

DECREE No. 308**THE LEGISLATIVE ASSEMBLY OF THE REPUBLIC OF EL SALVADOR,****CONSIDERING:**

- I. That, according to the Constitution of the Republic, El Salvador is a sovereign State, with full capacity and authority to exercise jurisdiction over its territory; and, in addition, it has the responsibility to guarantee to all its inhabitants, life, physical and moral integrity, freedom, security, work, property and possession, and to be protected in the conservation and defense of the same.
- II. That the Declaration on Principles of International Law concerning Friendly Relations and Cooperation among States in accordance with the Charter of the United Nations, contained in Resolution 2625 (XXV) of the General Assembly of the United Nations, dated October 24, 1970, recognizes the obligation not to intervene in the internal affairs of States as an essential condition for ensuring peaceful coexistence among nations and the promotion of friendly relations and cooperation among them.
- III. That, to date, there is no legal framework that regulates the activities carried out in the country by natural or legal persons, national or foreign, whose activities are financed by a foreign person or agent, either directly or indirectly, therefore, it is necessary to issue the legal framework that guarantees transparency in the actions of such persons in the national territory, as well as that the citizens are aware of the activities that they carry out.
- IV. Furthermore, given the relationship—whether economic in nature or not—that exists between certain individuals or foreign entities and subjects or persons who carry out activities in the country, it is appropriate, on the one

hand, to maintain a registry for this purpose, with the aim of promoting transparency in their operations, and on the other hand, to impose tax regulations on the financial operations they receive through the transfer of funds, in its various forms, whether or not intended to finance their specific activities within the national territory. This is to ensure that they contribute to the tax system in a reasonable and general manner, as other subjects do under similar circumstances, without prejudice to the provisions of Article 3, Section 4, of the Income Tax Law.

THEREFORE,

In the exercise of its constitutional powers, and at the initiative of the President of the Republic, through the Minister of Governance and Territorial Development,

DECREES the following:

FOREIGN AGENTS LAW**CHAPTER I****OBJECT AND SCOPE OF APPLICATION****Purpose**

Art. 1. The purpose of this Law is to establish the legal framework applicable to natural or legal persons, whether national or foreign, whose activities within El Salvador serve the interests of, or are funded—directly or indirectly—by a foreign person. Furthermore, the Law aims to promote transparency regarding the operations and influence of such persons within the national territory, ensuring that citizens are informed about foreign agents seeking to influence public opinion, while also safeguarding national security, sovereignty, and the social and political stability of the country.

Scope of application

Article 2 - The Law shall apply to all natural or juridical persons established as obligated subjects in the present Law, and the actions of third parties related to them.

CHAPTER II**REGULATED ENTITIES AND EXCLUSIONS****Obligated Subjects**

Art. 3. All natural or legal persons, whether national or foreign, who carry out activities within the territory of El Salvador that serve the interests of, are controlled by, or are financed directly or indirectly by a foreign principal, are obligated to comply with the provisions of this Law.

The natural or juridical persons that, according to the purpose and parameters of this Law, are determined by the Registry of Foreign Agents, hereinafter RAEX, which is created for such purposes, shall have the quality of obligated subjects, including non-profit associations and foundations.

For the purposes of this Law, all obligated subjects shall be referred to as "foreign agent," as well as "foreign director" or "foreign principal."

Foreign Principal or director

Art.4.- Refers to foreign natural persons, agents or representatives of a government of a foreign country, members, representatives or co-religionists of a foreign political party; foreign organization, corporation or any juridical person, organized or constituted under the laws of another country, or having its principal place of business in a foreign country, as well as those persons who, in accordance with the purpose and compliance with this Law, the Registry of Foreign Agents determines to be included in the quality of foreign principal.

Exclusions

Art. 5. Obligated subjects established in Article 3 of this Law may request to be excluded from the application of the obligations set forth in this decree, subject to prior qualification by RAEX. Such exclusion may be granted for renewable annual periods or for each specific project, as applicable.

To grant the qualification referred to in the preceding paragraph, the RAEX will consider, among other aspects: the nature of the project, the entity that generates the resources, the entity receiving them, the work, good or service to be executed or acquired with the resources received and the strict compliance with them for its automatic renewal, notwithstanding that the RAEX may revoke it or not renew it when such non-compliance or the prohibitions established in this law are incurred, in the latter case, the interested party must be notified in due time.

The RAEX shall be empowered to issue agreements, instructions, circulars, resolutions, guides or any other administrative act or instrument that may be necessary and indispensable for the application of the provisions of this Law, and shall share, in turn, the information and documentation required by the Ministry of Finance through the General Directorate of Internal Taxes.

Notwithstanding the provisions of this article, it is strictly prohibited to provide financing, donations, money, or assets under any title when they are intended for activities prohibited under Article 9 of this Law.

CHAPTER III**OF THE REGISTRY OF FOREIGN AGENTS AND THEIR POWERS****Registry of Foreign Agents**

Art. 6. The Registry of Foreign Agents is hereby established as a department within the Ministry of Governance and Territorial Development, which may be abbreviated as "RAEX." All obligated subjects under this Law shall be required to register in this public registry.

RAEX will be headed by a director general appointed by the Minister of Interior and Territorial Development.

The aforementioned Ministry will make the necessary administrative and organizational adjustments for the operation of the Registry, in any case, any cost, expense or expenditure to fulfill this purpose will be charged to its own budgetary allocations.

Powers of the Registry of Foreign Agents.

Art. 7.- The Registry shall have functional and technical autonomy, and its powers for compliance with this Law are as follows:

- a) Administer and regulate any type of instrument for its development.
- b) Establish the requirements for the registration of the entities bound by this Law, having broad powers for such purposes.
- c) Approve, deny, revoke or not renew the requests for registration or the qualification of excluded subject, as the case may be.
- d) Establish deadlines, issue warnings, and/or request additional relevant information.
- e) Request documents or any information deemed necessary, on its own initiative, regarding obligated subjects, in order to keep RAEX updated or to verify compliance with the provisions of this Law.
- f) Supervise, audit, and monitor the activities of foreign agents, according to their line of business, activity, size, and other characteristics, and request any necessary reports as deemed appropriate.
- g) Prepare a semi-annual report of the activities registered, and send it to the corresponding unit of the Attorney General's Office of the Republic, according to the provisions of the Anti-Money Laundering Law; for which purpose it shall carry out the pertinent inter-institutional coordination.

- h) Exercise the sanctioning power and impose the corresponding sanctions, in accordance with the Law.
- i) Collaborate with other State institutions when reports are requested regarding the activity of the regulated entities, in order to expedite the administrative and investigation procedures.
- j) Request the suspension or cancellation, as the case may be, of the legal status or of the registration that authorized its operation in the country, of the regulated entities that fail to comply with this Law.
- k) Other acts and actions that must be carried out in order to comply with this Law and its regulations.

CHAPTER IV

OBLIGATIONS AND PROHIBITIONS FOR REGULATED ENTITIES

Obligations

Art. 8-. The obligated subjects under this Law shall:

- a) Register with RAEX in accordance with the requirements and formats it establishes, through a sworn registration declaration submitted in duplicate—one for the Registry and one for the Office of the Attorney General of the Republic. Failure to comply with this obligation authorizes the Registry to take the corresponding legal actions to prevent the execution of their activities, either temporarily or permanently, as applicable. In the case of legal entities, the suspension or cancellation of their legal status or of the registration authorizing their operation in the country may be requested, as applicable and in accordance with the Law.
- b) Channel the financial resources or assets received through any subject, entity or institution, whether or not supervised or regulated by the Superintendency of the Financial System, provided it is legally authorized to operate in the

country or performs intermediation, management or transfer of funds in the national territory.

- c) Comply with the Anti-Money Laundering Law, insofar as it is binding on them.
- d) Maintain accounting records and preserve all documentation related to their activities, in accordance with the requirements established by RAEX for such purposes.
- e) Comply with all provisions established by the Registry of Foreign Agents, this Law, its regulations, and any other applicable legal framework.

Prohibitions.

Art. 9- The parties bound by this Law are prohibited:

- a) Acting as a foreign agent and performing activities covered by this Law without being registered in the RAEX.
- b) To carry out activities for political or other purposes, with the objective of: altering public order, that put at risk or threaten national security or the social and political stability of the country.
- c) Receive or use donations or other financing mechanisms to carry out activities not previously declared in the RAEX or that do not correspond to the purposes or objectives established in the instrument of incorporation, bylaws or the authorization of its operation in the respective country.
- d) Change the stated purpose for which the funds were received, without prior notice to the Registry of Foreign Agents.
- e) Receive donations, funds or material goods of any kind from anonymous sources or persons.
- f) Transmit or cause to be transmitted in El Salvador, any physical, electronic or digital informative material, for or in the interest of a foreign principal, without placing on such informative materials the label indicating that the same is transmitted on behalf of or financed by a foreign principal.

g) Conceal under any form or means that its activities are carried out, directed, financed, in part, or in full on behalf of a foreign principal.

h) Failure to report the use of any other entity, mechanism, natural or legal person involved in the receipt, channeling or transfer of funds from abroad in favor of non-profit organizations, regardless of whether or not they are subject to the supervision of the Superintendency of the Financial System, to channel resources to a national or foreign entity located in the national territory.

Failure to comply with the above prohibitions or any other provision set forth in this Law, its regulations or the rules issued by the Registry on the part of the regulated entities, shall cause them to incur the respective administrative and criminal liabilities.

CHAPTER V

FISCAL REGIME AND TAX LIABILITIES

Generator fact

Art.10.- The financial transactions carried out by foreign principals in favor of their foreign agents, generate the obligation to pay the tax established in this Law.

Transaction tax

Art. 11.- For each financial transaction, disbursement, transfer, import in kind or material goods of any kind, or any other, and which are from funds of the foreign principal, either through donations, payments or other concepts, in favor of its Foreign Agents in the country, a tax of 30% will be applied.

In the case of imports in kind or material goods of any kind, these constitute a taxable event when so determined by the Registry of Foreign Agents.

The tax levied referred to in this article shall be destined by the Ministry of Finance for purposes of public, general or social interest.

Tax Withholding

Art. 12.- The tax referred to in the preceding article shall be collected through a withholding, which shall be made directly by the institutions of the Financial System, as well as by any other entity, mechanism, natural or juridical person involved in the reception, channeling or transfer of funds from abroad in favor of non-profit organizations, regardless of whether or not they are subject to the supervision of the Superintendency of the Financial System. The withholding shall be made at the moment when, through such entities or mechanisms, the foreign principals make the respective money transfers or make them available to their agents, by any modality, in the accounts that such institutions or entities administer or manage.

Withholding Agents and Payment Procedure

Art. 13.- For the purposes of the provisions of the preceding articles, the institutions and entities subject to the supervision of the Superintendence of the Financial System, as well as those natural or juridical persons, entities or mechanisms that, even without being subject to such supervision, intervene in the receipt, channeling or transfer of funds from abroad in favor of non-profit organizations, are designated as Special Withholding Agents of said tax. The withholding agents shall report to the Tax Administration the amounts withheld, in accordance with the rules and terms established in this article.

The amounts withheld by the Special Withholding Agents must be paid without any deduction to the General Treasury Directorate, at any of the offices that this institution has in the country and in the banks authorized by the Ministry of Finance, using the forms provided for such purpose by the Tax Administration, within the first ten working days of the month following the tax period in which the withholdings were made.

In addition, the aforementioned Withholding Agents are obliged to send within the first fifteen working days of the month following the tax period in which the withholdings were made, a report by electronic means of the Foreign Agents to

whom the withholdings were made, under the technical specifications and on the forms provided by the Tax Administration.

With respect to the donations that may be made to the Foreign Agents within the national territory, the latter shall be obliged to pay 30% of the tax established in this Law, according to the sums received in such concepts. The payments shall be determined by monthly periods, with respect to the gross donations received, which shall be verified at the latest within ten working days following the closing of the monthly period in which they were received, by means of forms to be provided by the Tax Administration.

Formal obligation for Foreign Agents

Art. 14.- Foreign Agents who have been subject to withholdings of the mentioned tax or who have made payments related to donations received in the national territory, are obliged to send within the first fifteen working days of the month following the tax period in which the withholdings were made and/or the payments were made, a report by electronic means, with the technical specifications and on the forms established by the Tax Administration. Said report shall contain the Tax Identification Number and name of the Foreign Agent subject to withholding, the same data with respect to the Special Withholding Agents, as well as the amounts subject to withholding and the withholdings made; likewise with respect to the amount of the donations made in the country and the respective remittances for the latter concept. This report must be submitted to the General Directorate of Internal Taxes of the Ministry of Finance.

Penalties for tax violations

Art. 15.- Conduct constituting non-compliance with the obligation of withholding and reporting by Special Withholding Agents, regulated in this chapter, shall be sanctioned by the Tax Administration, based on the provisions of Article 246 of the Tax Code.

The non-compliance of Foreign Agents regarding the obligation to pay the tax on donations received in the national territory shall be sanctioned by the same Administration, based on the provisions of Article 247 of the Tax Code.

Failure to comply with the reporting obligations set forth in this article shall be sanctioned by the Tax Administration, as applicable, pursuant to the provisions of article 241 of the Tax Code.

Special Faculty

Art. 16.- The Ministry of Finance is hereby empowered, either by itself or through the General Directorate of Internal Taxes and the General Directorate of Treasury, so that within their respective competencies, if necessary, it may issue agreements, instructions, circulars, resolutions, guides or any other administrative act or instrument, which may be necessary and indispensable, for the purpose of answering queries or clarifying aspects related to the application of the provisions of this chapter.

Supplementary Application

Art. 17.- For the purpose of complying with the provisions of this chapter, the provisions contained in the Tax Code shall be applied on a supplementary basis.

The exclusions established in accordance with the provisions of this Law shall also apply to this chapter.

CHAPTER VI

INFRINGEMENT, PENALTIES AND PROCEDURE

Infringements and Procedure

Art. 18.- Violations of this Law, non-compliance with the prohibitions set forth in Article 9 of this Decree and of the deadlines established for submitting the required information, correcting preventions or others indicated by the Registry based on the regulations issued, without justified and proven cause, shall be sanctioned with a fine established in this Law.

The imposition of the fine will be determined in accordance with the principles of the sanctioning power provided for in the Law on Administrative Procedures, especially that of proportionality, guaranteeing due process.

The procedure for the imposition of the fine will be carried out by the Registry in accordance with the Law on Administrative Procedures, being the competent authority to instruct and investigate with respect to the infraction committed the general director of the Registry, and to sanction the Minister of Interior and Territorial Development.

All of the above, without prejudice to the criminal or other liabilities incurred by violators for acts that threaten national security or other duly proven acts.

Fines and Sanctions

Art. 19.- Failure to comply with the obligations set forth in Article 8 of this Decree, as well as the deadlines established for submitting the required information, correcting preventions or others indicated by the Registry based on the regulations issued, without justified and proven cause, may be sanctioned with a fine ranging

from ONE HUNDRED THOUSAND UNITED STATES DOLLARS TO ONE HUNDRED AND FIFTY THOUSAND UNITED STATES DOLLARS.

Failure to comply with the prohibitions set forth in Article 9 of this Decree may be punished with a fine ranging from ONE HUNDRED AND FIFTY THOUSAND UNITED STATES DOLLARS TO TWO HUNDRED AND FIFTY THOUSAND UNITED STATES DOLLARS.

CHAPTER VII

TRANSITORY, FINAL PROVISIONS AND EFFECTIVENESS

Regulation

Art. 20.- The President of the Republic may approve such Regulations for the application and development of this Law as may be necessary for the establishment of definitions, compliance with its purposes, attributions and competencies.

Legal Authorization

Art. 21.- The Ministry of Interior and Territorial Development is empowered to issue, by itself or through the Registry of Foreign Agents, within its respective competencies, if necessary, agreements, instructions, circulars, resolutions, guides or any other administrative act or instrument, which may be necessary and indispensable, for the purpose of answering queries or clarifying aspects related to the application of the provisions of this Law.

Special nature of the Law

Article 22 - This Law shall have a special character in its application with respect to other laws regulating the subject matter, and any provision contrary to it shall be repealed.

Supplementary Application

Art. 23.- With respect to time limits and appeals not regulated in this Law, the provisions of the Law on Administrative Procedures shall be applied supplementarily.

Transitional provision

Art. 24.- The regulated entities must register in the Registry of Foreign Agents, within a maximum period of 90 days from the entry into force of this Law, without prejudice to the ex officio registration that the RAEX may carry out according to its powers. Once this term has expired, and as long as the regulated entities do not comply with the obligation to register, they will not be able to carry out activities, nor movements of financial resources or assets, nor material goods.

The Ministry of Interior and Territorial Development shall carry out all the pertinent steps for the creation and operation of the RAEX, as of the entry into force of this Law. In turn, the RAEX shall prepare forms and other documents necessary for the registration of the regulated entities in accordance with this Law.

Effective Date

Article 25 - This decree shall enter into force eight days after its publication in the Official Gazette.

GIVEN IN THE HONOR ROOM OF THE MINISTRY OF FOREIGN AFFAIRS:
district of Antiguo Cuscatlán, municipality of La Libertad Este, department of La Libertad, on the twentieth day of May of the year two thousand and twenty-five.

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