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**Editors Note. RB's Second Anniversary. By A. Noboa Pagán.**

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We are pleased to inform that Regulatory Briefing –“BR”– reaches, with this edition, its second anniversary.

To benefit of our readers we have organized a chronological and a thematic index, containing all published bulletins, to this date. If you wish to consult the database with the published bulletins, go to our website [www.noboapagan.com](http://www.noboapagan.com).

**Financial and monetary. The Junta Monetaria (Monetary Board) dictates its First Resolution on the issuance of Mortgage-Backed-Securities. By Y. Martínez Oller.**

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Recently, on September 7<sup>th</sup>, 2006, the Monetary Board dictated its First Resolution, ruling the Mortgage-Backed-Securities (MBS) that will be issued by financial intermediation entities.

The MBS are debt securities emitted by financial intermediation companies for the purpose of financing mortgage loans. The issuance of these securities by the companies authorized to emit securities is ruled by the Financial and Monetary Law, by the Stock Market Law and is regulated by the First Resolution of the Monetary Board.

According to this resolution financial intermediation companies will be able to grant mortgage loans by issuing MBS in an amount equal to said loan, registering them previously in the Ministry of Banks. The definition of mortgage loans should be that used for Home Mortgage Credits, in accordance with the Regulation on Assets Evaluation. Likewise, they will be able to emit MBS to grant loans for the refinancing of valid mortgage loans.

The MBS offered under this resolution will be weighed as other home mortgage credits for the measurement of the assets considered for risks and they should be granted following certain characteristics, among those are:

1. They will not be able to exceed eighty percent of the lesser value between the value of appraisal and the sales price of the real asset offered in guarantee.
2. It should be guaranteed with first rank mortgages on the financed real asset.
3. They will be able to be granted with a 30 years maximum, and 5 years minimum term and this term should be equal to that of the corresponding mortgage loan.

The financial intermediation companies should have a MBS Register to keep control of the issued MBS with relation to the register kept by the Ministry of Banks. Also, they should publicly report



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the essential characteristics of MBS, such as amount, series, numbering, interest, term, etc.

**Fiscal. The DGII dictated Guideline No. 05-06 on reimbursement to exporters and Guideline No. 06-06 on turnover to incentive laws beneficiaries. By Y. Martínez Oller**

As a result of the recently emitted Ruling on Regulation, Printing, Emission and Delivery of Fiscal Vouchers (Regulation No. 245-06), the DGII dictated Guideline No. 05-06 on reimbursement to exporters and Guideline No. 06-06 on turnover to incentive laws beneficiaries.

**Guideline No. 05-06 on reimbursement to exporters**

The companies or private persons that perform exporting activities should register as such in the DGII before December 31, 2006. To this effect, exporters will be required to render data on the exports of the last 12 months certified by the CEI-RD; copy of the Registration of the Dominican Association of Exporters; and, finally, their data brought up to date from the National Contributors Register.

All ITBIS related credits declared and registered by exporters, paid in purchases and local services should have as backup valid invoices for

fiscal credit, including the fiscal voucher number established by articles 7, 8 and 9 of the Regulation No. 245-06.

The exporters that consent to registration under this ruling will be able to opt for applying to the administrative silence tax system indicated in Law 557-05 of Tax Reform, which establishes:

*"For the compensation or refund of credit balances indicated in the present article, the Tax Administration will have a term of two (2) months [..] If in the indicated term of two (2) months the Tax Administration has not emitted its decision on the reimbursement or compensation requested, the silence of the Administration will supply the same effects as the authorization."*

The ITBIS statements and reports of local purchases should be rendered through the DGII's Virtual Office, as should the request for the initiation of the reimbursement procedure. The date of the request's virtual



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registration of will be taken into account as the valid date to calculate the administrative silence dateline.

### **Guideline No. 06-06 on turnover to incentive laws beneficiaries**

As of January 1<sup>st</sup> of 2007, sales to companies that are ruled under a special taxing regime, through which the Incentives law authorizes exemptions in the acquisition of goods and services in the local market, as for example the tourism sector enterprises (Law 158-01) and the industrial and special free zone enterprises (Law 8-90), should be carried out using a special fiscal voucher authorized by the DGII.

To obtain the benefits that this special regime grants, these companies should register before the DGII, placing the files or legal documents emitted by the corresponding organization, that accredits them as a beneficiary of the fiscal incentives established in the Law under which is incorporated said company.

This information will be made available to be consulted by suppliers and contributors, thru the DGII's web page, and the businesses that do not appear in this publication of the DGII will not be able to use the referred special vouchers.

### **International Trade. The Dominican Republic becomes a Contracting Party to the Harmonized System Convention. By Y. Martínez Oller**

In the year 2004 the Dominican Republic joins to the World Customs Organization (WCO), participating in the Committee on the Harmonized Commodity Description and Coding System (Harmonized System) as a passive member, since ratification of the Convention from Congress was still pending. In a recent visit of the Dominican Ambassador in Belgium, Federico Cuello, the instrument of accession to the Convention was deposited with the Secretary General of the WCO, Michel Danet, making the DR active member No. 125, with rights to a voice and vote.

The Harmonized System is an internationally standardized system of names and numbers, developed with the auspices of the WCO (previously known as the Customs Cooperation Council (CCC)), that permits the classification of products and merchandise by means of a uniform nomenclature. This nomenclature is based mainly on the CCC's Nomenclature used by the European Communities and many other countries and in the statistical nomenclature used by the United Nations, but also takes into account some aspects of the national tariff of the United States and the Canadian nomenclature.



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The Harmonized System was devised with the intention of being utilized not only to customs effects but also in the compilation of commercial statistics and in all kinds of transactions carried out in international trade (transportation, insurance, etc.).

### **News from the Firm.**

We are pleased to inform that Ms. Yeli Martínez Oller has been incorporated to our firm's professional staff as an associate.

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