



# SPECIAL FREE ZONES: *A corporate vehicle with multiple benefits*

The Industrial and Service Free Zones in the Dominican Republic are governed by the provisions contained in Law 8-90, of January 15, 1990, which establishes three types of Free Zones, one of them being the “Special Free Zones”. [Read more>>](#)

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*The Special Free Zones are those who by the nature of the production process, the characteristics of the company or due to the need of*



the country regarding the geographical, economic and infrastructure situation, need to be establish off an industrial park temporarily or permanently. Also will be considered as such, existing companies that use temporary import raw materials in their production process.

#### ***Benefits for a Special Free Zone***

The operators of free zones and companies located within them, are protected under the customs and tax regimen, receiving accordingly 100% exemption in the following tax burden, for a renewable period of 15 years:

- a. The payment of income tax concerning joint stock companies;
- b. The payment of tax upon construction, construction loan agreements and the registration and transfer of real property from the formation of the corresponding free zone operator;
- c. The payment of taxes on the formation of commercial companies or increase their capital;
- d. The payment of municipal taxes that may affect their activities;

e. All import taxes, tariffs, customs fees and other related charges, affecting raw materials, equipment, construction materials, parts of buildings, office equipment, etc., all aimed to build, furnish, or operate free zones;

f. All existing export and re-export taxes except the ones established in sections f) and g) of Article 17 of Law 8-90;

g. The patents tax on assets or equity, as well as the Tax of Transfer and Industrialized Goods (ITBIS);

h. The consular fees for all imports destined for operators or free zones;

i. The payment of import tax on equipment and materials necessary for the installation and operation of budget diners, health services, medical assistance, child care, entertainment or amenities, and any other equipment for the welfare of the working class;

j. The payment of import tax for transportation equipment that are trucks, garbage collectors, minibuses, vans for transportation of employees and workers to and from the workplace with prior approval in each case, of the National Council of Export Free Zones.



These vehicles shall not be transferable for at least five (5) years. Also, the companies and operators of special free zones get the advantage of preferential access to export to European and American markets without paying entrance fees, possibility of obtaining financing from local or foreign institutions and the chance to freely repatriate profits in foreign currency.

### Requirements to Apply Under this Regimen

Companies that are usually considered to apply under this scheme must meet one of the following conditions:

- a. Immobile resources: those elements that constitute inputs for the achievement of certain production processes, which come from natural resources and whose transformation would be difficult if companies can not be established close to the natural sources;
- b. Nature of the process: it is understood as the process related to a determined activity that focuses on producing a good or service that for its production destination and/or its particular characteristics, such as Environmental Impact, Safety, Health, Water Demand, Electric Power, among others, restrict or hinder their development within an Industrial or Services Zone;
- c. Special economic, social and infrastrutural

conditions: those who at one time register in any area of the country, due to low economic activity that takes place in them, their low infrastructure development and/or natural disasters.

All request to apply for the benefits of the Law 8-90, as Special Free Zone must be approved by the National Council of Export Free Zones -an organization responsible for promoting, assessing and approving the establishment of new enterprises and the development of existing ones-, and meet the following requirements and/or general principles:

- a. That the activity to be perform complies with at least one of the conditions described above;
- b. Application letter addressed to the National Council of Free Export Zones;
- c. Documents of preliminary or final constituent of the applicant company;
- d. Twenty (20) copies of the Technical-Economic Feasibility Study Project;
- e. Twenty (20) copies of the Environmental Feasibility Study Project;
- f. Land property title of ownership and/or letter of intent to purchase or lease the land on which the project will be installed for a minimum period of five years, specifying the extent of the surface(s) of such plot(s) and their limits, and a small sized copy of the cadastral plans;

- g. Academic and business history of the top executives who manage or direct the operations of the company;
- h. Certified check for processing expenses addressed to the National Council of Free Export Zones;
- i. The projected investment of the company must be brand new and/or additional to the existing one. If additional investment, it must represent at least 30% of the total investment of the company;
- j. When it is a new investment for the construction of buildings, a copy of the planes of the same;

k. Meet all requirements that the National Council of Free Export Zones consider as necessary for processing and evaluation.

Any application that needs to be approved by the Board of Directors shall be filed no later than six (6) working days before the date of the next meeting. From five (5) working days, it is require paying for the corresponding Express Service for processing. It will be accepted the deposit of applications until two working days before the meeting.

Under no circumstances, a Special Free Zone may change its activity and/or lease or sub-lease part of their physical space.

It will be allow the transfer of the benefit of a Special Free Zone, where the transferee develops the same industrial activity as the transferor, within the same physical space.

**Do you require additional assistance on this matter?** Contact Moreno Gautreau Attorneys today. We are in the best disposition to place our experience at the service of your business project.

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