

BOLIVIA



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PREPARED BY MERITAS LAWYERS
IN LATIN AMERICA AND THE CARIBBEAN



Published by Meritas, Inc. • 800 Hennepin Avenue, Suite 600
Minneapolis, Minnesota 55403 USA

+1.612.339.8680 | +1.612.337.5783 FAX | WWW.MERITAS.ORG

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DOING BUSINESS IN LATIN AMERICA AND THE CARIBBEAN

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The following currency notations are used in this book.

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|-----|-------------------------|-----|-------------------------|
| ARS | Argentinean Peso | DOP | Dominican Republic Peso |
| BSD | Bahamian Dollar | GTQ | Guatemalan Quetzal |
| BRR | Brazilian Cruzeiro Real | HNL | Honduran Lempira |
| KYD | Cayman Dollar | MXN | Mexican New Peso |
| COP | Colombian Peso | NIO | Nicaraguan Córdoba |
| CRC | Costa Rican Colón | PYG | Paraguayan Guarani |
| USD | United States Dollar | UYU | Uruguayan Peso |

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Bolivia is a country with amazing natural beauty and a diverse landscape, sheltering a fourth of the world's greatest biodiversity. Bolivia's riches also include raw material, industrialized material and of course, tourism. Located in the heart of South America, Bolivia is divided into nine political departments. Its democratic government is divided into four branches:

- Legislative
- Executive
- Judicial & Constitutional Court
- Electoral

FOREIGN INVESTMENT

In Bolivia the market is opened for private investments in order to exploit renewable and nonrenewable natural resources, as well as in industry, commerce and public services. Today, Bolivia is rising economically.

FORMAL REGISTRATION REQUIREMENTS

Requirements for registry of foreign investments are the same as those for national investments and do not require previous authorization.

EXCLUDED ACTIVITIES/LIMITATIONS ON FOREIGN OWNERSHIP

Foreign private investors may invest in all fields except:

- Acquisition of property rights of soil and under soil within 50 kilometers of the borders;
- Acquisition of property rights of hydrocarbon deposits and of property rights of some mining concessions nationalized in the past;
- Acquisition of land property over 5,000 hectares in rural areas;
- Imports of goods and services which could affect public health or state security.

BENEFITS/REMITTANCE OF PROFITS

Legal rules have been issued to expedite and protect foreign investment. There is freedom in currency exchange and convertibility. There are no restrictions regarding income and egress of capital or for the remittance abroad of dividends, interest and royalties.

Foreign investors may repatriate their invested capital freely.

BUSINESS ENTITIES

In general, foreign investment in Bolivia occurs either by establishing new companies, corporations (Stock Companies) or Limited Liability Companies, or, establishing branches of foreign companies.

REQUIREMENTS FOR CORPORATIONS

Corporations must have at least three stockholders. The ratio of authorized capital to paid-up capital may be established at 1:8. Shares must be freely transferable. General stockholders' meetings must take place at least once per year, at its legal address. A corporation must have an administrative board with a minimum of three and a maximum of 12 directors. The board of directors meetings may be held anywhere in the world.

REQUIREMENTS FOR LIMITED LIABILITY COMPANIES

Limited Liability Companies must have at least two partners. All the capital must be paid at the beginning. The capital quotas (partners' participations) are not freely transferable and require authorization from the partners meeting. Ordinary partners meetings must take place at least once per year, at its legal address. A limited liability company must have a manager or administrator.

PUBLIC RECORDS

A corporation and/or limited liability company constitution act must be registered in Fundempresa. The registration procedure takes approximately 30 days.

FOREIGN CORPORATION BRANCHES

To establish a branch of a foreign company, the Bolivian Consulate in the corporation's country of origin must legalize the following documents:

- The constitution and bylaws of the corporation;
- Document given by the corresponding administrative authority, certifying the legal existence of the corporation;
- A resolution by the appropriated instance of the corporation authorizing the establishment of a branch in Bolivia, choosing the address for its performance, designating who will represent it and the capital with which the branch will operate;
- A grant of power of attorney to those who will be its representatives, with wide power to accomplish the corporation's objective in Bolivia and for representing it.

The process for all of these documents takes approximately 45 days.

TAXATION

Bolivia has simplified its tax system. Taxes paid by companies are considered to be among the lowest in Latin America.

Bolivia's tax reform has put in force the following taxes:

- Value added tax (IVA)
- Excise tax (IT)
- Income tax (IUE)
- A tax regarding remittance abroad of income from Bolivian sources

VALUE ADDED TAX (IVA)

This 13% tax applies to the transfer of good and services. It is paid monthly. However, this tax applies to purchases of goods and services related to the company's activity.

This tax does not apply to the sale of credit instruments or shares.

EXCISE TAX (IT)

This 3% tax applies to any invoice issued by practice of commerce, industry, profession, rent of goods and works. It is paid monthly.

This tax does not apply to the sale of credit instruments or shares.

INCOME TAX (IUE)

A company's net income is subject to an annual 25% tax. Tax regulations outline deductible expenses for calculating the income. Branches of foreign corporations must keep their accounts separated from those of their head offices, in order to determine the taxable income from Bolivian sources. This tax is considered as payment on account for the next excise tax (IT).

TAXES ON REMITTANCE OF PROFITS ABROAD

Companies that pay supposed profits from Bolivian sources to beneficiaries outside the country must withhold, as a unique and definitive payment, 12.5% of the profit paid or sent abroad.

INTELLECTUAL PROPERTY

Bolivian law regulates intellectual property through the following rules:

- *Ley de Privilegios Industriales* of 12 December 1916
- *Ley Reglamentaria de Marcas* of 15 January 1918
- Paris Convention for the protection of Industrial Property of 20 March 1883, with its corresponding amendments
- Montevideo Convention of 25 February 1904; Caracas of 18 July 1911
- Decision 486 of the *Régimen Común Andino de Propiedad Industrial* of 15 September 2000
- WIPO Convention – Law 1438 of 12 February 1993
- *Acuerdo sobre los Aspectos de Propiedad Intelectual relacionados con el Comercio ADPIC* – Law 1637 of 5 July 1995

These rules apply to:

- Any new invention, if it is applicable for industrial use
- Patterns and industrial designs, novelty patterns and those of usefulness
- Brands or distinctive factory signs in general, including those of commerce, agriculture and services
- Names, signs, ensigns, notices, labels and commercial styles, as well as denominations of origin

REQUIREMENTS

To register a patent of invention or a mark in Bolivia, applicants must indicate the classes in which they claim to have legal protection, according to the NIZA International Classification.

TERMS OF PROTECTION

Patents of invention grant rights to holders for a term of 15 years that cannot be postponed.

Registered trademarks are protected for a term of 10 renewable years.

LABOR LAW

Bolivia currently has numerous labor laws. The law provides workers these rights and benefits:

- A monthly salary, for eight working hours from Monday to Friday and five working hours on Saturdays.
- A Christmas bonus equivalent to one monthly salary, payable each December.
- Annual vacation of 15 days after the first year of work, 20 days after five years and 30 days after 10 years.
- Severance pay equivalent to one monthly salary for each year of work.
- Severance pay equivalent to three monthly salaries for workers dismissed without falling into a legal cause.
- Social Security. Employers must contribute 10% of their workers' salaries to an insurance program for illness and maternity and 3.71% to a pension funds program.

ARGENTINA

Negri, Busso & Fariña

Godoy Cruz 3236
Buenos Aires CI425FQV

Federico Busso
federico_busso@negri.com.ar
Tel: +54 11 5556 8000
www.negri.com.ar

THE BAHAMAS

Chancellors Chambers

Samana Hill, 14 Village Rd N
Nassau N-4589

Merrit Storr
mstorr@ccsbahamas.com
Tel: +1 242 394 1823
www.ccsbahamas.com

BOLIVIA

Mostajo Sociedad Civil

Edificio Hilda, 12th Flr
Av. 6 de Agosto
La Paz

Denise Mostajo
denise@mostajo.com
Tel: +591 2 244 3856
www.mostajo.com

Mostajo Sociedad Civil

Av. Cristobal de Mendoza No. 246
segundo anillo ed. La Casona
2nd Floor, #204

Santa Cruz
Sergio Mostajo
lawfirm@mostajo.com
Tel: +591 778 31499
www.mostajo.com

BRAZIL

Felsberg e Associados

Avenida Paulista 1294, 2nd Floor
São Paulo, SP 01310-915

Thomas Felsberg
thomasfelsberg@felsberg.com.br
Tel: +55 11 3141 9100
www.felsberg.com.br

Felsberg e Associados

Av. Almirante Barroso
52 - 22nd Flr - Grupo 2202
Rio de Janeiro 20031-000

David Meiler
davidmeiler@felsberg.com.br
Tel: +55 21 2156 7500
www.felsberg.com.br

Felsberg e Associados

SCN, Quadra 05-Bloco A-Sala 1217
Torre Norte
Brasilia 70715-900

Nayara Cunha
nayaracunha@felsberg.com.br
Tel: +55 61 3033 3390
www.felsberg.com.br

CAYMAN ISLANDS

Campbells

Willow House, Cricket Square
PO Box 884
Grand Cayman KY1-1103

Shaun McCann
smccann@campbells.com.ky
Tel: +1 345 949 2648
www.campbells.com.ky

CHILE

Philippi, Yrarrazaval, Pulido & Brunner LTDA.

El Golf 40, Piso 20
Comuna de Las Condes
Santiago 7550107

Alberto Pulido Astoreca
apulidoa@philippi.cl
Tel: +56 2 2364 3700
www.philippi.cl

COLOMBIA

Posse, Herrera & Ruiz S.A.

Carrera 7 No. 71-52
Torre A Piso 5
Bogotá

José Alejandro Torres
josealejandrotorres@phrlegal.com
Tel: +571 325 73 00
www.phrlegal.com

COSTA RICA

BLP Abogados

Via Lindora Business Center, 4th
Flr Radial Santa Ana-San
Antonio de Belén, Km 3
San José

Rafael Manzanares
rmanzanares@blpabogados.com
Tel: +506 2205 3939
www.blpabogados.com

DOMINICAN REPUBLIC

Russin, Vecchi & Heredia Bonetti

Edificio Monte Mirador, 3rd Floor
Calle El Recodo #2
Ensanche Bella Vista
Santo Domingo DN

Georges Santoni Recio
gsantoni@rvhb.com
Tel: +1 809 535 9511 Ext. 272
www.rvhb.com

ECUADOR

Romero Arteta Ponce Abogados

Av 12 de Octubre No 26-97 y A.
Lincoln
Edificio Torre 1492, 8th Floor
Quito

Diego Romero
dromero@law.com.ec
Tel: +593 2 2986 666
www.ecuadorianlawyer.com

EL SALVADOR

Espino Nieto & Asociados

83 Avenida Norte No. 138
Colonia Escalon
San Salvador

Luis M. Espino
luism@espinolaw.com
Tel: +503 2263 7522
www.espinolaw.com

GUATEMALA

Marroquín, Pérez & Asociados, Sociedad Civil

3a. Avenida, 12-38, Zona 10
Edificio Paseo Plaza Business
Center, Of. 1002
Guatemala City 01010

María M. Marroquín
mpemueller@mra-legal.com
Tel: +502 2321 1212
www.mra-legal.com

HONDURAS

Casco-Fortín, Cruz & Asociados

Bldv. San Juan Bosco, contiguo a
Citi Bank (principal)
Edificio Torre Alianza, Suites 701-702
Tegucigalpa

Vanessa Velasquez
vanessav@cascolaw.com
Tel: +504 2271 0073
www.cascolaw.com

MEXICO

Cuesta Campos y Asociados, s.c.

Bismark 192 Planta Baja
Col. Vallarta Norte
Guadalajara, Jalisco 44690
Fernando J. Cuesta
fcuesta@cuestacampos.com
Tel: +52 33 3630 0580
www.cuестacampos.com

Cuesta Campos y Asociados, s.c.

Montes Urales #723, Int 402, 4th Flr
Lomas de Chapultepec
Mexico City, D.F. 11000
Hugo G. Cuesta Leaña
hcuesta@cuestacampos.com
Tel: +52 55 5540 1737
www.cuестacampos.com

NICARAGUA

Núñez, Rizo, Zambrana Abogados

Edificio CAR, 3rd Floor, Suite M-7
Managua
Ernesto Rizo Pallais
erizo@nrzlaw.com
Tel: +505 2270 7353
www.nrzlaw.com

PANAMA

Alemán, Cordero, Galindo & Lee

PO Box 0819-09132
2nd Flr, MMG Tower, E 53rd Street
Panama City
Jaime Alemán
jaleman@alcogal.com
Tel: +1 507 269 2620
www.alcogal.com

PARAGUAY

Peroni Sosa Tellechea Burt & Narvaja

Eulogio Estigarribia 4846
Esquina Monseñor Bogarin
Asunción, 1892
Francisco Peroni Clifton
pstbn@pstbn.com.py
Tel: +595 21 663536
www.pstbn.com.py

PERU

García Sayán Abogados

Avenida Reducto 1310 Miraflores
Lima 18
Luis Gastañeta
lgastaneta@garciasayan.com.pe
Tel: +51 1 615 0202
www.garciasayan.com.pe

PUERTO RICO

Fiddler González & Rodríguez, P.S.C.

254 Muñoz Rivera Avenue, 6th Flr
PO Box 363507
San Juan 00918
José A. Acosta Grubb
jacosta@fgrlaw.com
Tel: +1 787 753 3113
www.fgrlaw.com

TURKS & CAICOS ISLANDS

Miller Simons O'Sullivan

PO Box 260, Butterfield Square
Providenciales
Neil Coles
NRC@msslaw.tc
Tel: +1 649 946 4650
www.msslaw.tc

URUGUAY

Posadas, Posadas & Vecino

Juncal 1305 - 21st Flr
Montevideo

Juan Carlos Oreggia Carrau
joreggia@ppv.com.uy
Tel: +598 2 916 2202
www.ppv.com.uy



800 Hennepin Avenue, Suite 600
Minneapolis, Minnesota 55403 USA
+1.612.339.8680 www.meritas.org

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