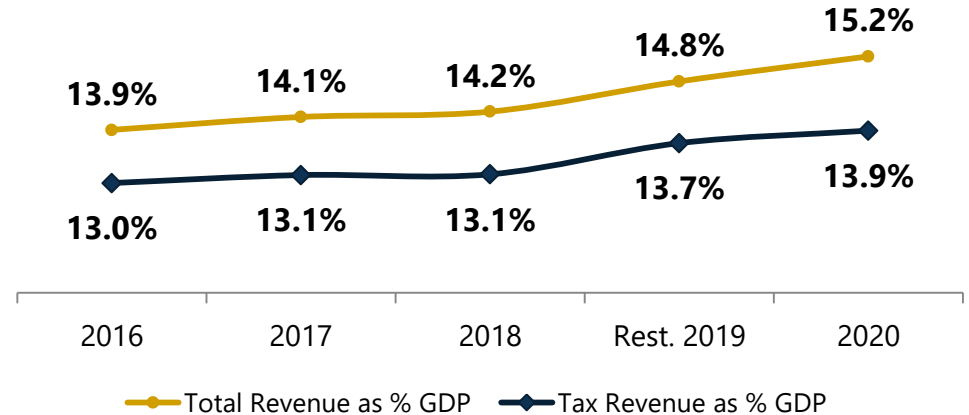
The 2020 Budget includes fiscal revenues of **RD\$748 billion** excluding RD\$2.9 billion of grants, an increase of 11.1% compared to expected revenue for 2019.

As % of GDP, fiscal revenue is expected to increase 0.4 percentage points and tax revenue 0.2 percentage points.

Effective 2019 vs. 2020
Millions of RD\$



Total and Tax Revenue as % of GDP





2020 BUDGET POLICY

DGA

- Elimination of import tax exemptions for slot machines, parts, spare parts, accessory equipment, etc.
- Collection of the RD\$2.0 per gallon on the consumption of gasoline and diesel, premium and regular when imported prior to customs clearance.
- The regulation of fuel wastes (SLOP and SLUDGE) will be deepened to control these substances in the local market and their commercial values.
- Control and safety traceability of re-exported fuel, that is, crossing the border from Dominican territory to another market.
- Collection of the 50% of VAT according to Laws Nos. 392-07 and 56-07.



2020 BUDGET POLICY

DGII

- Non-indexation personal income tax brackets.
- Liquefied Petroleum Gas differential.
- Collection of the first license plate of all imported vehicles in ports, to ensure that vehicles depart from ports with this identification.
- Continue traceability program of alcohols and cigarettes.
- **Implement traceability program for fuels.**
- Continue with the implementation of the electronic invoice.
- **Tax on digital services.**
- **Collection 1% tax on gross sales to casinos and gambling**, as provided in Law No. 139-11.
- **VAT perception.**
- **Implementation of a new Simplified Taxation System.**
- **Expansion of the electronic invoice pilot plan.**



2020 BUDGET POLICY

DGII

- **Establish a regulatory framework for capital gains and collections**, for the proper calculation and distribution of capital gains.
- **Controls in construction sector** regarding real costs of materials used for deduction purposes.
- **Controls in provisional license plate.**

Other

- **Approval/Implementation of the Equity Transparency Law.**
- Removal of prohibition of installation and registry of new lottery agencies.



THANK YOU

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