



GOBIERNO DE  
EL SALVADOR

Invest in El Salvador



**LAW FOR THE PROMOTION  
OF INNOVATION AND  
TECHNOLOGY  
MANUFACTURING**

# Objective of the Law

Contribute to the economic growth and sustainable development of the country by strengthening competitiveness through the promotion of innovation and the manufacture of technology developed in the national territory



A magnifying glass is positioned over a bar chart. The chart shows two groups of bars, each labeled 'Q2' and 'Q3'. Each group contains two bars, one blue and one green. The magnifying glass is focused on the 'Q2' group, showing the blue bar is taller than the green bar. The background is a light blue gradient.

# Authorities

- Ministry of Economy: law implementation
- Ministry of Finance: surveillance and effective control of the customs and tax regime

# Beneficiaries

- Natural or legal persons, national or foreign, that develop within the national territory a new investment in innovation projects or technological manufacturing
- Exclusions: investments made prior to the law; natural or legal persons who enjoy other special tax regimes (Free Zones, Parks and International Service Centers)



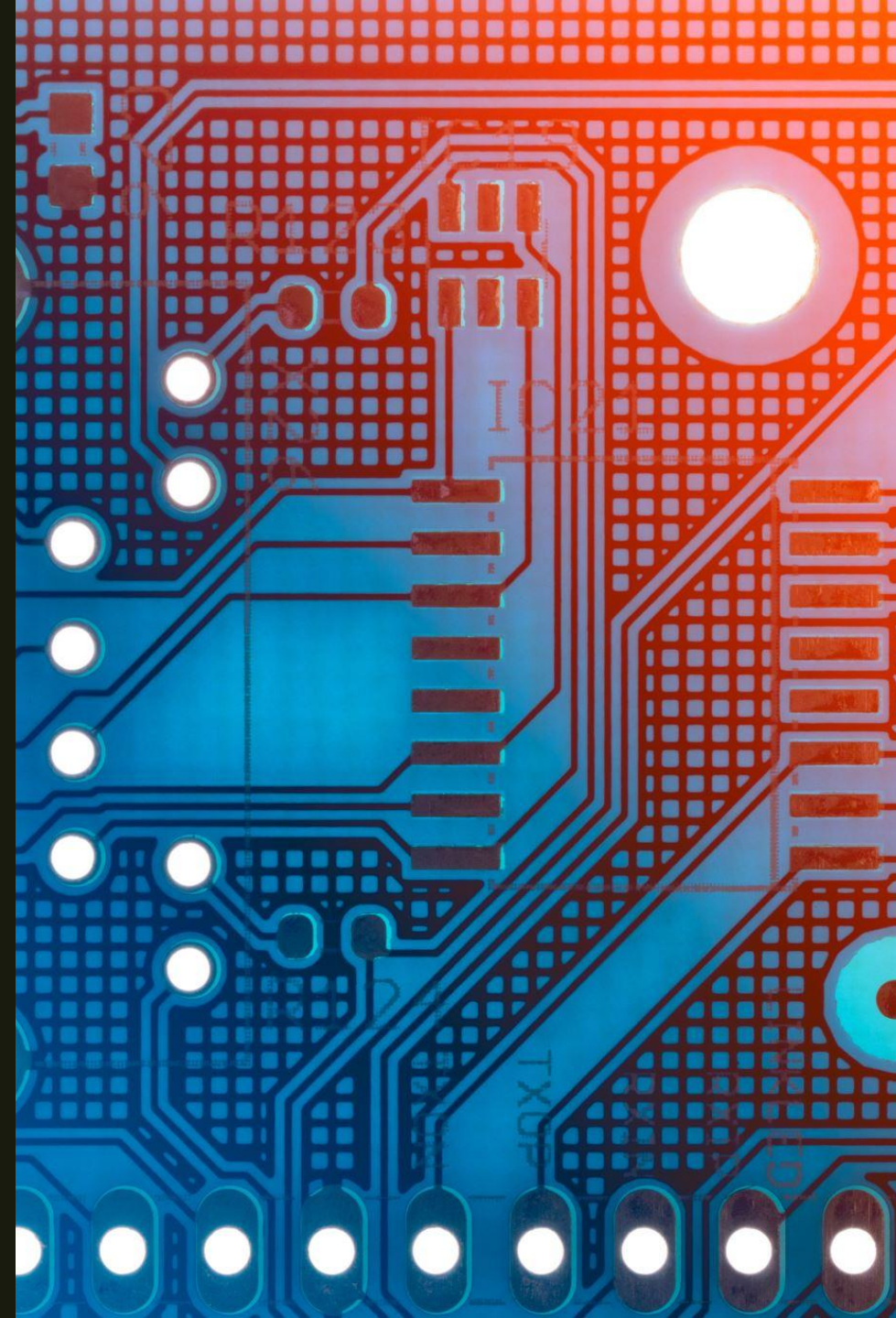


# Incentivized activities

- a. Programming, management, maintenance, consulting and analysis of computer systems or software
- b. Development and commercialization of cloud computing and data flow services; artificial intelligence, big data analysis; distributed ledger technology; cybersecurity solutions; quantum computing;
- c. Technologies based on the manufacture of parts, materials and equipment or facilities, assembly, including manufacturing plants for technological equipment or hardware, semiconductors, communications technology, robotics, nanotechnology, aircraft and unmanned vehicles;

# Incentivized activities

- d. Engineering and systems technologies necessary to integrate basic industrial technologies into global production chains;
- e. New sources of energy generation and storage, that do not currently exist within the national energy matrix, which will be subject to the corresponding authorizations and concessions as the case may be;
- f. Research and Development of new technologies.





# Tax incentives

- a. Total exemption from Income Tax related to incentivized activities;
- b. Exemption from all types of withholdings of Income Tax related to incentivized activities;
- c. Total exemption from municipal taxes on the net assets declared by the beneficiaries;

All incentives are awarded for 15 years



# Tax incentives

- d. Exemption from payment of Capital Gain;
- e. Total exemption from payment of Import Tariff Duties and taxes levied on the importation of goods, inputs, machinery, equipment and tools necessary for the development of the incentivized activities.

All incentives are awarded for 15 years



# Important notes

- The law does not require a minimum investment or a minimum number of jobs to apply for benefits
- The beneficiaries must allocate, within the company's operating budget, at least 5% for Research, Development and Innovation



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Legal Services  
Invest in El Salvador