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Bolivian Senate To Approve Single Value Added Tax Rate For Domestic & Foreign Companies

by Barbara Khol
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On April 20, Jorge Torres, president of the Senate economy committee, said ruling party senators will soon approve an amendment to the investment law of 1990 that would impose the same value added tax (IVA) rate on all foreign and domestic companies. The congress is also expected to approve a 40-year joint risk contract between the government and US-based FMC-Lithco for exploitation of the Salar de Uyuni, the world's largest lithium deposit. Ruling party senators decided to accept a request by Lithco to reduce the IVA from 13% to 10%. The reduction was then extended to all domestic and foreign companies. In February, the executive finalized the contract with Lithco. With the tax rate reduction, Lithco's tax bill was cut by an estimated US$81 million per year. (See Chronicle 09/03/91, 02/13/92 for previous coverage of Lithco contract.) (Basic data from Notimex, 04/20/92)

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