

DECREE No. 431**THE LEGISLATIVE ASSEMBLY OF THE REPUBLIC OF EL SALVADOR,****CONSIDERING:**

- I. That the Constitution of the Republic states that is a function of the State to promote economic and social development by increasing the production, productivity and the rational use of resources.
- II. That to meet the goal of creating more and better employment opportunities for Salvadorans, to increase domestic and foreign investment, as well as to diversify economic sectors, it is necessary to promote new activities related to the provision of international services.
- III. That it has been shown that trade in services nationally and internationally reflects a strong and consistent growth, as well as a significant growth in trade flow worldwide.
- IV. That the geographical location, trade liberalization and infrastructure conditions constitute important elements of competitiveness to make El Salvador an international center for the provision of specialized technical services, as well as of international logistics distribution services for foreign and domestic products, requiring for this purpose facilitating the development of said activities.
- V. That for the above reasons, it is necessary to issue a law regulating the establishment and operation of parks, service centers and their users.

THEREFORE:

In exercise of its constitutional powers and by initiative of the President of the Republic through the Ministers of Economy and Finance,

DECREES the following:

INTERNATIONAL SERVICE LAW**CHAPTER I
GENERAL PROVISIONS AND DEFINITIONS**

Article 1. - This Law's objective is to regulate the establishment and operation of parks and service centers as well as the benefits and responsibilities of owners of companies that develop, administer or operate them.

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

- a) Services park: enclosed area forming a single body, fenced and isolated, with no resident population, where goods introduced therein and services to be provided, are considered to be outside national customs territory, in regards to the import duties and taxes, within which, and under the responsibility of an authorized administrator, several companies are established and operate to provide services under the terms and conditions set by this Law.
- b) Services center: enclosed and isolated area that according to the nature of its activity is considered to be outside national customs territory, in virtue of being considered an area with customs extraterritoriality, goods introduced therein and services rendered, are considered as if they were not in national customs territory in regards to import duties and taxes, within which it is authorized the establishment of a company dedicated to the provision of services, under the terms of this Law.
- c) Direct user: individual or legal entity, national or foreign authorized to provide services within the park or services center, in accordance with the provisions of this Law.

- d) Indirect user: individual or legal entity, national or foreign, with or without residency in the country, credited according to the respective customs documentation as the owner of the goods, which are intended to be placed in a services park for undergoing distribution operations or international logistics, under the responsibility of a qualified direct user, who is responsible for their custody, handling and distribution.
- e) Consignment of goods: legal act by which an individual or legal entity, national or foreign, domiciled in the country or not, trusts the custody, handling and distribution its goods to a direct user of a services park.
- f) Goods destined: Those goods that an individual or legal entity, national or foreign, notifies, sends, delivers and/or consigns to a qualified direct user in order for him to receive, manage and distribute the inventory within a services park.
- g) Main carrier or Carrier: is the one carrying out the transportation of the goods or under whose responsibility the goods are transported and under whose account the master general cargo manifest or shipping document is emitted, in order to present said document before Salvadoran customs authorities.
- h) Shipping company or shipping agent: Is the individual or legal entity that acts on behalf of the Principal Carrier or carrier, as agent or commission merchant, and is authorized to represent him against third parties and before the port authorities and customs.
- i) Multimodal transport operator: Is the individual or legal entity holding a multimodal transport contract, which is understood to be when goods are transported by at least two means or different transportation modes, assuming before the consignor full responsibility for its total execution.
- j) Cargo Co-consolidator: individual or legal entity qualified as a load consolidator who uses the services of another consolidator for transporting goods which he has contracted, in this virtue issues documents arising from the deconsolidation document given by the de-consolidator who transported the goods.
- k) Second generation documents or dependent documents: are those transportation documents issued by an international distributor or logistics operator duly registered with the General Direction of Customs, acting as a multimodal transport operator, international freight agent, freight forwarder, carrier, acting directly or as a representative or as an agent of another in the country of origin, in the name of each consignee and with the detail of the merchandise, according to consolidated cargo manifest, in those shipments in which he participates as direct consolidator or as co-consolidator.

Art. 3. - To be subject to the tax benefits and incentives granted by this Law, domestic or foreign investors must preregister the operating capital, pursuant to the Investment Law, at the National Investment Office, ONI, which will issue the corresponding resolution no later than 5 business days.

Art. 4.- All employees, whether natural or legal, domestic or foreign, resident, eventually of permanently contracted or subcontracted, by a beneficiary of this Law, to work or provide services in a services park or suitably qualified service center pursuant to this Law, will be subject to taxes and tax liabilities accordingly.

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

CHAPTER II BENEFITED ACTIVITIES

Art 5. An individual or legal entity, national or foreign, who meets the requirements of this Law, will enjoy the benefits set herein, when engaged in the provision of international services, specifically the following:

- a) International distribution: being understood those storage services, gathering, consolidation and deconsolidation of third party goods, performed by a beneficiary of this Law, in order to destine them to

exportation and re-export without transforming the nature of them; notwithstanding that portion destined for the national importation.

- b) International logistics operations: being understood as those complementary services to the international distribution operations, provided by an authorized direct user authorized to operate within a services park, to third parties or indirect users, with the purpose of making physical distribution processes more effective, through integrated logistics services, from the origin of the merchandise to final destination, like planning, inventory control and handling, sorting, packing, packaging, processing, classification, labeling, tagged, labeled, billing, cargo inspection and other activities that do not substantially transform the nature of the goods.
- c) INTERNATIONAL CALL CENTER KNOWN INTERNATIONALLY AS “CALL CENTER” OR “CONTACT CENTER”, BEING UNDERSTOOD THAT THOSE ARE INFORMATION SERVICES PROVIDED BY A CENTRAL OFFICE, PROPERTY OF A RESIDENT ABROAD DELIVERED BY A THIRD PARTY OR RECEIVED BY RESIDENT ABROAD, SUCH AS: PURCHASE ORDERS, CUSTOMER SERVICES, RESERVATIONS, FINANCIAL STATEMENTS, TELEMARKETING AND SALE OF PRODUCTS OR SERVICES, WHICH MAY BE MADE THROUGH ADDITIONAL CHANNELS TO THAT OF THE TELEPHONE, SUCH AS ELECTRONIC MAIL, CHAT AND MULTIMEDIA MESSAGES, NOTWITHSTANDING THAT PART OF THE SERVICE DESTINED TO THE NATIONAL MARKET (1)
- d) Information technology: being understood that those are services provided by an enterprise beneficiary of this Law to legal entities domiciled outside the national territory, such as designing and developing of software, systems and application of programs, notwithstanding that part of the service intended for the domestic market.
- e) Research and development: being understood that those are research and experimental development services, scientific or technological, in areas of chemistry, biology, medical and pharmaceutical sciences, agricultural sciences and others, intended to improve products and production processes and human development.
- f) REPAIR AND MAINTENANCE OF MARINE VESSELS: BEING UNDERSTOOD THAT THOSE ARE REPAIR AND MAINTENANCE SERVICES, PROVIDED TO PEOPLE DEDICATED TO INTERNATIONAL MARINE TRANSPORTION OF GOODS, CRUISE, CRAFT MEDICAL AND / OR SCIENTIFIC FISHING AND INDUSTRIAL RESEARCH (1)
- g) Repair and maintenance of aircrafts: being understood that those are repair and maintenance services that are performed on an aircraft or part thereof, repair of aircraft components and accessories, consulting services, training of technical personnel or any other service related to the maintenance and repair of aircraft and components, except that maintenance performed on the passenger terminal, unless this activity is complementary to the core business of aircraft repair and maintenance.
- h) BUSINESS PROCESSES: BEING UNDERSTOOD THAT THOSE ARE DISTANT OR “OUTSOURCING” SERVICES ALSO KNOWN IN INTERNATIONAL TRADE SERVICES AS BPO’S, FOR ITS ENGLISH ACRONYM, CONSISTING OF THE OUTSOURCING MANAGEMENT PROCESS PROVIDED BY AN ESTABLISHED COMPANY IN A SERVICES PARK OR SERVICES CENTER, TO PEOPLE AND OPERATIONS LOCATED OUTSIDE THE NATIONAL TERRITORY, IN SUPPORT OF BUSINESS PROCESSES SUCH AS: CAPTURE OF INFORMATION, PROCESSING AND MANAGEMENT OF CLIENTS, SURVEILING AND MARKETING RESEARCH, ANALYSIS, SUPERVISION AND QUALITY CONTROL, ACCOUNTING, PAYROLL PROCESSING AND OTHER ACTIVITIES RELATED TO HUMAN RESOURCES, PROCESSING AND DATA MANAGEMENT, DESIGN AND PREPARATION OF BLUEPRINTS, DOCUMENT TRANSLATIONS, TRANSCRIPTION AND TEXT PRINTING; CAPTURE INFORMATION. (1)
- i) PHYSICIAN-HOSPITAL SERVICES: BEING UNDERSTOOD THAT THOSE ARE GENERAL AND SPECIALIZED MEDICAL SERVICES FOR THE TREATMENT OF DISEASES, WARRANT OF SURGERY OR NOT, INCLUDING ODONTOLOGICAL

SERVICES, PROVIDED BY A HOSPITAL-MEDICAL INSTITUTION TO PATIENTS WITH PERMANENT ADDRESS OUTSIDE THE SALVADORAN TERRITORY. (1)

- j) International financial services: Being understood that those are financial services involving outsourcing administration process, provided by a company established in a services park to financial institutions, to support the enterprise business processes, including: capture information, processing and customer management, surveys and market research and feasibility studies, supervision and quality control, accounting, payroll processing and human resources history, data processing and management.
- k) REPAIR AND MAINTENANCE OF CONTAINERS: BEING UNDERSTOOD THAT THOSE ARE REPAIRS AND MAINTENANCE OF DRY CONTAINERS, REFRIGERATED, SPECIAL EQUIPMENT AND TANK TRUCKS, SUCH SERVICES MUST BE PROVIDED TO LEGAL ENTITIES DEDICATED TO INTERNATIONAL TRANSPORTATION OF GOODS, WHETHER BY AIR OR SEA, REPAIR AND MAINTENANCE WORKS INCLUDE: PAINTING, STRAIGHTENING, CLEANING OR FUMIGATING, AS WELL AS OTHER SERVICES RELATED TO THIS ACTIVITY. (1)
- l) REPAIR OF TECHNOLOGICAL EQUIPMENT: BEING UNDERSTOOD THAT THOSE ARE TANGIBLE TECHNOLOGICAL REPAIR SERVICES OF EQUIPMENT, SUCH AS COMPUTERS, CELLULARS, TELEVISIONS, CAMERAS, PRINTERS; OR INTANGIBLES RELATED TO THE APPLICATION SYSTEMS AND OTHERS PROVIDED TO LEGAL ENTITIES WHOSE ADDRESSES ARE OUTSIDE OF THE NATIONAL TERRITORY. (1)
- m) ELDERLY AND NURSING CARE: BEING UNDERSTOOD THAT THOSE ARE SERVICES PROVIDED TO INDIVIDUALS WITH PERMANENT ADDRESSES OUTSIDE THE NATIONAL TERRITORY, WHO DEMANDING SPECIAL CARE OF ANY NATURE. (1)
- n) TELEMEDICINE: BEING UNDERSTOOD THAT THOSE ARE THE SERVICES PROVIDED AT DISTANCE CONSISTING OF HEALTH CARE TO PEOPLE, DEVELOPED THROUGH ELECTRONIC MEANS OF COMMUNICATION, BY QUALIFIED STAFF REGISTERED TO EXERCISE IN THE COUNTRY, CONSISTING OF MEDICAL COUNSELING, POST SPECIALIZED MEDICAL CONSULTATION OF RESULTS, AND SPECIALIZED INTERCONSULTATION OF DIAGNOSIS AND ANALYSIS RESULTS, LABORATORY TESTING, PATHOLOGY AND IMAGING STUDIES, CLINICAL RECORDS MANAGEMENT AND SUPPORT TREATMENT, PROVIDED TO PEOPLE WITH RESIDENCE OUTSIDE THE NATIONAL TERRITORY. CLINICAL CONSULTATION IS EXCLUDED. (1)
- o) FILMING: BEING UNDERSTOOD AS THOSE POST PRODUCTION SERVICES OF A RECORDED MATERIAL, WHICH MAY INCLUDE SUBTITLING, AMONG OTHERS, PROVIDED TO A LEGAL ENTITY DOMICILED OUTSIDE THE TERRITORY. (1)

Notwithstanding the foregoing, an individual or legal entity, national or foreign, may settle in a services park to engage in the provision of the services listed below, without enjoying benefits and tax incentives granted under this Law and thus being obliged to comply with existing national tax regulations.

- 1) Hotels
- 2) Airlines
- 3) Supply, generation and distribution of electricity
- 4) Communications and telecommunications services except information services provided by international call centers, known in the trade as call centers and telephone companies that do not have their own fixed networks and that exclusively engage in international brokerage services of termination and incoming traffic, however, these latter ones will not enjoy the benefits conferred under Articles 21 and 25 of this Law.
- 5) Banking, financing and insurance services, except those established in literals c) and j) of the previous paragraph.
- 6) Air, land and sea transportation

- 7) Tourism, travel agencies, expresses mail or couriers.
- 8) Technical and professional such as: juridical, taxation, construction, real estate, publicity, consulting services, except those established in literal h) and j) of the previous paragraph.
- 9) Food provision whether prepared or not, destined to employees or companies beneficiaries of this Law and by any other liberating regime.
- 10) Any type or private security mechanism.
- 11) Leasing of any kind, except those provided by administrators to direct users of the services park.

Art 6. AN INDIVIDUAL OR LEGAL ENTITY TO WHOM LITERALS a),b), d), e), j), l), o) REFERED TO IN THE FIRST PARAGRAPH OF THE ABOVE ARTICLE, CAN ONLY OPERATE IN SERVICES PARKS WHEN DULY QUALIFIED IN ACCORDANCE TO ARTICLE 7 OF THIS LAW. THE SERVICES MENTIONED IN LITERALS f) and g) REFFERED TO THOSE SERVICES REQUIRING SPECIFIC PHYSICAL-SPACIAL FEATURES FOR THEIR OPERATION. THEY MAY DECIDE TO DEVELOP THEIR ACTIVITY IN THE NATIONAL CUSTOMS TERRITORY AS WELL AS AIR AND SEA PORTS, FOR WHICH MUST PREVIOUSLY BE QUALIFED AS SERVICE CENTERS UNDER THE PROVISIONS ESTABLISHED IN THIS LAW. INASMUCH, THE SERVICE REFERED TO UNDER LITERAL k) MAY BE AUTHORIZED AS SERVICE CENTER WHEN IT IS LOCATED ADJECENT AN AIR OR SEA PORT. IN THE CASE OF LETTERS c), h), i), m), n), THEY MAY OPERATE IN SERVICES PARKS OR SERVICE CENTERS. (1)

Art 7. It is the responsibility of the Ministry of Economy the implementation of this Law. The validity and effective control of customs and tax regime of the parks and service centers will correspond to the Ministry of Finance, under this Law, its Regulations and other tax legislation.

The establishment, management and operation of a services park and the bestowal of benefits and tax incentives to the respective owners and businesses operators, will be authorized by the Ministry of Economy, who henceforth would be named "the Ministry", in accordance with the provisions of this Law.

Art 8. The services referred to in paragraph one of Article 5 of this Law must be destined to exportation, according to the provisions herein, being understood by export services those exclusively used for overseas or extra-customs territory and provided to a customer domiciled abroad or extra-customs territory; it is also considered export service, the one referred to in subparagraph g), first subparagraph of Article 5 of this Law, granted to an individual or legal entity engaged in the operation of airlines with international flights, regardless of the domicile and location where the service is used.

Services contained in subparagraphs a) and b), first paragraph of Article 5 of this Law, provided by beneficiaries of this Law to a benefited company under the scheme of Free Zones or Deposit Zones for inward, will not cause applicable taxes, including Value Added Tax, provided that such services are directly linked to the export of goods, for which consumers must issue final bill stating the name of the service provider and other requirements of the Tax Code.

IN THE CASE OF THE ACTIVITIES REFERED TO IN THE LETTERS a), b), c), d), e) and j) OF FIRST PARAGRAPH OF ARTICLE 5 OF THIS LAW, THEY MAY ALLOT PART OF THEIR SERVICES TO THE NATIONAL MARKET. (1)

The provision of services to the domestic market can only be done to taxpayers duly registered in Taxpayers' Value Added Tax Register.

These benefits will cause income tax, the Value Added Tax and correspondent municipal taxes. The service provider acquires the quality of taxable person regarding all taxes generated by such transactions.

IN THE CASE OF SERVICES, WHETHER OF AN INDIVIDUAL OR LEGAL ENTITY, BUSINESS OWNER WHO PAYS OR CREDITS SUMS FOR SERVICES PROVIDED UNDER LITERALS a), b), c), d), e) and j) OF THE FIRST PARAGRAPH OF ARTICLE 5 OF THIS LAW ARE REQUIRE TO WITHHOLD 1.5% IN ADVANCE CONCEPT FOR INCOME TAX, WHICH SHOULD BE AWARE WITHIN THE PROVIDED WITHHOLDING INCOME TAX PERIOD, IN ACCORDANCE TO SUCH INCOME TAX LAW, CONSEQUENTLY THAT INCOME WILL NOT BE SUBJECT TO THE ADVANCE PAYMENT SYSTEM OR THE ADVANCE ACCOUNT UNDER THE TAX

CODE. FAILURE TO HOLD SET FORTH SUBSECTION, WILL INCUR IN LIABILITIES SUBJECT TO SANCTIONS SET FORTH IN THE TAX CODE. (1)

IN THE CASE OF SERVICES RENDER TO THE NATIONAL MARKET, ALL TAXPAYERS SUBJECT TO THE PROVISIONS OF THE VALUE ADDED TAX, REGARDLESS OF THEIR CLASSIFICATION WILL BE RETAINED 1% OF THE RECEIVED VALUE SERVICE. SERVICES REFERRED UNDER THE LITERAL a), b), c), d), e) and j) OF THE FIRST PARAGRAPH OF ARTICLE 5 OF THIS LAW, ADVANCE CONCEPT FOR SUCH TAX, AS STATED IN THE TAX CODE. (1)

THE INTRODUCTION OF GOODS TO THE NATIONAL MARKET ARISING FROM INTERNATIONAL OPERATIONS AND LOGISTICS OPERATIONS ARE CONSIDERED FINAL IMPORTS, UNDER WHICH THE IMPORTER ASSUMES THE QUALITY OF PASSIVE SUBJECT REGARDING ALL TAXABLE TAXES GENERATED BY THEM, WHEN APPLICABLE. IN THE CASE OF GOODS NOT PRODUCED IN THE COUNTRY PROPERTY OF A NONE DOMICILED SUBJECT, BEING UNDERSTOOD AS LOCATED IN THE HOMETLAND AT THE TIME THEY ARE SUBJECT TO FINAL IMPORT. (1)

Art 9. In the transfer of goods, services, or other transactions made between a beneficiary of this Law and an individual or legal entity established in the national customs territory, market prices should apply.

For purposes of the preceding paragraph, the Ministry of Finance, through the General Director of Internal Revenue, in the exercise of his auditing powers, may request the aforementioned taxpayers to submit detailed information of their transactions and based on that, make appropriate adjustments to costs, deductions, income, profits, losses and any other operational concept declared by the taxpayer, by determining the real transaction price or value in which the taxpayer has acquired or disposed of goods or services, for which the procedure is set out in the Tax Code.

Art 10. An individual or legal entity, business owners, national or foreign corporations will enjoy the identified tax benefits and incentives of this Law, if they:

- a) Develop parks or service developer.
- b) Administer services parks or administrators.
- c) Establish and operate within services parks or direct users.
- d) Establish and operate service centers.

Art 11. Incentives and benefits granted under this Law will not be applicable to:

- a) Individuals or legal entities whose benefits have been revoked by this Law.
- b) Companies whose Directors or Shareholders are listed as Directors or Shareholders in other companies that their benefits were revoked by this Law.
- c) When it is intended to provide services that contravene morality or public order.
- d) Individual or legal entity, partners or shareholders of those who appear in the listings of the Ministry of Finance, that through the General Direction of Customs and the Internal Revenue Department, as having firm and final tax obligations.

Art 12. Under this Law, the beneficiaries of it may be audited by The Ministry of Finance, through the General Director of Internal Revenue, the General Direction of Customs.

For purposes of income tax payment, the beneficiaries of this Law, providing services to taxpayers operating in the national customs territory, will comply with the requirements of the tax legislation to determine net income.

CHAPTER III OF SERVICES PARKS DEVELOPERS

Art 13. It has the quality of developer an individual or legal entity, domestic or foreign making a new investment destined to the establishment and development of Services Park, authorized by the Ministry of Economy.

To obtain this authorization, the recipient must meet prequalification stage and authorization, and begin operations. The regulations of this Law will develop necessary requirements for such purposes.

Notwithstanding the above provisions, the developer will also meet the following requirements:

1. COMMON BUILDINGS:
 - a) Monitoring and controlling booth located at point of entry and exit of the park.
 - b) Bureau of Customs and Fiscal Delegation.
 - c) Administrative and maintenance offices.
 - d) Areas to train personnel.
2. INDIVIDUAL BUILDINGS:
 - a) Buildings, units, work stations or spaces that meet physical-spatial regulations characteristics, depending on the activity being develop.
 - b) Vehicle parking.
 - c) Emergency exits.
3. DEVELOPMENT:
 - a) A minimum extension of eight point seventy-five acres (five manzanas)¹ when it does not project to host activities under literal a) and b) of the first paragraph of Article 5 of this Law.

A minimum extension of seventeen point fifty acres (ten manzanas)² when it projects to host one or all the activities set forth in the first paragraph of Article 5 of this Law.
 - b) Green Area: thirty percent of the total area should include areas with ecological or sports purposes.
 - c) Roads, passages and walkways, as well as acceleration and deceleration lanes to avoid traffic disruption when accessing the services park.
 - d) Fenced Perimeter.
4. OPTIONAL BUILDINGS:
 - a) Ministry of Labor Delegation Office.
 - b) Post Office.
 - c) Clinic.
 - d) Bank.
 - e) Cafeteria.

¹ 1 manzana = 1.75 acres.

² 1 manzana = 1.75 acres.

- f) Others.

IN THE EVENT THAT THE SERVICES PARKS INCLUDE THE ESTABLISHMENT OF FACILITIES TO PROVIDE MEDICAL CARE HOSPITAL AND NURSING HOMES SERVICES, THEY MUST COMPLY WITH THE PROVISIONS OF ARTICLE 23, SECOND AND THIRD PARAGRAPHS OF THIS LAW, AS APPLICABLE. EQUALLY IT MUST PHYSICALLY BE ISOLATED FROM OTHER PARK ACTIVITIES, HAVE INDEPENDENT ACCESS FOR THE PARK'S EFFECTIVE CONTROL AND IN THE CASE OF THE MEDICAL-HOSPITAL SERVICES THE BUILDING MUST HAVE AT LEAST FOUR THOUSAND SQUARE METERS BUILT INTO THE HOSPITAL UNIT (1).

In addition to the provisions contained in the above numerals, buildings for international distribution services and logistics operation must have the following areas:

- a) Offices.
- b) Storage area.
- c) Loading and unloading zones.
- d) Parking for containers.

The designs of each of the elements will be subject to the rules and specifications issued by the competent authorities, and the correspondent authorization must be obtained.

THE DEVELOPER CAN MANAGE THE SALE OF PLOTS AND / OR INSTALLATIONS AND CONTRACT WITH INDIVIDUAL OR LEGAL ENTITIES; LEASING OF FACILITIES FOR THE ESTABLISHMENT AND OPERATION OF COMPANIES IN THE SAME, AS WELL AS THE FEES FOR SERVICES PROVIDED BY THE PARK TO DIRECT USERS. FOR PURPOSES OF THIS LAW, THE LEASING TERMS OF OR SALE, MORTGAGE TERMS AND FEES FOR SERVICES WILL BE AGREED UPON, BY THE CONTRACTING PARTIES. (1)

Art 14. Pursuant to this Law, the authorized developers will have the following benefits and tax incentives:

- a) Total income tax exemption for a period of fifteen years effective beginning of operations on duly qualified services park. In the case of corporations, this exemption, will apply both to the Company Owner of the park, as well as partners or shareholders individually considered, with regard to the profits or dividends derived from the benefited activity. In case that one or more partners are legal entities, this benefit will exclude them, and cannot be transfer to other partners.

The referred exemption in this subparagraph, does not release the recipient from the obligation of filing the correspondent tax return for each tax year of operation in the services park.

- b) Full exemption from municipal taxes on the assets of the company, for a period of ten years effective the date of starting its operations.
- c) Total Tax Exemption of the Value Added Tax, on the acquisition of real estate to be used in the activity subject of this incentive.

CHAPTER IV SERVICES PARKS ADMINISTRATORS

Art 15. It would be qualified as services park manager an individual or legal entity, foreign or national who is directly responsible for the direction, administration and management of a park duly qualified by the Ministry of Economy.

The park manager must:

- a) Provide operating companies, either directly or through third parties, potable water, waste water treatment, electrical energy, telecommunications, solid waste management facilities and any other necessary facility.

- b) Keep all common services of the park, such as roads, fences, gardens and street lighting.
- c) Promote the development of new investments in the park.

When considered necessary, the administrator may apply to the General Direction of Customs for an extension or expansion of the schedule of customs service staff, in both cases, payment to the required personnel for the operation of such an extension must be made. Such resources will go into the General Fund of the State.

As appropriate, relevant customs regulations would be applicable to the services park managers.

Art 16. The administrator of a services park will have the following responsibilities:

- a) Engage in contracts stating the conditions governing the installation and operation of the direct users of services in the park, it also must contain the established provisions of the Internal By-laws of the park.
- b) Take the necessary measures for the effective management, administration and operation of the Services Park and companies that operate in it; also to contribute with the customs service in the proper functioning of the distribution operations and international logistics, which may include electronic records and online inventory system shared with the Customs Service.
- c) To authorize the establishment of complementary activities identified in this Law, operations that under no circumstance will enjoy tax benefits and incentives.
- d) To collaborate with the authorities in the activities that corresponds to them by Law.

Art 17. The services parks administrators authorized under this Law will enjoy the following tax benefits and incentives:

- a) Total income tax exemption for management activities revenue within the services park, for a period of fifteen years effective starting the year in which the beneficiary begins its operations. In the case of companies, this exemption will apply both to the Company Administrator of the services park, as well as partners or activity. In case that one or more partners are legal entities, this benefit will exclude them, and cannot be transfer to other partners.

The exemption referred to in this subparagraph, does not release the recipient from the obligation of filing the correspondent tax return for each tax year of operations in the services park.

- a) Full exemption from municipal taxes on the assets of the company, for the period ten years effective the start its operations.

Complementary operation activities are exempt from the benefits established under this Law.

Art 18. In the case that the same person has developmental category and administrator of a services park, he will enjoy the benefits set out in Articles 14 and 17 of this Law.

Art 19. In case of sale or transfer of sections within the services park, the acquisition will be subject to the dispositions of this Law.

CHAPTER V DIRECT USER SERVICES PARK

Art 20. An individual or legal entity, either domestic or foreign will qualify as direct user when authorized to provide any of the established services by this Law and its Regulations.

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

- a) Free entry of machinery, equipment, tools, parts, accessories, furniture and office equipment, and other property necessary for the execution of the incentivized service activity to the services park for the period that they operate in the country.

Exceptions to this benefit are the following goods and services: food and beverages, products containing tobacco and alcohol, rental of housing, furniture and household goods, cleaning supplies, luxury or luxurious goods, transportation vehicles for collective or individual use and merchandise, hotel services, in which case, entrance to the services park will be subject to the presentation of final goods declaration or the presentation of tax credit vouchers or final consumer bill, in the case of goods purchased in the local market, all to show that good introduced has paid the corresponding tax.

- b) Exemption from Income Tax only applies to revenue from the stimulated activity during the period that it operates in the country, effective starting the fiscal year in which the beneficiary begins its operations.

In the case of companies, this exemption applies to the Company as holder and its partners individually considered, with regard to the profits or dividends derived from the benefited activity. In case that one or more partners are legal entities, this benefit will exclude them, and cannot be transfer to other partners.

This exemption does not relieve the recipient of the obligation to file the relevant tax declaration each fiscal year of its operation.

- c) Exemption from municipal taxes on the assets of the company, during the period in which it conducts its operations in the country, effective starting the fiscal year in which the beneficiary begins operations.

Art 22. Direct users, acting as distributors or logistics operators must meet the following requirements:

- a) Have a minimum of 500 square meters owned or leased, in exceptional cases, the Ministries of Economy and Finance may authorize, upon request of the direct users, fewer square meters, depending on the nature of the activity.
- b) To register with the General Direction of Customs, for the purpose of receiving the access code to the customs computer systems.
- c) To maintain an electronic record of the inventory and an available online system to the Customs Service, according to the set provisions, having for this purpose, issue entry and exit documents of warehouse goods.
- d) To keep for a period of five years, copies of Consolidated Cargo Manifest, and of its operations.
- e) When appropriate, to submit to the customs authority packages transported under his custody and responsibility under Consolidated Cargo Manifest, and assign the necessary equipment and personnel for loading and unloading of the transport.
- f) To answer to the customs authorities, when differences occur in the established margins of the customs regulatory framework, in terms of quantity, nature and value of reported goods, when compared to what actually arrived at the services park; nonetheless, the responsibility for the missing items, duties and taxes, or penalties derived from the differences, may be requested to the carrier, if the latter is found responsible.

- g) To pay the correspondent taxes of his indirect customer users, in case of inventory shortages, losses, losses and wastage.

Art 23. CORPORATIONS, NATIONAL OR FOREIGN APPLICANTS REQUESTING TO BE QUALIFIED AS DIRECT USERS TO PROVIDE BUSINESS PROCESSES SERVICES WITHIN SERVICES PARKS IN ACCORDANCE WITH THE PROVISIONS OF THIS LAW, MUST COMPLY WITH THE FOLLOWING REQUIREMENTS:

- a) NEW ASSETS INVESTMENT IN AN AMOUNT OF NO LESS THAN ONE HUNDRED FIFTY THOUSAND DOLLARS OF THE UNITED STATES OF AMERICA (U.S. \$ 150,000.00) FOR WORKING CAPITAL AND FIXED ASSETS DURING THE FIRST SIX MONTHS OF OPERATIONS.
- b) TO OPERATE WITH A NUMBER OF NO LESS THAN TEN PERMANENT JOBS.
- c) TO HAVE WRITTEN CONTRACTS FOR A MINIMUM OF SIX MONTHS.
- d) TO SUBMIT A BUSINESS PLAN.

MEDICAL-HOSPITAL SERVICES, AS DIRECT USERS TO PROVIDE SERVICES WITHIN SERVICES PARKS IN ACCORDANCE WITH THE PROVISIONS OF THIS LAW MUST COMPLY WITH THE FOLLOWING REQUIREMENTS:

- a) NEW INVESTMENT IN FIXED ASSETS WITH A MINIMUM AMOUNT OF ONE MILLION DOLLARS OF THE UNITED STATES OF AMERICA (U.S. \$ 1,000,000.00) FOR THE FIRST YEAR OPERATIONS FOR THOSE PROJECTS WHOSE ACTIVITIES ARE INTENDED TO PROVIDE SERVICES FOR TREATMENT OF DISEASES WITH OR WITHOUT SURGERY, AS WELL AS GENERAL AND ODONTOLOGICAL SERVICES.
- b) TO OPERATE WITH A NUMBER OF NO LESS THAN TEN PERMANENT JOBS.
- c) THAT THE BUILDING OR BUILDINGS WHERE THE DEVELOPMENT OF THE AUTHORIZED ACTIVITY OPERATES HAS AT LEAST FOUR THOUSAND SQUARE METERS BUILT INTO THE HOSPITAL UNIT.
- d) TO SUBMIT A BUSINESS PLAN.
- e) THAT DESIGNS OF EACH OF THE ABOVE MENTIONED ITEMS, MEET THE SPECIFICATIONS ISSUED BY THE COMPETENT MEDICAL-HOSPITAL AUTHORITIES.

IN THE CASE OF ELDER CARE SERVICES AND NURSING HOMES AS A DIRECT USERS TO PROVIDE SERVICES WITHIN SERVICES PARKS, IN ACCORDANCE WITH THE PROVISIONS OF THIS LAW, MUST MEET THE FOLLOWING REQUIREMENTS:

- a) NEW INVESTMENT IN ASSETS IN A MINIMUM AMOUNT OF TWO HUNDRED FIFTY THOUSAND DOLLARS OF THE UNITED STATES OF AMERICA (U.S. \$250,000.00) FOR WORKING CAPITAL AND FIXED ASSETS DURING THE FIRST YEAR OF OPERATIONS.
- b) TO OPERATE WITH A NUMBER OF NO LESS THAN TEN PERMANENT JOBS.
- c) TO SUBMIT A BUSINESS PLAN.

IN THE EVENT OF FAILURE TO COMPLY WITH THE PROVISIONS OF THE ABOVE LITERAL, FOR THE CASE OF BUSINESS PROCESSES, MEDICAL-HOSPITAL SERVICES, AND ELDERLY CARE AND NURSING HOMES, BENEFITS AND TAX INCENTIVES ESTABLISHED IN THIS LAW WILL NOT BE ENJOYED FOR THE FISCAL YEAR WHERE THE BREACHED OCCURRED. (1)

CHAPTER VI
SERVICE CENTERS

Art. 24. AN INDIVIDUAL OR LEGAL ENTITY, NATIONAL OR FOREIGN, OWNERS OF COMPANIES DEDICATED TO THE PROVISION OF INTERNATIONAL CALL CENTERS SERVICES, REPAIR AND MAINTENANCE OF MARINE VESSELS AND AIRCRAFT, BUSINESS PROCESSES, MEDICAL HOSPITAL, REPAIR AND MAINTENANCE OF CONTAINERS, ELDER CARE SERVICES AND NURSING HOMES, AND TELE-MEDICINE MAY OPERATE IN SERVICE CENTERS, PRIOR TO GRANTING TAX BENEFITS AND INCENTIVES BY THE MINISTRY OF ECONOMY, HAVING TO MEET THE FOLLOWING REQUIREMENTS:

- a) TO HAVE THE LOCATION AUTHORIZED BY THE CORRESPONDENT AUTHORITY.
- b) THAT FACILITIES COMPLY WITH THE PROPER ENVIRONMENTAL, HEALTH, AND SAFETY CONDITIONS
- c) FORMAL ADMINISTRATIVE AND FINANCIAL ORGANIZATION.
- d) BUILDINGS:
 - i. VEHICLE PARKING.
 - ii. EMERGENCY EXITS.
 - iii. ANY OTHER FACILITY AS NECESSARY FOR ITS DEVELOPMENT.

IN THE CASE OF REPAIR AND MAINTENANCE OF CONTAINERS, REPAIR AND MAINTENANCE OF MARINE VESSELS AND AIRCRAFT, THEY MUST ASSIGN A SPACE FOR THE CUSTOMS DELEGATION OFFICE WHEN THEY ARE LOCATED OUTSIDE THE PRIMARY CUSTOMS AREA. THE BENEFICIARY WILL CONTRIBUTE WITH THE PAYMENT OF THE NECESSARY EQUIPMENT FOR THE CUSTOMS DELEGATION WHEN THE MINISTRY OF FINANCE THROUGH THE CUSTOMS DEPARTMENT REQUIRES IT.

DESIGNS OF EACH OF THE ITEMS MENTIONED ABOVE ARE SUBJECT TO NORMS AND SPECIFICATIONS ISSUED BY COMPETENT AUTHORITIES; AND MUST OBTAIN THE CORRESPONDENT AUTHORIZATIONS. (1)

Section 24-A - CORPORATIONS, NATIONAL OR FOREIGN APPLICANTS REQUESTING TO BE QUALIFIED TO PROVIDE BUSINESS PROCESSES SERVICES WITHIN SERVICES CENTERS, PURSUANT TO THIS LAW MUST COMPLY WITH THE FOLLOWING REQUIREMENTS:

- a. NEW ASSETS INVESTMENT IN AN AMOUNT OF NO LESS THAN TWO HUNDRED FIFTY THOUSAND DOLLARS OF THE UNITED STATES OF AMERICA (U.S. \$ 250,000.00) FOR WORKING CAPITAL AND FIXED ASSETS DURING THE FIRST SIX MONTHS OF OPERATIONS.
- b. TO OPERATE WITH A NUMBER OF NO LESS THAN TWENTY PERMANENT JOBS.
- c. TO HAVE A MINIMUM OF A SIX MONTH WRITTEN CONTRACT.
- d. TO SUBMIT A BUSINESS PLAN.

MEDICAL AND HOSPITAL SERVICES IN SERVICES CENTERS ACCORDING TO THIS LAW MUST MEET THE FOLLOWING REQUIREMENTS:

- a. NEW INVESTMENT IN FIXED ASSETS WITH A MINIMUM AMOUNT OF TWO MILLION DOLLARS OF THE UNITED STATES OF AMERICA (U.S. \$ 2,000,000.00) FOR THE FIRST YEAR OPERATIONS FOR THOSE PROJECTS WHOSE ACTIVITIES ARE INTENDED TO PROVIDE SERVICES FOR TREATMENT OF DISEASES WITH OR WITHOUT SURGERY, AS WELL AS GENERAL AND ODONTOLOGICAL SERVICES.
- b. TO OPERATE WITH A NUMBER OF NO LESS THAN FIFTEEN PERMANENT JOBS.
- c. THAT THE BUILDING OR BUILDINGS WHERE THE DEVELOPMENT OF THE AUTHORIZED ACTIVITY OPERATES HAS AT LEAST FOUR THOUSAND SQUARE METERS BUILT INTO THE HOSPITAL UNIT.
- d. TO SUBMIT A BUSINESS PLAN.
- e. THAT DESIGNS OF EACH OF THE ABOVE MENTIONED ITEMS, MEET THE SPECIFICATIONS ISSUED BY THE COMPETENT MEDICAL-HOSPITAL AUTHORITIES.

IN THE CASE OF ELDER CARE SERVICES AND NURSING HOMES AS A DIRECT USERS TO PROVIDE SERVICES WITHIN SERVICES PARKS, IN ACCORDANCE WITH THE PROVISIONS OF THIS LAW, MUST MEET THE FOLLOWING REQUIREMENTS:

- a) NEW INVESTMENT IN ASSETS IN A MINIMUM AMOUNT OF FIVE HUNDRED THOUSAND DOLLARS OF THE UNITED STATES OF AMERICA (U.S. \$500,000.00) FOR WORKING CAPITAL AND FIXED ASSETS DURING THE FIRST YEAR OF OPERATIONS.
- b) TO OPERATE WITH A NUMBER OF NO LESS THAN FIFTEEN PERMANENT JOBS.
- c) TO SUBMIT A BUSINESS PLAN.

IN THE EVENT OF FAILURE TO COMPLY WITH THE PROVISIONS OF THE ABOVE LITERAL, FOR THE CASE OF BUSINESS PROCESSES, MEDICAL-HOSPITAL SERVICES, AND ELDERLY CARE AND NURSING HOMES, BENEFITS AND TAX INCENTIVES ESTABLISHED IN THIS LAW WILL NOT BE ENJOYED FOR THE FISCAL YEAR WHERE THE BREACHED OCCURRED. (1)

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

- a) Full exemption from customs duties and other import taxes levied on the machinery, equipment, tools, parts, accessories, furniture and office equipment, and other property necessary for the execution of the encouraged activity.

Exceptions to this benefit are the following goods and services: food and beverages, tobacco and alcohol contained products, rental of property, furniture and household goods, cleaning supplies, luxury or luxurious items, passenger transportation vehicles, whether individual or collective, hotel services, in which case its entrance to the service center will be subject to the presentation of a final goods declaration and tax payment through presentation of tax credit vouchers or final consumer bill in case of local purchases.

- b) Exemption from income tax only on the income generated from stimulated activity during the period that they operate in the country, effective beginning of operations.

In the case of companies, this exemption applies to the Company as holder and its partners individually considered, with regard to the profits or dividends derived from the benefited activity. In case that one or more partners are legal entities, this benefit will exclude them, and cannot be transfer to other partners.

This exemption does not relieve the recipient of the obligation to file the relevant tax declaration each fiscal year of its operation.

- c) Exemption from municipal taxes on the assets of the company while it is operating from in the country, effective beginning of operations.

CHAPTER VII CUSTOMS REGIME

SECTION ONE GENERAL PROVISIONS

Art 26. The regime that will regulate the entry and stay of all goods introduced by direct users of service parks to provide their services will have liberating character and their length of stay will be indefinite. These goods are not subject to any tax or security while remaining within the service park. However distribution operations or international logistic operations must be governed in accordance with the provisions of section two of this Chapter.

For service centers, raw materials, supplies and other goods introduced, they have a period of stay of one year effective date of acceptance of the correspondent declaration of goods; also capital assets will be liquidated to final franchise.

For those service centers operating in areas where there is primary customs delegation, or customs delegation, raw materials, inputs, capital goods and other goods introduced may stay as long as necessary for its 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 individual or legal entities established in the national customs territory, to a direct service park user or of service center, will be considered as final export transactions. Therefore, Articles 75, 76 and 77 of the Value Added Tax are applicable. In no case goods and services referred to in the second paragraph of literal a), Articles 21 and 25 of this law will be considered as necessary for the development of their business, and consequently, such goods and services will be affected by the rate established in Article 54 of the Value Added Tax.

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

SECTION TWO OPERATIONS INTERNATIONAL DISTRIBUTION & LOGISTICS

Terms Transit of goods

Art 27. Companies engaged in providing distribution services or logistic operations under this Law, will be able to conduct to the service park facilities transit of goods consolidated or not, full or partial containers without restriction, according to the provisions of this Law and its regulations, and the provisions of the Customs Legislation regulating the matter.

Remission authorization or customs transit of goods

Art 28. The remission or customs transit of goods from the Customs peripheral to the park services will be authorized to an international distributor or logistics operator, subject to compliance with the following provisions:

- a) To be duly registered in the computer system of the General Direction of Customs.
- b) Submit the master cargo manifest issued by the primary carrier as well as the international transit declaration, DTI, when required according to customs regulations.
- c) When there is consolidated freight, he must submit consolidated freight manifest, issued by the direct user.

Manifests may be submitted electronically, in the case of subparagraphs b) and c) of this section.

Cargo manifest content

Art 29. The consolidated cargo manifests must be submitted in the electronic format that for that purpose the General Direction of Customs determines, before the arrival of the transporter to the service park, it must contain, among other things, the following:

- a) Name of the consignees or indirect users.
- b) Number of packages.
- c) Gross weight of the package.
- d) Number of general mother or master manifest.
- e) Number of transport documents.
- f) Name of whom the manifest is issued to.
- g) Place and date of issuance.

Goods that cannot enter the service park

Art 30. Goods that have been prohibited by Salvadoran law or the commodities mentioned below, may not be admitted in the service park:

- a) Explosives.
- b) Hazardous substances, if they do not have the proper permits.
- c) Radioactive goods, if they do not have the proper permits.
- d) Weapons and ammunition of any kind.
- e) Any type of dangerous goods, according to applicable national regulations and international cargo transport, with the exception of goods consigned to companies engaged in the research and development services, set out in Article 5, paragraph one, item e) of this Law, provided they have the correspondent permit from the respective authorities.

If the customs authority established at a peripheral or border, observed this kind of goods in a cargo manifests or international transit declarations, they will, in accordance with the customs legislation, give notice to the competent authorities for them to adopt appropriate safety measures, in addition to reporting it to the General Direction of Customs to initiate disciplinary proceedings as appropriate.

Authorization for entry of merchandise

Art 31. The entry or consigned goods intended for the beneficiaries of this Law in services parks must be authorized by the respective Customs Delegation within them, upon presentation of the cargo manifest or consolidated master to the DTI, whichever the case may be.

Unloading operation in the service park

Art 32. To proceed to the unloading of the goods and in order to apply the rules established in the customs legislation with regard to the loading and unloading of goods, transportation must be place at the disposal of the customs authority of the customs delegation at the services park, to inspect and open of the correspondent customs mark, and he may witness or not the unloading.

After the download, direct users will issue effective receipt of goods document and input it into the inventory control system.

Term and procedure for declaring the destination of the goods

Art 33. Once downloaded the goods at the direct user facilities, he will, within twenty working days, proceed to report them to the Temporary Admission regimen for a period twenty-four calendar months, renewable for additional one-year periods, subject authorization of the General Direction of Customs. During this period the goods are not subject to any tax or security, or within the same twenty working days, upon client's request, they may be destined to applicable Customs Procedures.

Once expire the twenty-day period without assigning the goods to a particular regime, they will be considered abandoned.

Customs Procedures

Art 34. The direct or indirect users may opt to declare their goods to any of these regimes, in accordance with legal regulations:

- a) Final import.
- b) Permanent exportation.
- c) Temporary Import re-exportation in the same state.
- d) Customs Transit.
- e) Re-export.

Users must request authorization for declaration of in transit internal goods, to the Deposit or authorized place; when goods are required to be submitted to any of the following regimes:

- 1) Free Zones.
- 2) Inward deposit.
- 3) Bonded Warehouse Regimen.

The following operations must be transferred to the correspondent internal customs:

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

- III) Temporary export for outward processing.
- IV) Mailings.
- V) Urgent post or courier.
- VI) Luggage.
- VII) Household Goods.
- VIII) Small commercial shipments.

Other customs operations within the services park

Art 35. Direct or indirect users may apply to the customs authorities, authorization to perform the following operations:

- a) Reshipment
- b) Tran-shipment, in the case of short-term storage.

In the case of goods which have arrived by mistake to the service park and belong to non-domiciled in El Salvador, the respective authorization will be sought before reloading customs authorities, by direct or indirect user.

Such authorizations will proceed provided the goods have not been subject to formal reception in the inventory of a direct user and once they have met all the requirements and conditions legally established in CAUCA and RECAUCA.

From previous verification

Art 36. The previous verification may be requested under the conditions and limits set out in the customs legislation.

Supporting documents and document control second-generation transport

Art 37. The documents supporting the statements of goods in different customs regimes allowed in the services park are laid down in the customs guidelines. However, the issuance of the transport documents or second-generation or dependent documents, for carrying out deconsolidation of goods, must comply with the formalities that for this purpose are established in the Regulations of this Law.

As for the supporting documents fulfilling non-taxable obligations for restricted or regulated goods, by direct or indirect users, legal provisions are applicable and would be compulsory by the customs authorities at the time of filing the final goods declaration.

Collection operations for export of goods in free circulation

Art 38. Goods in free circulation intended to enter a services park for collection and subsequent final export to various destinations should be carried out under the correspondent customs control, which will include the physical separation of the inventory and placement of bullets or special distinctive.

The transfer of goods in free circulation towards the services park will be documented before Customs and the services park's Fiscal Delegation, through a transmittal letter.

To carry out the operations referred in this Article, the beneficiary must previously be authorized by the General Direction of Customs, that in order to grant this permission must take into consideration the operational infrastructure, computer systems and other controls and security measures.

Storage of national and nationalized good

Art 39. Simple operational storage will be allowed within the services park, these are those goods that have previously been nationalized or national products authorized by the General Direction of Customs. This will be granted considering the operational infrastructure, computer systems and other safety and controls. Besides the authorized recipient must meet the following conditions:

- a) The physical inventory of such goods will be responsibility of the direct user, who must justify its existence through his respective service contract and inventory control in a computer system.
- b) The location within the warehouse, storage warehouses intended for this kind of operation must be properly delimited with a physical separation from the rest of facility, so as to avoid the confusion of goods subject to Customs controls.
- c) It must be subject to other conditions as determined by customs legislation control.

Failure to comply with the provisions of this Article will result in the suspension of the operation authorization.

Leaving good, minimum requirements

Art 40. Goods leaving the services park will be done under a release document from the direct user's storage, which will be registered in the computer system of Customs service, in addition to the declaration of goods that correspond to the declared customs regime.

Freight forwarding and length of stay

Art 41. Once legalize the declaration of goods at any customs procedure, according the provisions of Article 34 of this Law, they may remain in the status of issue, within the facilities of the direct user, up to a maximum of twenty working days effective the following day from the filing of the registration statement of goods in the computer system of the General Direction of Customs. The direct or indirect user will report within the set time limit reason and legal actions to follow.

Goods on consignment

Art. 42. Consignment goods entering the services park, in accordance with the provisions of this Law will enter under the direct user name, remaining in his custody and will leave under an international transit declaration or final Import goods declaration, under the name of a Salvadoran consignee registered with customs in the territory.

Exclusions from customs tax base

Art 43. For purposes of determining the taxable amount of goods intended to the domestic market, according to the price paid or payable, the customs value will not be included, charges for storage and preservation of goods during their stay in the service park, provided that they are expressed separately from the price paid or payable for the same.

Issuance of customs control

Art 44. The Customs Delegation of the Services Park, at the request of a party, can issue a Certificate of Customs Control of Goods which is a re-exported from the park to other destinations, so that they retain the benefits inherent of its origin under the Free Trade and Central American Economic Integration Agreements, signed by the Government of El Salvador.

The General Direction of Customs will issue, through general administrative provisions, guidelines, forms and procedures relating to the certificate.

Residual, waste and scrap products

Art 45. Upon authorization by the Customs Delegation at Services Park, waste products from packaging or packaging of goods such as wooden pallets or plastic, cans and the like, may be aimed to final consumption in the national territory by paying the country's duties and import taxes according to the invoice value at market prices, through the simplified declaration of goods.

No tax will be paid for those items destined to be disposed at waste dumps authorized for destruction; they may be exempt from duties and taxes in the case of donations for nonprofit institutions, humanitarian, educational or other community service, previously qualified by the Ministry of Economy and the exonerated of the Legislature. In both cases, they will be conducted under the coordination and supervision of the Customs General Director's Office.

The regulations of this Law will establish the procedures for the application of this provision.

CHAPTER VIII OBLIGATIONS AND PENALTIES

Art 46. Direct users of service parks and service centers are obligated to the follows:

- a) To inform the service park manager and the appointed dependency of the Ministry of Economy to Regulate this Law, or only to this latter one in the case of service centers, of plans, projects and changes in the business and operations, within ten working days from the day of the modification.
- b) To maintain a minimum of 500 square meters the extension of the property encompassing the economic activity, or the minimum allowed in accordance with Article 22, paragraph a) of this Law.
- c) To keep copies of Consolidated Cargo Manifest, of the involved operations for a period of five years according to the provisions of Article 22 of this Law.
- d) To ensure the effective custody and preservation of the goods in accordance with the measures that the Customs Service established conforming to the nature of the goods, and also to the location, conditions, and infrastructure of the service park.
- e) To report to customs, within eight days, about loses, destruction, damage or abandonment, as well as of any other irregularities regarding the goods.
- f) To temporary allocate space for the preliminary examination or immediate verification of deposited goods as well as the storage of those abandoned or retained goods; such spaces will be qualified by the Customs Service.

Failure to comply with the provisions of this Article will be considered Less Serious Offences.

Art 47. Direct users of service parks and services centers are obligated to the following:

- a) To register all information relating to performed transactions, inventories and movements, and any other information deemed necessary for the respective administrative and fiscal control, in electronic and magnetic media or any other means required by the Ministries of Economy and Finance, through the General Direction of Customs according with applicable regulations. Such records will be submitted annually to those

institutions, or at their request, and are subject to legal compliance. Additionally in the case of computer records he must allow auditing of the systems thereof.

- b) To inform the Ministries of Economy and Finance, through the Bureau of Customs, with 30 day- notice of a change of address or closing of operations, noting in this case if there is a temporary or permanent closure and the respective reasons and justifications.
- c) To allow entry to the delegates from the Ministries of Economy and Finance through the General Direction of Customs and Internal Revenue Department in fulfilling their obligations and functions, to the premises of the beneficiary ; as well as to provide them with all accurate information and required documentation .
- d) To establish controls and records of its operations, in accordance with the law.
- e) To establish the physical inventory of the goods in his custody and responsibility, those distributors and logistics operators must have a specialized computer system control.
- f) To have the services of an independent auditing firm duly authorized by the General Direction of Internal Revenue, which must give an opinion every semester about the beneficiary's compliance to the Laws laid down herein, as well as the accuracy and compliance of information provided by the beneficiary about sales made and it must be submitted by the audit firm directly to General Direction of Internal Revenue and the Ministry of Economy.
- g) To develop activities outside the park facilities or authorized service center.
- h) To comply with laws, regulations and other laws related to employment and social security benefiting workers, including:
 - 1) The right to organize.
 - 2) Prohibition of forced or compulsory labor of any kind.
 - 3) Acceptable working conditions regarding minimum wages, working hours, health and occupational health and all those necessary for the proper development of the worker in the performance of his duties.
- i) Pay compensation, bonus and vacation proportional to the form and amount established in the Labor Code and labor-related benefits to all workers found to be affected in case of closure of all or part of the company or establishment.
- j) If for no special justification total closure of some of the operations, assets of the business will preferably be used to cancel the liability and other work obligations, notwithstanding the correspondent administrative sanction.
- k) To integrate the staff of the enterprise with at least ninety percent of Salvadorans. When the numbers given the percentage results in a mixed number, the fraction would be taken as unit.

However, in special circumstances that the Ministry of Social Prevention and Labor will qualify, employers may be authorized to use more than ten percent foreigners, in order to cover positions difficult to replace or impossible to be substituted by Salvadorans, being employers obliged to train Salvadoran personnel under the monitoring and control of the said Ministry, for a period not to exceed five years.

Failure to comply with the provisions of this Article will be considered Serious Offenses.

Art 48. It is the obligations of the service park managers, the following:

- a) To comply with the requirements of the competent authorities, aimed at the park users to comply with the provisions of the Law, its Regulations and other laws of the Republic, especially those related to labor, environmental, and intellectual property.
- b) To take the necessary measures for ongoing compliance mentioned in the previous paragraph, by the beneficiaries and others operating in the park, and to inform the Ministries of Economy and Finance, through the General Direction of Customs, of any users information that has knowledge or at their disposal.
- c) Temporarily to provide the necessary computer hardware and office equipment to Customs Delegation to facilitate their efficient exercise of their tax and customs function.
- d) To maintain and make available to the Customs Service, for a period of five years, documents and information concerning the contractual relationship with the direct users.
- e) For all intents and purposes, to accredit and maintain before the Customs Service, a representative or authorized legal guardian with sufficient representation faculties.
- f) To have adequate resources to ensure the effective operation of the park, to provide custody and preservation of the goods of its customers, in accordance to the measures established by the Customs Service, as required according to the nature demanding needs, the activity or service, and according to location, condition and infrastructure of the service park.
- g) To report to customs of damaged, lost, destroyed, and abandoned good and other irregularities that they have knowledge, while the goods are in the services park.

Failure to comply with the provisions of this Article will be considered as Less Severe offense.

Art 49. The service park managers are required to allow entry to the services park, to transportation means, after verification of the conditions and state of the customs marks and other security measures, when there is no customs presence, which will not include the custom mark rupture, and must promptly inform Customs Service of its entry, and of any irregularities found therein, so he can perform the entry process of goods; inasmuch, to permit the release of goods with the only permission of the customs authority, on the hours and days authorized for this purpose.

The breach of the above obligations constitutes serious violation and re-offence will be considered a very serious offense.

Art 50. In cases where the Customs Department or the General Direction of Internal Taxes exercising its powers of control authority has determine the existence of repeated tax violations to customs legislation or national tax law, or had knowledge of the existence of an enforceable judgment for violations of these laws, as well as in the case of audits referred to in paragraph f) of Article 47 of this Law reflecting inconsistencies, the Ministries of Finance and Economy may require the beneficiary to pay bail to comply with the obligations of the benefits received.

When he violates the obligation of paying the employer's contributions or workers' social security pension, as well as to transfer the sums deducted to them for such concepts, respective resolutions issued by the officials of the Ministry of Social Prevision and Labor or appropriate authority of the Social Security Institute, or the Superintendent of Pensions, as appropriate, must notify the Ministry of Economy, to decide whether it is applicable a temporary suspension of benefits

for a period of three months, and in case of recidivism attributable to the beneficiary, the Minister will order the revocation of benefits.

In case of an individual or legal entity, benefitted from this law, and existed a firm and final judgment by illicit established in the Law against Money Laundering and Assets, the judge must inform the Minister to proceed to the revocation of benefits.

Art 51. When there has been repeated violations from the omission of payment of fees or taxes, whether directly or indirectly, or unpaid amounts correspond to those for setting offense in the relevant legislation, the customs or tax authority, according to the matter in question, would send and sign the final resolution to the Minister of Economy, in order that the court decides on the merits of a temporary suspension of benefits for three months, and in case of recidivism attributable to the beneficiary the revocation of the same.

Art 52. The offenses set out in this Law will be administratively sanctioned by the Ministry, as follows:

- a) Less Serious Violation is punishable by written prevention to the Infringer, where deadline to comply with the obligation in question is established. The Repetition of any misdemeanor offense will be punished with a fine equivalent to three monthly minimum wages of greater amount.
- b) The Serious Violation is punishable by a fine equivalent to thirty times the amount of the larger minimum monthly wage. In case of recidivism, the penalty fine would be of forty monthly minimum wages of greater amount.

A third serious violation the revocation of benefits would be decreed.

- c) Very Serious Violation is punishable with temporary suspension of benefits for a period of three months. The repetition of such violations will result in the revocation of benefits.

Art 53. In case of total closing or abandonment of operations of an enterprise user of the park or service center, it will judicially proceed to the payment of outstanding obligations and vacate the property although there is no default even if there were arrears, notwithstanding the Ministry of Finance, in order to protect the fiscal and social interest, and prior inventories of goods, may order moving them to his own premises or others that are enabled to that effect, or make arrangements, which the law grants to the General Direction of Income Customs, for the disposal of goods.

An enterprise may be declared abandoned at the request of an interested party or by the General Attorney of the Republic, who resort to a presiding Judge, who after verification of facts, declared abandoned, within a period not exceeding five days.

Actions to redeem tax rights, property or employment will be filed before the correspondent judge who will decide in executive form, within ninety days. The judicial abandonment statement will result in freezing of assets and bailment of the same, upon court order. In case of liquidation of the seized property, and to protect the interests of employees, the Legislature may grant an exemption from the respective taxes. In case of breach of the terms set out in this Article, the parties or the Attorney General of the Republic may make use of the appropriate authorities to deduct administrative or criminal responsibilities to the offenders.

Art 54. If an individual or legal entity holding a company, after obtaining the benefits of this Law, they have been suspended or revoked may not apply for them with another company nor appear as shareholder or director of enterprises that request them.

Art 55. Not entitled to the benefits granted by this Law are the enterprises where directors or shareholders appeared who had been executives or shareholders of other enterprises that had been sanctioned, suspended or revoked of the benefits conferred by this Law.

CHAPTER IX PROCEDURES AND RESOURCES

Art 56. Those interested in obtaining the benefits granted by this Law, will submit the respective application to the Ministry, through the Legal Representative or authorized person authorized.

Art 57. In the application, the applicant must state the activity that will focus on, type of benefits he wants to avail, the general nature of the business as well as legal documentation and necessary information required by the Regulations.

Art 58. The Ministry, in the process of granting benefits and tax incentives, should submit the relevant application, when completed, to the Ministry of Finance through the Internal Revenue Direction and the General Direction of Customs via written or electronic, so that they can verify that the applicant, a partner or shareholder, has no outstanding obligations to comply substantive formal tax at any of those Directions. They have a period of five working days effective notification date from the Ministry, to grant the approval as appropriate, in accordance with the provisions of Article 11, paragraph d) of this Law. After the established deadline and not having notification from any of the above mention directions, being understood that the applicant may benefit of this Law, for no having outstanding tax liabilities.

Once received the assent and upon completion of Law requirements, the Ministry will grant the respective application within a maximum period of five working days effective the next business day of receipt the application, issuing an Agreement granting the benefits and tax incentives established in this Law, which must be notified to the interested person and published in the Official Newspaper, at the applicant's expense, sending copies to the General Direction of Customs and Internal Revenue Department.

If the application does not meet the requirements of this Law, the Ministry will issue reasoned resolution denying the petition, notifying the applicant. If the defaults refer to form requirements, he will prevent the interested person to remedy them, within 5 working days. If it is not corrected within the established period the Ministry will deny the request.

Art 59. When the Minister has knowledge that a beneficiary has committed any of the violations of this Law, he will initiate the procedure ex officio, giving hearing to the alleged infringer so that within five working days he manifests in writing of the attributed violation and presents the exculpatory evidence.

The Minister, within eight business days following the date on which the hearing was evacuated, will issue the correspondent resolution.

Art 60. A revocation remedy Against the Resolutions or Agreements issued by the Minister, to the same official who gave the contested decision, can be filed in writing within three working days after the notice is given, stating the reasons of the facts and law that support it.

Art 61. Upon received the letter in which the action is brought about and the legal requirements met, within fifteen working days with only its analysis and relevant file, he may confirm, amend or revoke the administrative appeal.

Art 62. If any individual or legal entity receiving the benefits of this Law ceases to operate, for a continuous period of three months, benefits conferred by this Law must be revoked, except for force majeure, upon application of the procedures set herein for the imposition of sanctions under this Law.

If the resolution determines the termination of benefits, the General Direction of Customs will proceed to disable access to the computer system.

CHAPTER X TRANSITIONAL PROVISIONS

Art 63. The individual or legal entities, national or foreign, benefiting from this Law, engaged in the provision of any service and that at the time of the effectiveness of the law are qualified as users enjoying the tax benefits and incentives of the Industrial and Marketing Free Zone Law, will have the rights of the benefits and tax incentives granted by this Law.

The same applies to persons benefiting under this Law, who provide services in deposits for inward, authorized under the Industrial and Marketing Free Zones Law. Exceptions to this provision are those services that can only be provided in services parks, in accordance with the provisions of Article 6 of this Law.

Logistical distributors or operators must comply with the provisions of literals a), b) and c) of Article 22 of this Law, in a maximum period of six calendar months effective the enactment of this Law.

Art 64. -The developers and administrators of Industrial and Marketing Free Zones must comply with the obligations under this Law, for those activities or services enjoying the benefits and tax incentives that it provides and that are located within the Zone, for which, under no circumstance, developers and administrators will enjoy the benefits and fiscal incentive of this Law enjoy in the terms and deadlines that have been granted to Industrial and Marketing Free Zones.

Art 65. Those individual or legal entities that according to the Industrial and Marketing Free Zones Laws have quality of administrators and know of applications for the grant of benefits to users who are dedicated to the provision of any service benefited by this Law, must suspend proceedings and refer the respective records to the Ministry, notifying stakeholders, within ten business days of the enactment of this law, in order that it continues the authorization process.

Art 66. For the purposes of this Law, direct users authorized under provisions hereof, who install operations in free zones authorized under the Industrial and Commercialization Free Zone Law, will be considered as if they were installed in services parks.

Art 67. The developers and administrators benefited under the Industrial and Marketing Free Zone Law may request qualification as a services park to establish activities only benefited by this Law, in which case the Ministry will proceed to the revocation of free zone qualification and their respective benefits, prior to granting the new qualification, without the enjoyment of the benefits and tax incentives of this Law.

CHAPTER XI FINAL PROVISIONS

Art 68. All individual or legal entities beneficiaries of this Law must comply with all other Laws of the Republic.

Art 69. The General Direction of Customs may request the cooperation of public institutions and private organizations to establish integrated computing platform, with the whole system and network computer, through which the competent authorities, users and logistic operators, ports and airports, certification bodies or other entities, exchange data and information relating to logistics operations of foreign trade.

Art 70. The President of the Republic will issue a regulation no later than 120 days, effective the date of the enactment of this Law.

Art 71. This Decree will be effective eight days after its publication in the Official Newspaper.

IT WAS GIVEN IN THE LEGISLATIVE PALACE, BLUE ROOM: San Salvador, on the eleventh day of October two thousand and seven.

RUBÉN ORELLANA,
PRESIDENT.

ROLANDO ALVARENGA ARGUETA LORENZANA
VICE-PRESIDENT

FRANCISCO ROBERTO DURAN,
VICE-PRESIDENT

JOSE RAFAEL MACHUCA ZELAYA,
VICE-PRESIDENT

RODOLFO ANTONIO PARKER SOTO,
VICE.PRESIDENT.

ENRIQUE ALBERTO VALDES SOTO,
SECRETARY.

MANUEL ORLANDO AGUILAR QUINTEROS,
SECRETARY.

ENRIQUE ALMENDARIZ RIVAS,
SECRETARY.

NORMAN NOEL QUIJANO GONZALEZ,
SECRETARY.

ZOILA BEATRIZ QUIJADA SOLIS,
SECRETARY.

PRESIDENTIAL HOUSE: San Salvador, on the twenty day of October, two thousand and seven.
PUBLISHED,

ELIAS ANTONIO SACA GONZALEZ,
President of the Republic.

William Jacobo Handal Handal,
Minister of Finance.

Yolanda Eugenia Mayora de Gavidia,
Ministry of Economy

Official News Paper No. 199
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SV / Adar

REFORM:

(1) Legislative Decree No. 277, JANUARY 24, 2013;

Official News Paper No. 28, T.398, FEBRUARY 11, 2013.

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Feb/26/13