

DOMINICAN REPUBLIC



Law and Practice

Contributed by:

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Headrick Rizik Álvarez & Fernández

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Headrick Rizik Álvarez & Fernández (Headrick) was founded in 1985 and has 15 partners, a team of 31 associate attorneys and 17 paralegals. Headrick's office is located in Santo Domingo, National District, Dominican Republic. Matters related to doing business are handled by the corporate/business division, which is comprised of seven partners, ten associates and six paralegals. Headrick represents financial institutions that are financing projects and renewable

energy projects in the country; offers general advice in connection to cross-border transactions; and offers general advice to local and foreign clients that undertake or wish to undertake business in the country. The firm's key clients include MercaSID and Induveca, Imperial Tobacco La Romana, Grupo PuntaCana, Marsh Franco Acra, Los Angeles Dodgers, New York Yankees, Merck, Pfizer, Google, Phillip Morris International, General Electric, Johnson & Johnson.

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1. Legal System

1.1 Legal System and Judicial Order

The Dominican Republic is a civil law jurisdiction. The judicial system is organised on a territorial basis and has a hierarchical structure. There are ordinary courts and courts of exception, which hear specific cases.

The ordinary courts are the Courts of First Instance (trial courts) and the Courts of Appeal. The Courts of First Instance have jurisdiction over civil, criminal, commercial and administrative cases at the trial level. The Courts of Appeal hear appeals to judgments rendered by trial courts and review issues of law and errors of procedure. The Supreme Court of Justice is the highest court. It holds the ultimate authority and serves as the highest judicial body in the country. It is responsible for evaluating the correct interpretation and application of laws.

The courts of exception are the Justice of the Peace (*Juzgado de Paz*) and the Land Courts (*Tribunal de Jurisdicción Original/Tribunal Superior de Tierras*).

Specialised courts address specific areas of law, for instance, the Superior Electoral Court (*Tribunal Superior Electoral*) is the highest authority in electoral contentious matters, while the Superior Administrative Court (*Tribunal Superior Administrativo*) has jurisdiction over disputes arising between the administration and private individuals.

The Constitutional Court is the supreme organ of interpretation and control of the constitutionality. Decisions rendered by the Constitutional Court are binding.

2. Restrictions on Foreign Investments

2.1 Approval of Foreign Investments

Foreign investments do not require prior approval from the authorities except when a regulated sector requires regulatory approval both for domestic and foreign investment. In general, the Dominican Republic affords standard national treatment to foreign investors. There are no exchange control restrictions and there is the right to free transfer of funds abroad.

Foreign investment is regulated by Law No 16-95, which was enacted to promote foreign investment in the Dominican Republic and provides equal treatment for foreign and local investors. It includes attractive benefits for foreign investors. Under said Law, foreign investment is allowed in all sectors, with the exception of those linked to the disposal of certain hazardous materials or waste not produced in the country, activities that affect public health or the environment, or the production of material and equipment linked to national defence and security.

In order for foreign investors to obtain the benefits set out in Law No 16-95, interested parties must register their investment with the Prodominicana of the Export and Investment Center of the Dominican Republic (CEI-RD), after completing their investment.

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2.2 Procedure to Obtain Approval and Sanctions for Non-Compliance

In the Dominican Republic, the registration of a foreign investment is done before the One-Stop Investment Window (*Ventanilla Única de Inversión- VUI*) of the CEI-RD. Foreign investors investing without registration would not benefit from the incentives offered by the Law. Failure to register is not subject to sanctions.

In order to register an investment, a foreign investor must submit an application and other required formalities to the CEI-RD within 180 calendar days from the date on which the investment is made. The CEI-RD is required to evaluate the application and, if the registration requirements are met, issue the corresponding certificate of registration within 15 business days. However, in practice, this process is often longer, as the review and evaluation of the application are very rigorous.

2.3 Commitments Required From Foreign Investors

The applicable legal framework does not condition the approval of an application to register an investment to certain commitments. However, in order to benefit from the Investment Residency Permit Programme, a minimum investment of USD200,000, its equivalent in Dominican pesos, or any other currency accepted by the Central Bank of the Dominican Republic, must be made in the Dominican Republic to the share capital of a newly incorporated or existing company.

2.4 Right to Appeal

An investor may challenge the decision not to authorise an investment. Any administrative acts may be appealed before the bodies that issued them (by way of a reconsideration request), or before the entity which is hierarchically superior to the issuing body, within the 30 days of the notice of the decision subject to the appeal. The applicant may also appeal before the Superior Administrative Court within the aforementioned 30 days.

In the event that an application is rejected, if the applicant decides to submit a reconsideration request before the CEI-RD, or, where applicable, before the hierarchically superior entity, the applicant may subsequently withdraw their reconsideration request and

instead file an appeal before the Superior Administrative Court.

3. Corporate Vehicles

3.1 Most Common Forms of Legal Entity Main Corporate Vehicles for Doing Business in the Dominican Republic

The most common types of corporate vehicles used in the Dominican Republic for doing business with limited liability are:

- stock corporations (*sociedades anónimas* or S.A.s);
- simplified stock corporations (*sociedades anónimas simplificadas* or S.A.S.s), which are a sub-type of corporations; and
- limited liability companies (*sociedades de responsabilidad limitada* or S.R.L.s).

These corporate vehicles may be incorporated with a minimum of two shareholders, which can be legal or natural persons, domestic or foreign.

S.R.L.s

S.R.L.s were conceived as corporate vehicles suitable for medium and small businesses. It is a hybrid between a partnership and a corporation. The capital for S.R.L.s is formed by non-negotiable shares, and a restriction on the entry of new shareholders is one of its principal features.

S.R.L.s use the concept of a limited liability company by separating the personal assets of its members from those of the company. S.R.L.s may be managed by one manager (*gerente*), two managers or a board of managers acting as a collegiate body, who may or may not be shareholders, who may be individuals, domestic or foreign.

The minimum capital requirement for an S.R.L. is DOP200, since Law No 479-08 on Commercial Companies and Sole Proprietorships with Limited Liability ("Law No 479-08"), as amended, requires a minimum of two shareholders and a minimum value per share of RDD100 each.

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In S.R.L.s, the maximum number of shareholders is 50.

S.A.s

S.A.s are typically reserved for large businesses. Due to their characteristics, corporations are the ideal vehicle for companies that wish to pursue venture capital, accumulate a large number of shareholders, and/or eventually pursue an initial public offering. Corporations must be mandatorily managed by a board of directors composed of at least three members and are required to have a statutory auditor (*comisario de cuentas*).

The minimum capital requirements for an S.A. are:

- authorised capital: DOP30 million; and
- paid-in capital: DOP3 million (a minimum of 10% of the authorised capital shall be subscribed and paid).

S.A.S.s

S.A.S.s are a subtype of corporations (S.A.), suitable for medium or large investments and businesses that will not venture into the stock market. The management and control of an S.A.S. is more flexible than that of a corporation. The provisions of Law No 479-08, apply supplementarily for all situations not described in the by-laws.

Management and control rules for Dominican S.A.S.s are flexible as they will be governed by its by-laws. In that sense, they may be managed by a sole director (president), a board of directors or any other management body or structure.

The minimum capital requirements for an S.A.S. are:

- authorised capital: DOP3 million; and
- paid-in capital: DOP300,000 (a minimum of 10% of the authorised capital shall be subscribed and paid).

3.2 Incorporation Process

Incorporation of a Company

The main steps for incorporating a Dominican company or registering a branch of a foreign entity are as follows.

- Registration of the company's trade name with the National Office of Industrial Property (ONAPI), prior to the incorporation of the company. For branch registration, this step is not mandatory but highly advisable.
- Registration in the Mercantile Registry of the relevant Chamber of Commerce and Production of the jurisdiction of the seat of the company. Upon registration, the company's Mercantile Registry Certificate is issued and the company is deemed to be duly incorporated.
- Once registered at the Mercantile Registry, the company must then be registered with the National Taxpayers' Registry (*Registro Nacional de Contribuyentes* or RNC, by its Spanish acronym) at the local tax department. The tax department will issue a certificate validating the company's registration and assigning an RNC number to the company.

In addition, as secondary steps in order to do business, a company with employees should register with the Ministry of Labour and the National Social Security Treasury (TSS); other registrations may be applicable depending on the activity of the company and if it operates within a regulated sector.

Tax for the Incorporation of Companies

Currently, a 1% tax is imposed on the authorised share capital upon the incorporation of Dominican companies. This tax does not apply to the registration of foreign branches. However, pursuant to Law No 30-26 on Pro-Economic Growth Measures, Tax Simplification, and Mitigation of the International Crisis ("Law 30-26"), this tax will be abolished with effect from 2027.

Timeframe

Local registration of a foreign legal entity typically takes four to six weeks after the relevant filings take place, while the incorporation of a Dominican company could take around six to eight weeks from the date of execution of the incorporation documents until effective registration with the RNC.

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3.3 Ongoing Reporting and Disclosure Obligations

Reporting and Disclosure Obligations

Private companies are subject to reporting and disclosure obligations. Every year, the board of directors or the manager or managers, as applicable, must prepare an annual management report. In addition, where companies have a statutory auditor, the statutory auditor must also prepare an annual report. Companies must hold an annual shareholders' meeting, within the first 120 days after the end of the fiscal year, to discuss and approve the accounts of the previous fiscal year. The audited financial statements (when applicable), the annual management report, the resolutions to be submitted to the shareholders and the statutory auditor's report (when applicable) must be made available to the shareholders at the company's registered address during the 15 days preceding the meeting.

Changes in management, statutory auditor and/or shareholders, capital increase, domicile change, amendments of by-laws, dissolution, mergers, the minutes of shareholders meetings and any other relevant corporate documents, must be registered before the Mercantile Registry, which is a public registry. The registration of documents in the Mercantile Registry grants these documents effectiveness against third parties. There is, however, no governmental agency in charge of enforcing these filings or corporate governance in general, unless it is a listed company or regulated sector.

In addition, companies are subject to monthly and annual tax reporting and filings.

Notice of Relevant Changes

Companies should register the general information regarding the company (domicile, share capital, shareholding structure, management, etc) with the corresponding Mercantile Registry and the Tax Department (DGII, by its Spanish acronym). Relevant changes to the company's registered information should also be reported.

Financial Statements

All commercial entities that borrow funds from third parties, issue securities of any nature or have gross

income greater than 100 minimum wages must have their financial statements audited in accordance with the norms of the Certified Public Accountants Institute of the Dominican Republic.

Ultimate Beneficiary

Under Anti-Money Laundering and Terrorism Act ("Law No 155-17"), companies must disclose to DGII general information on the ultimate beneficial owners of the company. A "beneficial owner" is defined as the natural person who exercises final effective control over a legal person or that holds at least 20% of the share capital of said legal person, including the natural person for the benefit of whom a transaction is carried out. The disclosure of the company's ultimate beneficial owner(s) is conducted through the filing of form RC-02 (necessary to register changes in the RNC of the DGII) and is also requested as part of the annual tax declaration forms (IR-2) and other applicable tax forms.

Tax Compliance Officer

Legal entities must register with the DGII the individual responsible for ensuring compliance with the company or legal entity's tax obligations, (ie, a tax compliance officer). This individual must accept their appointment at an annual shareholders' or members' meeting and must sign the RC-02 form.

The individual designated as responsible for the company or legal entity's tax obligations must hold one or more of the positions specified by law, that is, president, vice-president, director, manager or legal representative. According to the notice issued by the DGII regarding the registration of the tax compliance officer, this individual may not be someone unrelated to the administration, control or operations of the business or entity. If this update is not completed, the DGII will assign this responsibility ex officio to the individual designated as manager or director, or to the individual with the largest ownership interest in the company.

3.4 Management Structures

The company's by-laws shall determine the rules in connection with its management structure. Directors are appointed by the shareholders. The management structures available for the more commonly used corporate vehicles are set out below.

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- S.A.s are managed mandatorily by a board of directors composed of at least three members, and supervised by one or more statutory auditors (*comisario de cuentas*).
- S.A.S.s' rules of management and structure are governed by their by-laws. They may be managed by a sole director (president), a board of directors or any other management body or structure. A statutory auditor is optional, unless the company issues the securities allowed by the law for this legal form, in which case it is mandatory.
- S.R.L.s can have one sole manager, two managers or a board of managers. Managers can only be individuals. A statutory auditor is optional and is not customary.

3.5 Directors', Officers' and Shareholders' Liability

Liability of Directors

Directors shall be liable, towards the company or toward third parties, for any infringement of the law, breach of the company's by-laws, defaults in their management, including negligence, or any torts and damages against shareholders or third parties resulting from their acts or omissions vis-à-vis shareholders or third parties.

Directors are under a general duty of loyalty, duty of acting as a good businessperson (duty of care), duty of non-compete and duty of confidentiality. Directors' related transactions (and shareholders transactions in S.A.S.s and S.R.L.s) are regulated by the law and certain director-related transactions (and shareholders transactions in case of S.R.L.s) are prohibited.

Available civil claims in damages for directors' liability include both individual claims by the aggrieved party (shareholder or third parties) in accordance with general civil liability rules of law, as well as a company's claim in damages for directors' liability that, individually or collectively, shareholders may seek.

In addition to civil liability, the law also provides for directors' criminal liability. Provisions on liability vary depending on the company type in question.

Criminal Liability of Legal Entities

Under Law No 74-25, establishing the Dominican Criminal Code, which was enacted on 3 August 2025 and is set to take effect in early August 2026, legal entities may now face criminal liability. Specifically, a legal entity may be held criminally responsible for offences arising from wrongful acts or omissions committed by its officers, representatives, or employees acting on its behalf, where such conduct is attributable to the entity's failure to exercise adequate oversight, direction, or supervision.

Relieving Directors From Liability: Statute of Limitations

The statute of limitations for the civil claims in damages provided in the law is two years from the date of the default or breach of duty.

Piercing the Corporate Veil

The general principle is that companies have separate legal personality, independent from that of their shareholders. However, in limited cases, the legal personality of the company may be pierced, thus making its shareholders and/or its directors and/or officers liable.

According to Law No 479-08, the corporate veil can be pierced when there is reason to believe that the company is used to commit fraud against the law, violate public order or to commit fraud to the detriment of the rights of shareholders or third parties.

The Tax Code abides by the "substance over form" concept, and thus, under said principle the corporate veil may be pierced.

Additionally, Section 11 of the Tax Code, as amended by recently enacted Law No 25-24 amending Section 11 of the Dominican Tax Code ("Law No 25-24"), establishes joint and several tax liability for directors and shareholders of a company in connection with the company's tax obligations. Law No 25-24 provides that presidents, vice-presidents, directors and managers of a company and representatives of entities without legal personality will be jointly and severally liable if they have evaded or neglected their responsibilities or permitted tax non-compliance, whether intentionally or negligently. Shareholders of a legal entity, as well as the ultimate beneficial owners, will

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also be jointly and severally liable for the entity's tax debts, in cases of negligence, up to the limit of their investment (equity). Moreover, Law No 24-25 introduces joint and several tax liability for companies within the same economic group when the group is deemed to have been created solely for the purpose of evading tax obligations.

The Labour Code also includes a provision for piercing the corporate veil in the case of companies that constitute an economic group where fraud is involved. When there are one or more companies that are under the direction, control or administration of other companies or that constitute an economic group, then all companies will be jointly and severally liable with respect to the labour obligations of its employees in the event of fraud.

4. Employment Law

4.1 Nature of Applicable Regulations

The Labour Law Regime

Since the Dominican Republic is a civil law jurisdiction, the nature of legal rules governing the employment relationship are mainly statutory. The Dominican labour law regime is governed essentially by the Labour Code and resolutions issued by administrative labour authorities. Case law is used to interpret and further clarify labour law provisions but are subordinate to the same.

The provisions of the Dominican Labour Code are public policy, and therefore any contractual clauses and legal provisions contrary to the same are considered to be void and without effect. Hence, internal labour handbooks and employment agreements are valid, provided they do not contravene the Labour Code. An employment agreement does not have to be in writing (except for labour agreements for a determined period of time or for a specific project), but proven by the facts, which is what prevails.

Dominican labour law is territorial and applies to all employees that work in Dominican territory, whether they are foreign or national, even if they have been hired in a foreign country.

Collective Bargaining Agreements

Collective bargaining agreements may establish more favourable conditions for the workers, which are deemed to be included in and automatically modify the individual employment contracts.

4.2 Characteristics of Employment Contracts

Employment agreements can be concluded verbally or in writing. Labour agreements for a determined period of time or for a specific project need to be executed in writing. Pursuant to the Dominican Labour Code, an employment contract is one whereby a person undertakes to render a personal service to another, under their immediate or delegated dependence and direction, in exchange for a remuneration.

The duration of employment contract is regulated as follows:

- for an indefinite time;
- for a limited time; or
- for a specific job or service.

All labour contracts are presumed to be made for an indefinite time period. Contracts for a limited time and for a specific job or service can only be entered into when the nature of the work requires it and/or under the conditions foreseen by the Dominican Labour Code.

The existence of an employment contract is presumed (until proven to the contrary) in any personal employment relationship. The employment contract may be purely consensual in nature, the validity of the verbal agreement is established by law, and practice is consistent with this criterion since the simple agreement of the parties is sufficient for an employment relationship to take place.

Under the Labour Code what prevails are the facts over what is in writing; thus, what prevails is not the employment contract that is made in writing, but the one that is executed according to the facts, which will allow the establishment of the nullity of any contract in which the parties have proceeded in simulation or fraud of labour laws.

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4.3 Working Time

Working Hours

There is a maximum working time applied to salaried employees. The working week will end at 12pm on Saturday, and, in principle, it must not exceed eight hours per day or 44 hours per week, except for the exceptions provided via resolution of the Minister of Labour.

The aforementioned general rule is not applicable (unless agreed otherwise) to the following workers:

- those that act as representatives or agents of the employer;
- those that are appointed to management or inspection positions;
- those that work in rural establishments run by members of a same family or one person; and
- those who perform intermittent activities or activities that solely require their presence in the workplace.

Workers are not allowed to remain for more than ten hours a day at their place of work. In addition, after four hours of continuous work, there must be a rest period of one hour, and after five hours, a rest period of one and a half hours. All workers have the right to an uninterrupted weekly rest of 36 hours.

Overtime

The employer must pay 35% over the normal wage for overtime between 44 and 68 hours per week and 100% for overtime surpassing 68 hours per week.

The working day may be extended, but only to the extent necessary to avoid a serious disturbance to the normal operation of the employer's company, in the cases specified by the law.

4.4 Termination of Employment Contracts

Dominican labour law can be considered an "employment at will" jurisdiction, as it allows unilateral termination without cause by either party in indefinite term agreements but establishing the payment of severance and acquired rights when effected by the employer.

Generally speaking, termination of the employment contract is divided into two groups in the case of indefinite term agreements: termination without cause; and termination with cause.

- Termination with cause: termination by the unilateral decision of the employer is justified if the employer is able to prove the existence of a just cause as defined by the Labour Code. Otherwise, termination of employment is considered unjustified, and the employer is required to pay severance as described below.
- Termination without cause: any of the parties in an employment contract has the right to end a contract for an indefinite time via advance notice to the other and without alleging cause.

When the employer exercises their right of dismissal without a cause, it has ten days to pay the worker severance (advance notice and severance) as provided by the Labour Code, plus other acquired rights, as follows:

- advance notice;
- severance pay;
- mandatory Christmas bonus;
- compensation for vacation, if applicable; and
- a profit bonus, within 120 days of the closing of the fiscal year.

4.5 Employee Representations

It is not mandatory for employees to be represented by someone other than themselves. In principle, employees do not have to be informed or consulted by management with respect to decisions regarding the company's operations. However, if decisions that may affect employees' working conditions are to be taken, the employees must be informed of such decisions.

Employees have the right, but not the obligation, to unionise for the representation of their professional interests within their workplace, and employers may not restrict the right of workers to join or refrain from joining a union, or to withdraw from a union to which they belong. The exercise of the right to unionise is an individual prerogative of each worker.

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5. Tax Law

5.1 Taxes Applicable to Employees/ Employers

An employer is under the obligation to withhold income tax on salaries paid to its employees.

All natural and legal persons residing or domiciled in the Dominican Republic will pay income tax on revenue of Dominican source and on revenue of foreign source originating from financial investments and gains.

Currently, individuals residing in the Dominican Republic are subject to income tax ranging from 15% to 25% of their taxable net income for each fiscal year. The exempted annual income is adjusted every year according to the inflation rate for the previous year published by the Central Bank of the Dominican Republic. The annual income of up to DOP416,220 is exempted from income tax and, above that sum, the following scale would apply.

- Annual income from DOP416,220.01 to DOP624,329.00: 15% for the sums exceeding DOP416,220.01.
- Annual income from DOP624,329.01 to DOP867,123.00: DOP31,216.00 plus 20% for the sums exceeding DOP624,329.01.
- Annual income from DOP867,123.01 and above: DOP79,776.00 plus 25% for the sums exceeding DOP867,123.01.

Notwithstanding the foregoing, pursuant to Law 30-26, effective 1 January 2027, annual income of up to DOP480,000.00 shall be exempt from income tax. Annual income in excess of such amount shall be subject to the following progressive income tax rates:

- From DOP480,000.01 to DOP685,000.00: 15% of the amount exceeding DOP480,000.
- From DOP685,000.01 to DOP910,000.00: DOP30,750.00, plus 20% of the amount exceeding DOP685,000.00.
- From DOP910,000.01 to DOP4,800,000.00: DOP75,750.00, plus 25% of the amount exceeding DOP910,000.00.

- In excess of DOP4,800,000.00: DOP1,048,250.00, plus 27% of the amount exceeding DOP4,800,000.00.

Individuals shall be considered resident of the Dominican Republic for tax purposes if they are in the Dominican Republic for over 182 days, continuously or not, during a fiscal year.

National or foreign individuals who come to reside in the Dominican Republic will only be subject to the payment of income tax on their revenues of foreign source from investments and financial gains from the third year or taxable period to be counted from the period on which they became residents. Additionally, if a non-resident employee receives income from a Dominican source, those amounts shall be subject to local taxes, specifically income tax, amounting to 27% for foreign/non-resident individuals and entities.

Complimentary compensation given to an employee is subject to income tax (27%) over the gross amount of such compensation. Housing, transportation, mobile phone charges, among others, is considered as complimentary compensation. Unlike the income tax withholding on the salaries of employees, this tax is to be covered by the employer and not by the employee.

All companies that have salaried employees must be registered with the Social Security Treasury (TSS) and make their payments on a monthly basis as follows.

- Family health insurance (SFS): 10.13% of the quotable salary (7.09% shall be covered by the employer and 3.04% by the employee).
- Pension fund (AFP): 9.97% of the quotable salary (7.10% covered by the employer and 2.87% by the employee).
- Occupational risk insurance (SRL): the employer must pay a fixed fee of 1% on the salary of the employee and an additional variable fee of up to 0.6% on the salary of the employee depending on the risk level of the activities performed by the company.

In addition, the employer must pay the National Institute of Technical Professional Training (INFOTEP) 1%

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of its employee payroll and the employee must pay 0.5% deductible from bonuses.

5.2 Taxes Applicable to Businesses

Dominican tax laws are territorial.

All natural and legal persons residing or domiciled in the Dominican Republic will pay income tax on revenue of Dominican source and on revenue of foreign source originating from financial investments, gains and technical assistance services. For these purposes, technical assistance services refer to the provision of independent management, technical, and consulting services involving the furnishing of non-patentable know-how. Companies incorporated in the Dominican Republic are considered resident for tax purposes as well as foreign entities' branches registered locally and permanent establishments. If the individual or legal entity is not considered resident for tax purposes, then it would pay tax on each revenue of Dominican source and would be taxed on its gross income.

A "permanent establishment" is defined as a fixed place of business in which a natural person, legal entity or foreign entity carries out all or part of its activities, such as: headquarters, offices, branches, commercial agencies, factories, workshops, mines, oil or gas wells, quarries or any other place of extraction of natural resources, assembly projects, including supervision activities thereof. It also includes construction or supervision activities derived from the sale of machinery or equipment when their cost exceeds 10% of the sale price of said goods, business consulting services, provided they exceed six months within a fiscal year, and representatives or agents, when the representatives or agents of a legal entity would generate a risk of a taxable presence for such legal entity when they carry out all or almost all of their activities in the Dominican Republic on behalf of the legal entity.

The main applicable taxes to companies doing business, among other, are set out below.

- **Income tax:** any earning or benefit obtained from a good or activity and all the benefits, profits received or accrued, and capital gains made by the taxpayer, whatever their nature, origin or denomination, shall be deemed as "income". The

applicable annual income tax on the net income of legal entities, resident or with a registered permanent establishment in the Dominican Republic is 27%. Pursuant to Law No 30-26, on a transitional basis, taxpayers whose reported income equals or exceeds DOP1 billion shall be subject to an income tax rate of 30% for fiscal years 2026, 2027, and 2028. Beginning with fiscal year 2029, the rate will revert to 27%.

- **VAT:** the transfer of industrial goods and services (ITBIS, which is the local VAT equivalent) tax rate applicable to the transfer of products, the import of industrialised goods and the provision of services to the local market is 18%.
- **Tax on assets:** 1% tax on the value of its assets (not adjusted for inflation, and applying the deduction for depreciation, amortisation and reserves for uncollectable accounts). Pursuant to Law No 30-26, companies operating in the agricultural sector are fully exempt from the assets tax.
- **Capital gains tax:** this tax must be paid by any individual or legal entity that transfers or disposes of capital assets subject to this tax. To determine the capital gain, the fiscal cost of the respective good or capital asset will be deducted from the sale price or disposal value. The rate is 27% for companies. Pursuant to Law No 30-26, capital gains derived from the transfer of real estate by individuals are subject to a flat 10% tax. Exemptions apply where: (i) the transferred property is the seller's primary residence, and the full proceeds are reinvested in a new primary residence within six months (with a proportional exemption if only a portion of the proceeds is reinvested); or (ii) the seller is aged 65 or older, regardless of reinvestment. Law No 30-26 expressly incorporates digital assets and crypto-assets into the Tax Code as capital assets.
- **Real estate transfer tax:** 3% tax on the greater of the acquired real estate property's total value or its fiscal value, applicable to acts of real estate property transfer (purchase and sale agreements, exchanges, deeds in lieu, adjudications, contributions to trusts, etc).
- **Transfer tax (motor vehicles):** 2% tax on the greater of the acquired motor vehicle's total value or its fiscal value.

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- Withholdings on dividends: dividends from Dominican sources are subject to a single and definitive withholding of 10%. Those dividends from foreign sources are considered financial gains and are taxed at a rate of 27% for companies and 25% for individuals.

Other withholding obligations include:

- 27% on payments made abroad; with the exception of: (i) royalties and rights paid to non-residents, which are subject to 15% on the gross amount as a final tax; and (ii) software licences, online advertising services and data storage rights paid to non-residents, which are subject to 15% on the gross amount as a final tax, unless the payment constitutes a genuine transfer of software ownership by the developer or owner of the programme, in which case it is exempt.
- 10% on interest paid to non-resident individuals or companies;
- withholding on employees' salaries based on a progressive scale with a cap up to 27% effective 1 January 2027, and other contributions to the National Social Security System and INFOTEP; and
- 15% on fees, commissions and other payments for the provision of services in general.

Custom duties and tariffs apply to the importation of goods, with the exceptions and provisions established in different international treaties signed by the country.

In connection to Pillar Two of the Global Anti-Base Erosion Model Rules (GloBE) published by the Organisation for Economic Co-operation and Development (OECD), the Dominican Republic's income tax rate applicable to MNE (Multinational Enterprises) complies with the minimum global tax set forth by the OECD, ie, 15% (the Dominican Republic's current rate for corporate income tax is 27%). Likewise, the current rate for taxes over the payment of interests, dividends and royalties is 10% (higher than the 9% proposed by the OECD for the same concept). In this context, since the Dominican Republic already complies with Pillar II of the GloBE rules, the introduction of domestic top-up tax is not required. Nevertheless, as explained in **5.8 Tariffs**, there are certain special

tax regimes that grant an exemption from corporate income tax, such as the free trade zones regime.

5.3 Available Tax Credits/Incentives Tax Incentives

The main tax incentive regimes are for:

- free trade zones;
- comprehensive border development;
- tourism development; and
- renewable energy.

Free Zones

Free zones are granted the following tax incentives and exemptions for legal entities classified as free zone companies according to the procedure established by law:

- tax on the incorporation of companies and on capital increases;
- income tax;
- import duties, tariffs, custom rights and other taxes affecting raw materials, equipment, parts of buildings, etc, destined for construction, preparation or operation within free zones;
- all existing export and re-export taxes, with certain exceptions those regarding import tariffs;
- construction taxes, taxes on loan agreements and on registration and transfer of real estate property from the date of formation of the free zone operator;
- free zones are exempted from giving their employees a yearly company bonus; however, free zones are still required to pay to their employees a Christmas bonus;
- consular fees; and
- taxes on assets and ITBIS.

Comprehensive Border Development

Law No 12-21 creates the special zone for comprehensive border development (SBDZ) and an incentive regime, which covers the Dominican Republic provinces of Pedernales, Independencia, Elías Piña, Dajabón, Montecristi, Santiago Rodríguez and Bahoruco, providing the following tax incentives and exemptions for legal entities classified according to the procedure established by law.

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- Selective tax on consumption, applicable to telecommunications and insurance services for the facilities of the project located in the SBDZ.
- Tariffs and ITBIS on machinery and equipment imported or acquired in the local market, as applicable, required for the installation and start-up of the company.
- ITBIS on the acquisition and import of inputs and raw materials used in the production of goods exempt from ITBIS in accordance with current tax legislation.
- 50% of ITBIS on the acquisition and import of inputs and raw materials used in the production of goods which are not exempt from ITBIS in accordance with the current tax legislation.
- Tariff on the import of inputs and raw materials used for the production of goods, only when they are not produced in the Dominican Republic.
- Real estate transfer tax and other taxes related to real estate operations on the land and infrastructure where the classified project will be developed.
- Taxes, fees and registration rights related to the capital gain and transfer of shares in companies with registered offices within the SBDZ.
- Exemption from the obligation to withhold and pay to the Tax Department payments abroad for technological innovation services required by the classified project exclusively during construction and start-up.

Tourism Development

Under Law No 158-01 for the Promotion of Tourism Development, companies domiciled in the Dominican Republic that qualify to benefit from the incentives of such law are exempt from paying:

- income tax, as established under Law No 158-01;
- national and municipal taxes charged for using and issuing construction permits, including the acts of land purchase, provided they are used as authorised by Law No 158-01; and
- import taxes and other taxes, such as rates, rights, surcharges, including ITBIS that are applicable to the equipment, materials and furniture that are necessary for the first equipment and commissioning and the tourist facility in question.

Renewable Energy

All projects of public, private or mixed facilities that generate energy from the following renewable sources may benefit from the incentives provided in Law No 57-07 on Incentives to the Development of Renewable Energy Sources and its Special Regimes, as amended, upon prior approval, according to the procedure established by law:

- wind farms with an initial installed capacity that does not exceed 50 MW;
- hydroelectric facilities of which hydroelectric capacity does not exceed 5 MW;
- electro-solar (photovoltaic) installations of any type and of any power level;
- solar thermal installations (concentrated solar energy) of up to 120 MW of power per plant; and
- facilities that produce energy from biomass up to a generated power capacity of 150 MW.

The main applicable incentives for the renewable energy regime are:

- an exemption from import taxes and VAT; and
- a ten-year income tax exemption; and
- a reduction of taxes on external financing: a 5% reduction of the tax for payment of interest from external financing, only in relation to interest payments to financial institutions.

5.4 Tax Consolidation

Tax consolidation is available and can be requested by the interested party or declared ex-officio by the Tax Administration to prevent tax evasion or to clearly reflect the income of any of the organisations or companies of an economic group.

5.5 Thin Capitalisation Rules and Other Limitations

The Dominican Republic has thin capitalisation rules. The maximum debt-to-equity ratio for the purposes of deduction of interest is 3:1. Per the Dominican Tax Code, the amount for interest deduction may not exceed the value resulting from multiplying the total amount of interest accrued in the tax period (1) by three times the relationship between the average annual equity balance (C) and the annual average bal-

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ance of all debts (D) of the taxpayer that accrue interest: 1×3 (C/D).

5.6 Transfer Pricing

Transfer pricing rules are applicable, whereby transactions between related parties are regulated. Transactions between a resident and a related natural person, legal person or entity must be carried out in accordance with the prices that would have been agreed between independent parties in comparable transactions and under the same or similar circumstances.

Such rule also applies when a resident conducts commercial or financial transaction with:

- a related resident; or
- physical or legal persons or entities domiciled, incorporated or located in territories with preferential tax regimes, low or no taxation, or tax havens, whether the latter are related or not.

When the prices agreed for commercial or financial transactions between companies in scope of this provision do not adjust to the values of similar transactions between independent companies, the Dominican Tax Administration may challenge them and make the corresponding adjustments.

Taxpayers must file a transfer pricing information return (DIOR) with respect to transactions with its related parties, which must be filed annually within 180 days after the fiscal closing date.

When operations made with related parties exceed DOP12,193,981.70 in the fiscal year, the taxpayer must have prepared a transfer pricing study or report on the process of the assessment of prices agreed between the related parties at the time of filing the DIOR.

5.7 Anti-Evasion Rules

Tax evasion is incurred by those who, through actions or omissions that do not constitute any of the infractions provided for in the Tax Code, produce or could produce an illegitimate decrease in tax revenue, the improper granting of exemptions or damage to the creditor of the tax obligation.

Tax evasion is considered an infraction under the Dominican Tax Code and is sanctioned with a monetary penalty of up to two times the amount of the omitted tax, without detriment to the possibility of the Tax Administration ordering the closing of the establishment of the offender, if applicable.

5.8 Tariffs

The applicable tariff regimes in the Dominican Republic are established by Customs Law No 168-21. Ad valorem duties on imported goods are set forth under Law No 146-00 on Tariff Reform, as amended.

The importation of goods into the Dominican Republic is subject to the following.

Custom Duties (Tariffs)

Goods are subject to seven different tariff rates, depending on the type of good: 0%, 3%, 8%, 14%, 20%, 25% and 40%.

Excise Tax (ISC)

Excise Tax is the tax applied to the transfer of certain domestically produced goods at the manufacturing level, as well as their importation, and the provision or leasing of specific services, such as telecommunications services, insurance services and financial transactions. Imported goods such as alcohol, tobacco, hydrocarbons, among others, are subject to this tax. The rate will depend on the type of product or service offered.

Alcoholic products are taxed through fixed amounts determined by the volume of pure alcohol content, along with an additional 10% ad-valorem based on the suggested retail price.

Tobacco products are subject to fixed amounts depending on the cigarette type, plus a 20% ad-valorem applied to the suggested retail price.

Telecommunications services are taxed at a rate of 10%, while insurance services generally carry a 16% tax. Pursuant to Law No. 30-26, the tax rate applicable to life insurance is reduced progressively: 11% in 2027, 6% in 2028, and fully exempt as of 2029. Non-life insurance services remain subject to the standard 16% rate. Hydrocarbons are taxed through specific

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amounts per gallon, in addition to a 16% ad-valorem. Other goods are taxed based on the fixed amounts established under the Tax Code.

Value Added Tax (ITBIS)

The ITBIS rate applicable to the transfer of products, the import of industrialised goods and the provision of services to the local market is 18%, calculated based on the net transfer price of the good or service, in accordance with the Tax Code.

The Dominican Republic has five trade agreements:

- the Dominican Republic–Central America–United States Free Trade Agreement (DR-CAFTA);
- the CARIFORUM–European Union Economic Partnership Agreement (EPA);
- the Dominican Republic–Central America Free Trade Agreement (TLC RD/CA);
- the Dominican Republic–Caribbean Community (CARICOM) Free Trade Agreement; and
- the Trade Agreement between the Dominican Republic and the Republic of Panama.

The Dominican Republic grants preferential tariffs to countries with which it has a free trade agreement, which benefit from reduced or zero tariffs on most goods. Additionally, certain sectors benefit from tariff or custom duty exemptions, including free trade zones, renewable energy projects, tourism development, non-profit organisations.

Tariffs are often higher on:

- agricultural products (poultry, rice, beans, dairy, onions and garlic, sugar, corn and wheat flour) to protect local producers;
- beverages (beer, rum) to protect local industries; and
- textiles (higher on Asian and other non-preferential countries).

Because of recent global developments, the Dominican economy may face both potential benefits and difficulties. Higher gold prices may boost export revenues, while higher tariffs and a slowdown in global trade could negatively affect the textile and manu-

facturing industries, potentially resulting in reduced investment inflows.

The United States is the Dominican Republic's most significant bilateral trading partner, representing 53.5% of the country's total exports, valued at over USD7.6 billion in 2025.

The Dominican Republic is among the countries with the lowest reciprocal tariff rate (10%).

6. Competition Law

6.1 Merger Control Notification

As a general rule, Competition Law No 42-08 does not create a notification regime for merger and acquisition transactions but companies in specific industries are subject to the requirements established by their corresponding regulators and sectorial laws.

Mergers and acquisitions are subject to notification in the case of telecommunications companies, insurance, reinsurance and insurance intermediation companies, as well as financial intermediation entities, companies which are the beneficiaries of public concessions for electricity generation and mining, pension fund administrators and companies making public offerings.

6.2 Merger Control Procedure

Law No 42-08 does not set forth a merger control procedure but companies in specific industries are subject to the requirements established by their corresponding regulators and sectorial laws.

In the case of telecommunication companies, written notice should be given to the authorisations department of the Institute of Telecommunications (*Instituto Dominicano de las Telecomunicaciones* – INDOTEL) prior to the closing of any transaction which implies, directly or indirectly, the loss or possibility of loss, on the part of the seller or assignor, of corporate control, or the possibility of forming the corporate will of the company which holds the authorisation to operate as a telecommunication service provider in the Dominican Republic. If INDOTEL determines that prior authorisation is required in order to execute the trans-

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action, the telecommunications service provider must comply with the procedure provided for in INDOTEL's Regulation for Authorisations.

Authorisation of change of control is issued by INDOTEL via a resolution. The process takes at least 97 business days.

In the case of free zone companies, a change in their shareholding structure requires a formal notice to be given to the National Council of Free Export Zones (*Consejo Nacional de Zonas Francas de Exportación* – CNZFE), which may be given after the transaction has closed or the change is effective. This notice is not legally mandated and is made purely for informational purposes. No prior authorisation is required for changes to the shareholding structure of a free zone company.

6.3 Cartels

Law No 42-08 governs anti-competitive agreements and practices. It prohibits all practices, acts and agreements between competitor economic agents, be it express or implicit, in writing or verbal, that have for effect imposing unjustified barriers in the market.

Law No 42-08 is a public policy law whose purpose is to promote and defend effective competition with the aim of increasing economic efficiency in goods and services markets with a view to generating benefits and value for consumers and users of said goods and services in the Dominican territory. It is applicable to all economic agents, legal or natural persons, governed by private or public law, for profit or non-profit, foreign or domestic, that do business in Dominican territory. It is also applicable to:

- acts, agreements or conducts, including those derived from a dominant position, that originate outside the Dominican territory, if they have restrictive effects on competition within the national territory; and
- acts, agreements and administrative provisions that have the effect of restricting competition.

Law No 42-08 basically regulates:

- concerted practices;

- abuse of dominant position; and
- unfair competition.

The National Commission for the Defence of Competition (*ProCompetencia*) is the authority in charge of ensuring the protection of free competition in the Dominican Republic.

In certain regulated sectors, the applicable sectorial laws contain provisions regarding the defence of free competition that delegate functions in this area to the regulator of the sector in question (eg, INDOTEL in matters of telecommunications).

6.4 Abuse of Dominant Position Economic Dependence

The abuse of economic dependency, the economic subordination of one contracting party to the other in a given contract, is not regulated. There are legal provisions, such as Consumer Protection Law No 358-05, that prohibit abusive clauses in adhesion contracts in commercial relations with consumers (B2C). The commercial or contractual relationships between professionals (B2B) are governed based on the principle of “the free will to contract” and Article 1134 of the Dominican Civil Code, which establishes that legally formed agreements have the force of law between the parties.

Abuse of Dominant Position

Law No 42-08 prohibits the abuse of dominant position. Pursuant to the provisions of this Law, dominant position is defined as the control of the relevant market enjoyed by an economic agent, by itself or jointly with others, that gives it the power to hinder the maintenance of effective competition or allows it to act in said market regardless of the behaviour of its competitors, clients or consumers.

The possession of a dominant position in the market or its increase, by itself, does not constitute an offence under the law, only its abuse.

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7. Intellectual Property

7.1 Patents

A patent is an exclusive right granted by the Dominican state to inventions and utility models and gives the inventor exclusivity for its exploitation for a fixed period of time. According to Law No 20-00 on Industrial Property (“Law No 20-00”), an invention is any idea or creation of the human intellect capable of being applied to industry that meets the patentability conditions set forth in the applicable legal framework and may refer to a product or a procedure. To be patentable, the invention must be capable of industrial application, be novel and have an inventive level.

Likewise, a utility model is considered to be any new form, configuration or disposition of elements of any artifact, tool, instrument, mechanism or other object, or of any part of it, that allows a better or different operation, use or manufacture of the object that incorporates it, or that provides some usefulness, advantage or technical effect.

The right to the patent belongs to the inventor and is obtained through its registration before ONAPI’s inventions department. However, it can be transferred.

The Dominican Republic is a contracting party to the Patent Cooperation Treaty (PCT). The PCT is an international co-operation agreement that allows applicants to apply for patent protection for an invention in multiple countries at the same time by filing an “international” patent application before the national patent office of the contracting state of the nationality or domicile of the applicant or before the International Office of the World Intellectual Property Organization (WIPO). Consequently, the Dominican Republic can be automatically designated in any international application, and nationals and residents of the Dominican Republic have the right to file applications under the PCT.

The patent application must contain the details of the applicant and the inventor(s), and a Spanish translation of the specification, including the description, claims, drawings and sequence listing, if applicable, and the priority claim declaration and certified copy of the priority document, if applicable. Once filed,

ONAPI’s inventions department oversees the formal examination of merits of the application.

The scope of the patent protection is to exclude third parties from the exploitation of the invention. However, legislation contemplates some limitations as long as they do not unreasonably conflict with the normal exploitation of the patent or cause unreasonable prejudice to the legitimate interests of the patent holder, taking into account the legitimate interests of third parties.

The law establishes criminal and economic sanctions for the infringement of a patent. The owner of a patent can initiate civil or criminal actions before a court with jurisdiction against any person who infringes the rights granted by the law, including petitioning for conservatory measures.

The invention patent has a duration of 20 non-extendable years, commencing from the filing date of the application in the Dominican Republic. However, under DR-CAFTA and Law No 20-00, the titleholder of a patent may request a patent term adjustment (PTA) if there is an unreasonable delay in the patent granting process incurred by ONAPI’s inventions department. Compensation may be requested for a maximum of three years if ONAPI incurs in a delay of more than five years in the granting of the patent or more than three years from the date of the request for an examination on the merits. To maintain a patent or a patent application, the applicant must pay annual fees.

The utility model patent expires after 15 non-extendable years, commencing from the filing date of the patent application in the Dominican Republic.

7.2 Trade Marks

Law No 20-00 defines a trade mark as any sign or combination of signs capable of graphic representation that allows the products or services of a company to be distinguished from the products or services of other companies.

The right to the exclusive use of a trademark is acquired through its registration before ONAPI.

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After the trade mark application is filed before ONAPI, the distinctive signs department proceeds with the formal evaluation of the merits. Once the trade mark is approved, it is published in the Official Gazette of ONAPI. After the publication, any third party may file an opposition against the application for registration, within a period of 45 days from the notice's publication date. After this period has elapsed, and if no oppositions are filed, ONAPI proceeds to grant and register the trade mark.

Upon registration, a trade mark is valid for ten years from the date on which the registration certificate is issued and may be renewed for successive periods of ten years following the expiration date. The owner has a grace period of six months to proceed with the renewal, after the expiration date.

The law establishes criminal and economic sanctions for unauthorised commercial use of a registered trade mark or a fraudulent imitation of a trademark, in relation to the products or services that it distinguishes, or to related products or services. The owner of a registered trade mark can initiate administrative actions against applications or registered trade marks that affect their trade mark, or file civil actions before the relevant court against any person who infringes the rights granted by law, including petitioning for conservatory measures.

7.3 Industrial Designs

According to Law No 20-00, an industrial design is any collection of lines or combinations of colours, or any two-dimensional or three-dimensional external shape that is incorporated into an industrial or handicraft product, including parts intended for assembly in a complex product, the packaging, presentation, graphic symbols and typographic characters, excluding computer programs, to give it a special appearance, without changing the destination or purpose of said product.

The right to obtain the protection of an industrial design belongs to the designer(s).

The protection is acquired via registration before the inventions department of ONAPI, provided that it is a new design and has a unique character.

The protection of an industrial design does not include the elements or characteristics of the design determined solely by the performance of a technical function that does not incorporate any arbitrary contribution of the designer or that its reproduction is necessary to allow the product that incorporates it to be mechanically assembled or connected with another product of which it constitutes a part or integral piece. The scope of its protection is to exclude third parties from the exploitation of the industrial design.

The application must be filed before ONAPI, including the details of the applicant, the designer, a brief description of the visible characteristics that appear in each graphic or photographic representation, and the drawings and/or photographs of the industrial design. Once the application is filed, ONAPI's inventions department proceeds with the evaluation of the application to verify if meets the requirements established to grant protection over the industrial design.

The duration of the registration is five years, and it may be extended for two additional periods of five years by paying the established extension fee.

7.4 Copyright

Copyright is regulated by Law No 65-00 on Copyright.

Pursuant to Law No 65-00, copyright includes the protection of literary and artistic works, the literary or artistic form of scientific works, including all creations of the mind in the indicated fields, whatever the mode or form of expression, dissemination, reproduction or communication, or gender, merit or destiny.

It is important to note that, unlike trademarks, the author's right is an immanent right that is born with the creation of the original work. The formalities that Law No 65-00 enshrines are to give publicity and greater legal certainty to the holder of the rights, and the omission does not harm the exercise of their rights. Therefore, the registration of these works is not mandatory.

The National Copyright Registry of the National Office for Copyright (ONDA, by its Spanish acronym) is in charge of the registration of the works, performances, productions, including phonograms and broadcasts

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protected by Law No 65-00, acts and contracts that refer to copyright or related rights.

The limitations and exceptions to copyright are of restrictive interpretation and may not be applied in such a way that they violate the normal exploitation of the work or cause unjustified damage to the interests of the owner of the respective right.

The owner of the copyright or a related right, successors in title, or whoever has the conventional representation of the same, has the right to decide how they will initiate and proceed in the exercise of the rights conferred by law. Law No 65-00 contemplates administrative sanctions, such as fines and civil and criminal liability for violation of copyright.

The copyright over a work is divided into moral and economic rights. Regarding moral rights, the author has a perpetual, imprescriptible and inalienable right to claim paternity over the work. While, economically, the rights correspond to the author during their life and to the spouse and successors for 70 years from the death of the author. For some works, such as anonymous and collective works, the protection starts from the publication or from its creation, if it is not published within 50 years from its creation.

Protection for a computer program is 70 years from publication or from its creation, if it is not published within 50 years from its creation.

7.5 Others

Computer Programs

Software, or computer programs, as they are regulated by Law No 65-00 on Copyright, are protected in the same terms as literary works, whether source programs or object programs, or by any other form of expression, including technical documentation and user manuals.

A computer program is defined by Law No 65-00 as the expression of a set of instructions through words, codes, plans or in any other way that, when incorporated into an automated reading device, is capable of making a computer or other type of machine execute a task or obtain a result.

The protection of software extends to both operating and application programs, in source code or in object code, as well as technical documentation and user manuals.

Databases

In the Dominican Republic, databases are also recognised as literary works.

The protection extends to the bases or compilations of data or other materials that are legible by machine or in any other way that, further to the selection or provision of its contents, constitute creations of an intellectual nature. However, the protection does not extend to the compiled data or information.

Trade Secrets

Trade secrets are regulated by Law No 20-00 on Industrial Property. They are identified as business secrets and defined as any undisclosed commercial information that a natural or legal person possesses that can be used in any productive, industrial or commercial activity, and that is likely to be transmitted to a third party.

According to the law, a business secret shall be recognised as such for purposes of its protection when the information which constitutes it:

- is not generally known or easily accessible by persons who are in the circles that normally manage the respective information; and
- has been subject to reasonable measures taken by its legitimate owner to keep it secret.

Law No 20-00 establishes that actions considered unfair competition with respect to a business secret are:

- exploiting it without the authorisation of the legitimate owner; and
- a business secret to which access has been obtained subject to a confidentiality obligation, resulting from a contractual or employment relationship.

It is important to take into account that the law does not establish specific sanctions for the violation of

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rights over business secrets, therefore, it is presumed that any remedy falls on the civil liability regime for violating the provisions of the aforementioned law or for breach of contract in the event of a confidentiality agreement or contractual relationship between the owner of the secret and the person who exercises the infringement.

8. Data Protection

8.1 Applicable Regulations

The Dominican Republic's Constitution recognises the fundamental nature of an individual's right to honour, respect and non-interference in one's private life. It also enshrines the fundamental principles that govern the treatment of personal data, notably, the principles of reliability, legality, integrity, security and purpose.

Law No 172-13 on the Protection of Personal Data is the general law for the protection and processing of personal data. This Law:

- governs the collection, storage, safekeeping, use and access rights to personal data recorded in files, databases and registries for the issuance of public or private reports; and
- regulates the incorporation and operation of Dominican credit bureaus.

Monetary and Financial Law No 183-02 imposes on banks and other regulated financial institutions:

- secrecy requirements;
- a legal obligation to maintain confidentiality regarding deposits received from the public and to refrain from revealing information in a detailed or segregated manner that could reveal the identity of their customers or account holders; and
- a confidentiality obligation, which prohibits banking entities from releasing personal banking data, except for the reasons provided for under the Law.

Additionally, the Dominican Republic's legal system has, in writing, some of the general principles instituted by the General Data Protection Regulation (GDPR), using consent as the justification for the processing of personal data. Hence, it is important to point out that

the Dominican Republic is a consent-based market with respect to the processing of personal data.

8.2 Geographical Scope

Even if processing of information is carried out abroad, if a foreign company targets customers in the Dominican Republic, there is a risk that customers may claim the collection of data takes place in the Dominican Republic and, accordingly, the provisions of Law No 172-13 would apply to the collection and treatment of data in the Dominican Republic.

The "treatment of personal data" is defined as:

- any operations or processes that allow for personal data processing, such as the collection, creation, storage or organisation of personal data;
- the evaluation or analysis of such personal data; or
- the transmission of such personal data.

Law No 172-13 applies to all data controllers that collect information in the Dominican Republic and is of public order (ie, mandatory, and the parties may not opt out of its provisions). The definition of treatment is considerably broad under Law No 172-13 and includes operations and procedures that entail the collection of information as well as its processing per se.

Personal data may only be transferred internationally if the owner of the data expressly authorises such transfer. The processing and transfer of personal data is unlawful when the owner of the data has not given their free, explicit and conscious consent, which shall be in writing or by other means to equate to it. Said consent must appear expressed in a provable way.

8.3 Role and Authority of the Data Protection Agency

Data Protection Authority

The Dominican Republic does not have a national data protection authority. However, Law No 172-13 provides that databases and registries, whether public or private, intended to provide credit reports (ie, credit bureaus) are subject to the inspection and supervision of the Superintendency of Banks. Hence, save for the Superintendency of Banks of the Dominican Republic, which regulates personal data matters in

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connection with banking matters, there is no data protection authority that supervises compliance with the legal framework.

Habeas Data

In that sense, most of the claims must be resolved utilising the general or common procedures that Dominican courts have instituted. The Constitution of the Dominican Republic provides any person with the opportunity to initiate a “habeas data” claim. A habeas data claim is a legal action through which any person can confirm the existence of their personal data in registries, as well as the content of said data. Through habeas data, in the event of falsehood or discrimination, the person may also request the suspension, rectification, confidentiality or update of the data.

9. Looking Forward

9.1 Upcoming Legal Reforms

Proposed Amendment to Competition Law No 42-08

A draft bill recently submitted to the Executive Branch by *ProCompetencia* would comprehensively overhaul and repeal Competition Law No 42-08, introducing, among other reforms, a pre-merger notification regime for the first time. Under the proposal, parties to mergers, acquisitions, or other transactions involving the acquisition of control would be required to notify the Antitrust and Economic Competition Authority (*Autoridad Nacional Antimonopolio y Competencia Económica* – ANACE) - the proposed new name for the current regulator, *ProCompetencia*- prior to closing.

Two key features of this proposal merit attention. First, the introduction of an ex-ante merger control regime represents a significant change for a small economy such as the Dominican Republic, where minimum efficient scale often represents a significant share of the relevant market. A more practical approach would be to focus on policies that enable robust ex post enforcement against abuses of dominant position, among others, in order to preserve transactional efficiency. Second, the filing threshold is drawn too broadly. Notification would be triggered whenever the parties - jointly or individually - generated gross revenues exceeding DOP200 million in the prior fiscal year, a low bar that risks capturing transactions that raise no genuine competition concerns, unnecessarily increasing costs and extending closing timelines. This concern is further compounded by the absence of an automatic inflation adjustment mechanism, which would leave any future threshold adjustment to ANACE’s board’s discretion, without a safeguard against its progressive erosion in real terms.