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Tax News

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Executive
Summary

Regulation	Date	Content
Decree No. 4535/2025	September 10, 2025	Regulates Law No. 4535/2025 for Micro, Small, and Medium-Sized Enterprises (" "MIPYMES" for its initials in Spanish").
Decree No. 4638/2025	September 18, 2025	Paraguay incorporates a new regime of origin within the framework of the Sixty-Ninth (69th) Additional Protocol to Economic Complementation Agreement ("ACE") No. 35 between the Southern Common Market ("MERCOSUR") and Chile.
General Resolution No. 36/2025	September 11, 2025	The National Tax Revenue Directorate ("DNIT") established administrative measures for guarantee trusts.

Decree No. 4535/2025 - Law No. 4457/20l2 on MIPYMES is regulated.

The Executive Branch issued Decree No. 4535/2025, which regulates the recently amended and expanded law on the promotion of MIPYMES. The new regulations reinforce the state's commitment to the formalization, competitiveness, and sustainability of a sector that represents the majority of the country's business fabric.

The decree consolidates the role of the Ministry of Industry and Commerce ("MIC"), through its Vice Ministry of MIPYMES, as the authority responsible for coordinating public policies for the development of the sector. Under its direction, a National MIPYMES System is created, which will integrate public, private, and academic entities to implement training, technical assistance, innovation, and access to financing programs.

One of the central points of the regulation is the official classification of MIPYMES, which is established according to their level of turnover and number of workers:

Category	Employees	Annual Turnover
Microenterprises	≤ 10	≤ G. $ 1 billion
Small businesses	11-30	≤ G. 5 billion
Medianas empresas	31-50	≤ G. 10 billion

This classification is the basis for access to benefits and support programs, as well as for inclusion in the new National Registry of MIPYMES ("RENAMIPYMES"), which will issue the MIPYMES Card, a digital document that certifies formal MIPYMES status and allows access to government incentives.

The decree also regulates the differentiated tax and labor regime introduced in Law No. 7444/25, which provides the following benefits for micro and small enterprises with respect to mandatory taxes related to the exercise of their respective economic activity, corresponding to services provided for registration and authorization by central government agencies and decentralized entities:

	≤ 3 years	> 3 years
Microenterprises	Exemption	75% discount
Small businesses	N/A	80% discount

In the labor sphere, more flexible contractual arrangements and a transitional regime are being introduced, allowing micro-enterprises to pay 80% of the minimum wage during their first three years of formal operation.

The regulation also promotes the simplification of procedures through the Unified System for Opening and Closing Businesses ("SUACE"), the digitization of administrative processes, and the creation of financial support mechanisms such as the FONAMIPYMES trust, designed to facilitate access to credit and operating capital.

With these regulations, the State seeks to create a more agile and accessible environment for MIPYMES, promoting their formal growth, financial inclusion, and active participation in the national economy.

Decree No. 4638/2025 - The 69th Additional Protocol to ACE No. 35 between MERCOSUR and Chile is incorporated into the national legal system.

The Executive Branch issued Decree No. 4638/2025, incorporating into national law the 69th Additional Protocol to ACE No. 35, concluded between the States Parties of MERCOSUR and the Republic of Chile. With this measure, Paraguay updates and harmonizes its regulations on rules of origin, completely replacing Annex 13 of the ACE and its previous amendments.

The new text seeks to modernize the regulatory framework governing trade between MERCOSUR and Chile, adapting it to the current needs of operators and aligning it with international standards on trade facilitation. In this regard, more precise definitions, simplified administrative processes, and a clearer procedural structure are introduced, resulting in greater legal certainty and predictability for economic agents.

The Rules of Origin included in the Protocol establish the criteria that determine when a product can be considered originating and, therefore, benefit from the tariff preferences of the agreement. Among the main amendments are the following:

1. **Updating of the rules of origin:** The criteria under which a product is considered to be originating in MERCOSUR or Chile are specified, including the tariff jump (first four digits of the tariff nomenclature) for granting the origin regime. This tariff jump may be waived if the CIF value of non-originating materials used in the production of the goods does not exceed the respective tolerance margins of the FOB value of the finished product (40% in general and 45% for certain products).

2. **New specific origin requirements:** For certain agricultural, food, and industrial products, detailed technical requirements (such as the use of regional raw materials or specific manufacturing processes) are established that must be met in order to access the preferences of the agreement.

3. **Recognition of digital certificates of origin:** The protocol grants full legal validity to certificates issued electronically and digitally signed by authorized certifying entities. This represents a significant step toward the digitization of regional foreign trade, reducing administrative costs and time.

4. **Strengthening of control and verification procedures:** Clear rules are established on record keeping, the submission of sworn statements of origin, deadlines for verification by customs authorities, and mechanisms for cooperation between competent authorities. Verifications may even be carried out through visits to the premises of exporters or producers, under regulated conditions and with respect for the confidentiality of information.

5. **Accumulation and flexibility mechanisms:** The possibility remains for materials originating in any signatory country to the ACE to be considered as originating in the other countries. In addition, a differentiated origin regime favorable to Paraguay (50% tolerance margin) is incorporated until 2038, with the possibility of automatic renewal for successive 5-year periods, which is applicable to parts of chapters 38, 39, 61, 62, 62, 85, 87, 94, and 95 of the tariff nomenclature..

6. **Transition and repeal of previous rules:** The new protocol repeals the previous ones (58th, 63rd, 65th, and 68th) that amended the same annex, unifying the current provisions on origin into a single text. This facilitates the practical application of the regime and eliminates inconsistencies arising from overlapping rules.

The Additional Protocol will enter into force sixty days after the Latin American Integration Association ("ALADI") notifies the signatory countries of the receipt of formal notifications of compliance with the internal procedures of each State Party. At the national level, the MIC will be the authority responsible for its implementation and coordination, together with the other public institutions competent in customs and trade matters.

With this incorporation, Paraguay reaffirms its commitment to regional economic integration, trade liberalization, and the harmonization of rules that promote a more competitive and predictable environment for businesses. The new rules of origin regime is a key tool for strengthening the country's participation in regional value chains and improving access conditions for Paraguayan products to the Chilean market and other MERCOSUR partners.

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General Resolution No. 36/2025 - Administrative measures were established for guarantee trusts.

The DNIT issued General Resolution No. 36/2025, which establishes new administrative measures applicable to guarantee trusts, with the aim of facilitating their identification and simplifying compliance with their tax obligations.

This resolution extends to all guarantee trusts the special conditions that previously only benefited those established under the "Che Róga Porã" program, thus seeking to standardize the administrative treatment of this type of fiduciary structure.

Guarantee trusts are considered transparent legal structures under Law No. 6380/2019, and therefore they usually register for Corporate Income Tax ("IRE") and Value Added Tax ("VAT") obligations. However, in practice, they only record economic movements at the beginning and end of the contract, remaining inactive for most of its term.

The DNIT seeks to reduce the operational burden involved in filing monthly returns with no movement and recording receipts. Consequently, the resolution introduces a more streamlined procedure adapted to the nature of these financial instruments. Among the main provisions are:

1. **Registration in the Single Taxpayer Registry ("RUC"):** Guarantee trusts must register only with the annual obligations of General IRE - Code No. 700 and "Annual Receipt Registry" - Code No. 956, thus eliminating the monthly administrative burden of document filing and VAT.

2. **VAT return:** These trusts will only have to settle and file VAT returns in periods when there are operational movements, eliminating the obligation to file monthly returns without activity. It will not be necessary to maintain the General VAT obligation (code 211) active in the RUC.

3. **Adjustment of already registered trusts:** Guarantee trusts that are already registered must cancel the General VAT obligation and the monthly receipt registration, replacing them with the annual registration. This transition must be accompanied by the declaration of closure of the canceled obligations, corresponding to the last fiscal period affected.

The new regime represents a significant step forward in terms of administrative simplification, as it adapts the formal requirements of the DNIT to the operational reality of guarantee trusts. These measures reduce compliance costs and times, benefiting both trustees and trustors who bear the costs of the trust business. In addition, the scheme reinforces the traceability and control of trust movements through digitized annual records, maintaining fiscal transparency without imposing unnecessary burdens.

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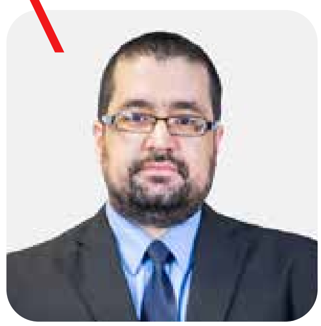

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