



ORGANIC LAW

**DECREE 22-73
AND AMENDMENTS – DECREE 30-2008**

**DECREE BY THE CONGRESS
NUMBER 22-73**

Congress of the Republic of Guatemala

I, Susanna Garcia S. de Ralón, Sworn Legal Translator, duly commissioned and qualified by the Republic of Guatemala to translate the English and Spanish languages according to Ministerial Agreement 160, Registry No. 92-5-96, issued by the Ministry of Education, hereby CERTIFY: Having before me the LEASE REGULATIONS OF LANDS AND COMMERCIAL PREMISES OF THE FREE ZONE “SANTO TOMAS DE CASTILLA” of the Republic of Guatemala, written in Spanish, which relevant contents translated into English to the best of my knowledge, read as follows:

WHEREAS:

It is the State duty to boost the economic development of the country and encourage Industry and Trade by creating work source and providing appropriate means for a higher participation in international trade, seizing the available natural resources in the best way possible, as well as the geographic position of the country to contribute in the people’s welfare;

WHEREAS:

The creation of a Trade and Industrial Free Zone “Santo Tomas de Castilla” establishes a particular importance factor to boost trade and commerce, as well as the industry of Central American area in benefit of the countries that constitute it;

WHEREAS:

The operation of a Trade and Industrial Free Zone will be an immediate provisioning source that will allow the escalation of commercial and industrial activities in the country and within the Central American area.

THEREFORE:

Based on the Item No.1 of the Article 170 of the Constitution of the Republic,

DECREES the following

**ORGANIC
LAW OF THE
TRADE AND
INDUSTRIAL
FREE ZONE
“SANTO TOMAS
DE CASTILLA.”**

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Chapter I

CREATION, PURPOSES, FACULTIES, AND FUNCTIONS

Article 1.

The Free Zone is created with the purpose to promote the country's industrial and commercial development with the name of Trade and Industrial Free Zone "Santo Tomas de Castilla," bearing a legal personality, own estate, operational autonomy, and full capacity to acquire rights and obligations. Its domicile will be the Department of Izabal.

Article 2.

The Trade and Industrial Free Zone "Santo Tomás de Castilla" is a State institution with unlimited duration and will be ruled by this law, its regulations and agreements. The communication between the Free Zone and the Executive Organism will be in charge of the Ministry of Public Funds that will oversee for the best development and performance of their activities.

Article 3.

(Amended by Decree 30-2008 of the Congress of the Republic)

- The Trade and Industrial Free Zone "Santo Tomás de Castilla" will operate in an extra-customs area located within the peri-

meter delineated in the regulation plan of the Port Santo Tomas de Castilla, department of Izabal and in the extra-customs area that will be enabled for the public special economic development zones that will be located at any place within the national territory.

- For the effects of this law, the "extra-customs" area will be understood as the physical area under surveillance that allows entering merchandise to a delineated portion of the national territory. The merchandise shall be considered as non-existent in the customs territory due to the import rights and taxes.
- The commercial name of Trade and Industrial Free Zone "Santo Tomas de Castilla" may be shortened as "ZOLIC" and for purposes of this law, it may be called simply as "Free Zone."
- The head and main offices of the Free Zone will be located in the Distrito Portuario Santo Tomas de Castilla (Port District), municipality of Puerto Barrios, department of Izabal and will have the ability to establish offices wherever it deems necessary, whether in any other territory of the State of Guatemala or abroad.

Article 4.

(Amended by Decree 30-2008 of the Congress of the Republic) which shall be as follows:

In order to promote the different purposes of the Free Zone, all those areas where it operates will carry out activities of legal industrial, commercial nature or provision or services that are not excluded by this or any other law. The operations will be carried out under the protection of the incentives of this law.

Article 5.

(Amended by Decree 30-2008 of the Congress of the Republic), which shall be as follows:

The Free Zone will have the following functions:

- a) Complying with this law purposes.
- b) Promoting the development of the activities mentioned in article 4 of this law.
- c) Promoting national and international investment in the Free Zone.
- d) Building needed infrastructure for intended purposes of the Free Zone.
- e) Promoting and authorizing the infrastructure development by investors of the Free Zone.
- f) Granting the real properties of the Free Zone in administration, lease or onerous usufruct to be used for the activities specified in article 4 of this law.
- g) Entering into all types of agreements related to the activities of ZOLIC.
- h) Providing services related to the activities performed by the Free Zone users.
- i) Providing logistic services of warehousing, custody and merchandise handling of the Free Zones.

Any other function that has not been considered within this law and that is needed directly to improve the development of the Free Zone

Chapter II

MANAGEMENT AND ADMINISTRATION

Article 6.

The Free Zone will be ruled for the organs below for its management and administration, assets preservation, development and scaling-up of its activities and purposes:

- a) Board of Directors;
- b) General Management;
- c) Assistant for General Management.

ABOUT THE BOARD OF DIRECTORS

Article 7.

Amended by Decree 15-79 of the Congress of the Republic on March 29, 1979.

The Board of Directors is the highest authority of the entity; therefore, it is in charge of managing the activities of the entity and will be constituted as follows.

- A President
- A Managing Vice-President, Representative of the Ministry of Public Funds.
- A Managing Director / Owner and an Alternate, Representatives of the Ministry of Economy.
- Managing Director / Owner and an Alternate, Representatives of the National Port Company "Santo Tomas de Castilla."
- A Managing Director / Owner and an Alternate, Representatives of the Guatemalan Chamber of Commerce
- A Managing Director / Owner and an Alter-

- nate, Representative of the Guatemalan Chamber of Industry
- A Managing Director / Owner and an Alternate, Representatives of the Municipality of Puerto Barrios, Izabal
- The President will be designated and appointed by the President of the Republic.
- The President of the Republic will appoint the Vice-President Director and the Managing Directors / Owners under the proposal of the corresponding Ministries and entities they will represent, through the Ministry of Public Funds."

Article 8.

The Alternate Members will substitute the incumbent members when they are absent or with a temporary constraint to attend. Such substitution should be done preferably by the corresponding alternate.

President's Absence Managing Vice-President will substitute the Board of Directors.

The Alternates, when are not substituting the Owners, may attend voluntarily to the Board meetings as advisory but non-voting members.

Article 9.

(Amended by Decree 30-2008 of the Congress of the Republic), which shall be as follows:

These are the requirements to become members of the Board of Directors of the Free Zone:

- a) From Guatemalan, following the Political Constitution of the Republic of Guatemala;
- b) A citizen with plenty of enjoyment of his/her rights;
- c) Older than 30 years of age;

d) Acknowledged trustworthiness and having no pending trial in accounts matter;

e) Having knowledge and ability in this matter.

Article 10.

Restrictions to become Incumbent or Alternate Members of the Board of Directors:

- a) Individuals with a family relationship within the legal degrees;
- b) Individuals who were sentenced for any crime against an individual or State property;
- c) Individuals who are sole proprietors, partners, representatives or employees of companies implying business with the entity; and,
- d) Individuals who are legally unable to perform such positions.

Article 11.

In the case upon any Managing Director is or comes any of the restrictions mentioned in the previous article and it has been duly proved, the President of the Board of Directors must report it to the Executive Organism with the request of his/her removal. Notwithstanding, any action where the removed Managing Director was involved will remain as valid.

Article 12.

The meetings of the Board of Directors will be called by the President or in his absence, the Managing Vice-President. The number of sessions will be established in the corresponding regulations. The Board will hold valid meetings when four of its members attend to those meetings; hence, the resolutions will be adopted by a majority of votes. If the voting results in a tie, the acting President will have a double vote.

Article 13.

The Board of Directors may request the presence of qualified staff in the capacity of consultants to participate in the deliberations, advisory but non-voting attendees.

Article 14.

Personal attendance to the Board of Directors' meetings by the Incumbent Members or Alternate Members when they substitute the Incumbent Members will entitle them to receive allowances established in the regulations. The Executive Organism shall approve it.

Article 15.

When any of the attendees to the Board of Directors' meetings have any personal interest in a specific topic, or it is interest for his/her partners or relatives within the legal degree, that member shall not participate in the discussion and resolution. This person shall not attend to the meeting while the topic is resolved.

Article 16.

(Amended by Decree 30-2008 of the Congress of the Republic), which shall be as follows:

The Board of Directors shall have the following duties, faculties, and tasks:

- a) Draft and enforce this law;
- b) Fulfill and enforce the purposes and intents of the Free Zone.
- c) Draft needed regulations for the Free Zone operation, submitting to the Executive Organism for approval those that need such requirement, according to law.
- d) Know and approve the financial statements presented by the General Management.

e) Know and approve the project of the General Budget of Income and Expenses of ZOLIC, submitting it to the Executive Organism for its approval, through the Ministry of Public Funds.

f) Appoint the General Manager, the Assistant Manager, other Managers, Internal Auditor and Board of Directors' advisors.

g) Authorize purchases and contracts of assets and services required in the Free Zone, following the Law of State Contracts.

h) Authorize the contracts of lease, usufruct or administration related to open areas and buildings that may be needed for proper operation of the Free Zone and its users.

i) Approve the Annual Operative Plan.

j) Enact provisions to protect and increase the assets of the Free Zone.

k) Approve the Annual Report that shall be submitted to the Ministry of Public Funds and the Congress of the Republic within the first three months after the expiration of the corresponding year;

l) Approve the lease and service fees presented by the General Management to be submitted to the corresponding legal proceedings of approval before the Executive Organism through the Ministry of Public Funds.

m) Propose to the Executive Organism the amendments to acts, regulations, and tariffs regulating activities and services provided by the Free Zone when it is deemed necessary, to improve its development;

n) Be aware and resolve the issues out of the competence of the President of the Board of Directors and the General Manager.

o) Empower the General Manager to grant powers of attorney in the issues that require to do so and to hire the needed technical staff, in our out of the country, for improved performance of the Free Zone;

p) Authorize the contracts of external audits to oversee the financial management of the Free Zone.

q) Approve the entering into of payment agreements with users who request and fulfill with the requirements given in the regulations to enter into such agreements that arise from overdue debts, up to 12 monthly and consecutive installments;

r) Authorize the installation and operation of users within the areas where the Free Zone functions;

s) Authorize installation and operation of the Free Zone out of the perimeter delineated in the Regulating Plan of the Port Santo Tomas de Castilla and enable the extra-customs area where the Free Zone will operate as Public Special Economic Development Zones according to the corresponding regulations enacted by the Board of Directors;

t) Approve based on legal dispositions related to the matter, the transference of budget appropriations within the General Budget of Income and Expenses and notify those operations to the Ministry of Public Funds;

u) Accept assets that have been voluntarily abandoned by whoever is entitled to

decide over them, when these assets are assigned in favor of the Free Zone;

v) Declare the unilateral resolution, no need of a judicial declaration before the lease agreements that have been entered into where the lessor is the Free Zone, in the case, this expressed resolute condition agreed in the contract is fulfilled;

w) Deduct up to twenty-five percent (25%) of the tariffs established for the services provided by the Free Zone to promote the operations and installation of users according to the provisions given in the specific regulations enacted by the Board of Directors;

x) Establish cooperation and inter-institutional collaboration agreements, and participate in association with other national and international entities with related purposes;

y) Authorize the contracts of design, construction, maintenance, operation and administration of infrastructure for the Free Zone; processes that may take place jointly or individually without distinction, establishing the financial mechanisms deemed needed to pay the contractor.

Article 17.

The Board of Directors will execute its duties with absolute autonomy and under its exclusive responsibility within the regulations established by the law and regulations.

The individuals who disclose any information considered as of confidential nature on the issues discussed in the meetings of the Board of Directors or who take advantage of any information for personal purposes in prejudice of the Nation, the entity or third parties will be held responsible.

ABOUT THE PRESIDENT OF THE BOARD OF DIRECTORS

Article 18.

The President shall perform the following duties and tasks:

- a) Call and chair the meetings;
- b) Fulfill and enforce the dispositions of the Board of Directors;
- c) Report to the Board of Directors the outcome from any proceeding has been entrusted upon him/her; and,
- d) Other tasks appointed in this law, its regulations or the Board of Directors.

ABOUT THE GENERAL MANAGEMENT

Article 19.

General Management is the Executive Organ of the Free Zone, and it shall be responsible for executing the overall institutional policy, the management of its operations and the internal administration. Likewise, the area will be accountable before the Board of Directors about the efficient functioning of the Entity.

The General Management will have a General Manager, an Assistant Manager and needed divisions and staff for a duly fulfillment of its tasks and duties.

The General Manager will be the highest official of all the divisions in the Free Zone and the staff.

Article 20.

The General Manager and the Assistant Manager shall compile the same qualifications required to become members of the Board of Directors. Individuals who are under any of the restrictions given in Article 10 of this law cannot be appointed for these positions.

Article 21.

(Amended by Decree 30-2008 of the Congress of the Republic)

The General Manager will perform the following duties:

- a) Execute the resolutions and decisions taken by the Board of Directors;
- b) Report continuously to the Board of Directors about the operation and development of the activities in the Free Zone;
- c) Submit for consideration of the Board of Directors all the issues under its competence, sorting them in the priority the case requires;
- d) Carry out and present for consideration of the Board of Directors, within a reasonable time, the preliminary project of the Budget of Income and Expenses of the entity, jointly with rationale data and reports of salaries, operation expenses and investments therein;
- e) Execute the Budget of Income and Expenses and authorize with a "visto bueno" (approval) the expenses of the entity, provided these do not exceed the budgeted amounts;
- f) Propose to the Board of Directors the transference of current budget entries;
- g) Appoint and remove officers and employees of the entity with exceptions of those who are part of the Board of Directors according to this law and according to the laws and regulations, rendering his/her accountability to the Board of Directors;
- h) Demand the staff of the entity fulfills with their duties and when necessary,

imposing necessary disciplinary measures that proceed;

- i) Propose to the Board of Directors any creation or elimination of positions;
- j) Submit for consideration of the Board of Directors the fees for services provided by the entity;
- k) Submit for consideration of the Board of Directors the amendments are deemed convenient to establish the fees, law, and norms ruling the activities of the Institution;
- l) Represent the entity in and out of courts. Such representation may be delegated on another person after the Board of Directors; has approved it;
- m) Enter into all types of allowed contracts according to the Law of State Contracts, being accountable for such operations before the Board of Directors in the nearest meetings.
- n) Draw, accept, warrant, endorse and refuse checks, promissory notes, bills of exchange, electronic transfers and further credit documents and shall sign those documents jointly with the accountant of the entity; thus, both will be jointly responsible for these actions;
- ñ) Propose to the Board of Directors opening and elimination of agencies and representations, both domestically as internationally, following the service needs;
- o) Overridden by Decree 30-2008 of the Congress of the Republic;
- p) Sign the financial statement and additional documents;

q) Present to the Board of Directors the project of the Annual Report that is being developed to fulfill with literal j) of Article 16 of this law;

r) Attend to the meetings held by the Board of Directors where he will be an advisory but non-voting attendee, only will receive the corresponding allowance if the sessions are carried out of the regular work hours; and,

s) Resolve the issues out of the competence of the Board of Directors.

t) Propose to the Board of Directors the entitlement of extra-customs areas for the installation and operation of the Public Special Economic Development Zones out of the delineated perimeter in the Regulating Plan of the Port Santo Tomas de Castilla, before the research and corresponding opinions.

ABOUT THE ASSISTANT MANAGEMENT

Article 22.

The Assistant Manager has the following duties:

- a) Substitute the General Manager during a temporary absence;
- b) Attend to the meetings of the Board of Directors when his/her presence is required as an advisory but non-voting member, entitled to receive the corresponding allowance, only when the meetings are held out of the regular work, hours; and,
- c) Further duties appointed by the regulation, the Board of Directors and the General Management.

Chapter III

ASSETS AND ECONOMIC ACCOUNTING REGIME

Article 23.

(Amended by Decree 30-2008 of the Congress of the Republic), which shall be as follows:

The State will assign a gratuitous usufruct on needed extensions of lands to establish the "Trade and Industrial Free Zone Santo Tomas de Castilla" within the perimeter delineated in the Regulating Plan of the Port Santo Tomas de Castilla, municipality of Puerto Barrios, department of Izabal.

The Free Zone within the perimeter delineated within the Regulating Plan of the Port Santo Tomas de Castilla will operate on an area of 50 hectares that will be assigned as a gratuitous usufruct for an indefinite time by the State and the Port Company Santo Tomas de Castilla. The boundaries of the area where the Free Zone will operate shall be established within the corresponding regulations. According to the development requirements of the Free Zone, such area may be extended by Government Agreement if such expansion consists of real properties of the State or by an agreement of the Board of Directors of the Port Company Santo Tomas de Castilla if the extension includes real properties of such devolved entity.

The Free Zone may establish Public Special Economic Development Zones that will operate as extra-customs areas, entitled for the Free Zone functioning. These will be out of the perimeter delineated in the Regulating Plan of the Port Santo Tomas de Castilla. Such extra-customs areas may be entitled over real properties of the Free Zone or properties assigned in lease or usufruct by public or private entities

Article 24.

(Amended by Decree 30-2008 of the Congress of the Republic), which shall be as follows:

The assets of the "Trade and Industrial Free Zone Santo Tomás de Castilla" shall be comprised by:

- a) The usufruct rights mentioned in the previous article;
- b) The input was given by the State for maintenance and development;
- c) Income perceived by service provision, fees and rates that shall be paid by the users according to the regulations and fees enacted for this purpose;
- d) Revenues perceived from the assets referred in the literal a) of this article;
- e) The properties granted by the State for development of the activities, and the properties acquired by the entity for the same purpose; and,
- f) The starting financial input provided by the State;
- g) Inputs received in nature of non-refundable cooperation of public and private, or national or international entities.
- h) Income received from those contracts the entity enters into;

Article 25.

Each Financial-Accounting Year of the institution will start up from January 1st to December 31st in a yearly manner.

Article 26.

(Amended by Decree 30-2008 of the Congress of the Republic), which shall be as follows:

The Free Zone will apply its corresponding net profits of each fiscal year as indicated below:

- a) 50% for the regular functioning of the company;
- b) 20% for the State;
- c) 10% for distribution among the municipalities where the Free Zone operates, in a ratio of income due to the operations of the Free Zone per municipality;
- d) 10% for the creation of the legal reserves;
- e) 5% for annual distribution among the staff;
- f) 5% for severance and retirement reserves.

The regulations shall determine norms to enforce the provisions given in this article.

Article 27.

The States Bodies, its autonomous and semi-autonomous institutions, and the municipalities shall pay the amount due for the provided services, an amount that will not object to any exemption.

Article 28.

All the accounts of services provided to the different Public Administration institutions that were not paid on time will be charged to the State account and deducted from the percentage of utilities once the favorable opinion from the Comptroller General of Accounts has been received.

Article 29.

During the first quarter of each year, the entity shall submit a copy of the financial statement of the Financial-Accounting Year corresponding to the previous year to the Comptroller General of Accounts, the Ministry of Public Funds and the State Accounts Office.

Article 30.

(Amended by Decree 30-2008 of the Congress of the Republic), which shall be as follows:

As a protecting measure on the institution's assets, its properties shall be protected through an insurance policy against damages and accidents. The Free Zone users shall be liable to contract their civil liability insurance to cover damages to third-parties, other users and the Zone itself. These damages may be caused by the users' operations and activities, according to what the Board of Directors establishes.

Article 30 bis.

(Amended by Decree 30-2008 of the Congress of the Republic), which shall be as follows:

As a protecting measure on the Free Zone's assets and to ensure that the areas will be used according to the intended uses in law, the Board of Directors may declare a unilateral resolution. It will be based on the lease contracts the Board has entered into as a lessor, without the need of a previous judicial declaration if the expressed resolutive condition agreed with them is fulfilled. Before ordering the related resolution, the Free Zone will hold a hearing with the affected for a ten-day term.

Once the resolution has been declared, the Board of Directors will order to empty the facilities within a term no longer than forty-five days. If the period expires, the Board will request a competent judge to order the eviction at the expense of the lessee.

The regulations shall rule this provision becomes enforced.

Article 31.

The Institution shall enjoy taxes exemption, rights, and fiscal or municipal fiscal taxes, currently or from now established, to fulfill with its purposes.

(The following paragraph is added to this article according to Decree 30-2008 of the Congress of the Republic:)

The Free Zone is exempted of bearing the tax produced by the levied actions by the Law of Value Added Tax, Decree Number 27-92, and shall receive from who sells or provides a service the corresponding invoice. The Free Zone shall no pay the taxes amount that corresponds to such document. Instead, the institution will hand in a tax exemption certificate authorized by the Superintendence of Taxing Administration.

Chapter IV

OPERATIONS**Article 32.**

(Amended by Decree 30-2008 of the Congress of the Republic), which shall be as follows:

The users who install and operate their activities within the Free Zone will enjoy the following exemptions:

a) Income Tax for the 100% of the tax for ten years. The exemption period for the Income Tax will be calculated from the date the company begins operations within the Free Zone. The Free Zone shall report such information to the Superintendence of Taxing Administration..

Income that is considered exempted of the Income Tax is the dividends and profits distributed by the users among their shareholders or partners, whether these are legal persons or sole proprietors. In the case one or more partners or shareholders are legal persons, this will be their exclusive exemption; therefore, these cannot be conveyed to the partners or shareholders who are part of it;

b) Value Added Tax, customs duties and further applicable charges to merchandise importing that enter the Free Zone.

c) Value Added Tax for the levied facts and actions carried out within the Free Zone.

d) Fiscal Stamp Tax on the documents containing causes or contracts related to assets and businesses within the Free Zone.

The State, through the Executive Organism, devolved entities, the Free Zone or the municipalities can grant non-fiscal incentives to specific users in order to achieve their investments take place in Guatemala as a beneficial impact for the population.

Article 32 bis.

(Added to Decree 22-73, according to Decree 30-2008 of the Congress of the Republic):

All merchandise and further items or trade products, raw material, consumables, materials, semi-manufactured products, in between products, packaging, and containers, as well as machinery, equipment, parts, accessories and further assets intended for activities referred in the article 4 of this law that enters the Free Zone. These are exempted, both for the entering as for staying within the Free Zone. Also, they are exempted of the import customs duties, value added tax, other taxes and fiscal tariffs that have been established.

Article 33.

(Amended by Decree 30-2008 of the Congress of the Republic), which shall be as follows:

All the extra-customs area intended for the Free Zone operations will be outlined, planned and designed in a manner these ensure the fulfillment of the taxing and customs laws of the country.

Article 33 bis.

(Added to Decree 22-73, according to Decree 30-2008 of the Congress of the Republic):

For the effects of article 94, literal b) of the Central American Uniform Custom Code -CAUCA-, the assets that have not been removed from the Free Zone facilities once the deposit, warehousing, lease, usufruct, or administration term contract has been expired will be considered implicitly abandoned in favor of the fiscal autho-

rities in virtue these products entered through any of those contracts. The assets found within the area that was ordered by a competent judge to be emptied as well will be considered as above. In such cases, the assets will be conveyed immediately to the Superintendence of Taxing Administration to proceed by article 95 of the Central American Uniform Customs Code.

NON-APPEARING TEXT WITHIN THE LAW

The article 94 referred in this article is transformed into the article 119 of the current CAUCA. (See Annex.)

Article 34.

(Amended by Decree 30-2008 of the Congress of the Republic), which shall be as follows:

Overseeing and control of the fiscal regime of the Free Zone and its users will be in charge of the Superintendence of Taxing Administration according to this law and its regulations, the Organic Law of the Superintendence of Taxing Administration and further taxing and customs law.

Based on the above, the Superintendence of Taxing Administration will enact, pursuant the country laws, all the provisions are deemed needed and convenient, without amending the wordiness and essence of this law, to oversee the entering, warehousing and existing of any kind of merchandise, products, and effects in the Free Zone to prevent any infringement against laws and regulations.

Article 35.

(Amended by Decree 30-2008 of the Congress of the Republic), which shall be as follows:

Private residencies within the Free Zone will not be allowed. People who have not fulfilled with all legal and ruling formalities to enter and remain in the national territory will not be allowed to enter into the entity.

The authorized Free Zone users who have been constituted according to the law may contract services of technical staff with expertise from abroad. For this purpose, the Ministry of Labor and Social Security will grant automatic permission for a period of three months. During this time, they shall complete the requirements requested by that Ministry in order to issue the authorization, according to the article 13 of the Code of Labor.

Article 36.

(Amended by Decrees 15-79 and 30-2008 of the Congress of the Republic).

The goods listed in the article 32 bis of this law, as well as those that were manufactured, produced, processes, assembled, diluted, mixed, built, packaged, mounted, refined, purified, or transformed in the Free Zone, may have the following destinies:

- a) Exporting,
- b) Importing,
- c) Supply for other public special economic development zones and free duties in the country-side; and
- d) Customs-free zones or General Warehouses of Fiscal Deposit legally established, as well any other premises of special fiscal treatment.

Artículo 37:

(Reformado por el Decreto 15-79 del Congreso de la República).

In the case of the literal a) of the previous article, withdrawing goods will be free of customs, liens or any other fiscal or municipal taxes, except when these are national products causing exporting taxes. In that case, the taxes shall be previously covered in the corresponding customs office.

In the cases of the literals c) and d) of the previous article, withdrawing goods of the Free Zone will be free of taxes, liens and any other fiscal or municipal taxes."

Article 37. (BIS)

In the cases of literals a), c), and d) of the previous article, withdrawing merchandise will be free of taxes, liens and any other fiscal and municipal taxes, except when these are national or nationalized goods which exporting will be taxed.

In that case, taxes and further charges shall be covered in the customs, before the customs clearance.

Article 38.

In the cases of the literal b) of the article 36 of this law, import shall be revised and authorized by the Customs office of the Free Zone, with all formalities, charges, liens, taxes and further fiscal contributions established by law for importing merchandise.

Article 39.

For documentation effects of the merchandise stored in the Trade and Industrial Free Zone destined for importing, the process will be the following:

- 1) If these are produced, processed, assembled or built goods in the Trade and Industrial Free Zone, the corresponding company will issue the respective commercial invoice in the number of copies required by the Central American Uniform Customs Code and its regulation; however, a consular visa will not be a requirement, nor will receive a penalty for lacking such requirement; and
- 2) In the case merchandise to be imported had entered to the Free Zone in a finished status as a final product of the industrial activity, the Customs office will

certify such fact in the commercial invoice, unless these goods can be fully used in its original form.

Article 40.

(Amended by Decree 15-79 of the Congress of the Republic).

Merchandise manufactures in the Free Zone will cause assigned taxes according to the Customs Tariffs when these enter in the national territory for its definitive import."

Article 41.

OVERRIDDEN by Decree 15-79 of the Congress of the Republic.

Article 42.

The Institution may introduce and remove from/out of the Free zone -free of rights, liens, or fiscal and municipal taxes- needed material for the works required on that material, as well as machinery, equipment, tools, supplies, furniture, lubricants, fuels and further article required to build, preserve, and operate the goods and services all these goods and process provide.

Artículo 43:

The products that may enter in the Trade and Industrial Free Zone exempted of rights, liens or fiscal and municipal tax payments are the lubricants, fuels and further products that will be consumed in the plant owned by the merchants or industrial, located in the zone, and who destine these products to provide services. This provision is not applicable for vehicles that circulate in and out of the Free Zone, without distinction.

Materials introduced by the tenants of lands or commercial premises in the Trade and Industrial Free Zone that are destined to build or repair their commercial or industrial premises or warehouses will be free of rights, fiscal and municipal taxes as well.

Article 44.

It is strictly prohibited to introduce or manufacture weapons, explosives or munitions of war in the Free Zone, except when the Ministry of National Defense has permitted the introduction of manufacturing. In such case, it will be subject to the provisions enacted by that Ministry in this specific topic.

Article 45.

(Amended by Decree 15-79 of the Congress of the Republic).

“The works of permanent civil engineering built by the users in the Free Zone, as a consequence of the lease contracts they enter into with the Free Zone, will become a property of the zone when the contract term expires or according to the cases that have been provided in such contract. Users will bear preferential right to receive in a lease the related works.

Article 46.

(Amended by Decree 30-2008 of the Congress of the Republic), which shall be as follows:

Users who are established or functioning within the Free Zone may carry out commercial, industrial, service providing activities out of the entitled areas of the Free Zone according to the corresponding laws. These users shall constitute distinct and differentiated companies. These operations and activities will not enjoy the fiscal benefits established by law.

Article 47.

Overridden by Decree 30-2008 of the Congress of the Republic.

Article 48.

The Executive Organism shall issue the regulations through the Ministry of Public Funds within the three following months after this Decree becomes valid. Those Regulations override any laws and further provisions that are against the fulfillment.

The text of article 48 bis has been added to the law as follows:

Article 48 bis.

It is amended by Decree 15-79 of the Congress of the Republic. Companies installed in the Free Zone will not enjoy the benefits considered in other regional or national laws that encourage industrial promotion.

Article 49.

This Decree was approved with the favorable vote of more than two-thirds of the total number of Congressmen, and it will be enforced the following day after its publication in the Official Journal.

It goes to the Executive Organism for its publication and enforcement.

Given in the Palace of the Legislative Organism in Guatemala City on March twenty-first of nineteen seventy-three (March 21, 1973.)

JOSE TRINIDAD UCLES,
President

LEONEL ENRIQUE CHINCHILLA RECINOS,
First Secretary

ANGEL PAIZ MEJIA
Third Secretary

National Palace: Guatemala, April eighteenth of nineteen seventy-nine (April 18th, 1979.)

Publish and fulfill it.

FERNANDO ROMEO LUCAS GARCIA

Ministry of Public Funds
HUGO TULIO BÚCARO GARCIA

REGULATIONS

OF

**THE ORGANIC LAW OF THE TRADE AND
INDUSTRIAL FREE ZONE****“SANTO TOMAS DE CASTILLA”**

CHAPTER I

PURPOSE**Article 1.**

These Regulations have as a purpose to develop the fundamental provisions of Decree number 22-73 of the Congress of the Republic, Organic Law of the “Trade and Industrial Free Zone Santo Tomas de Castilla” to ease its fulfillment.

Article 2.

For enforcing effects of the Decree number 22-73 of the Congress of the Republic, the “Trade and Industrial Free Zone Santo Tomas de Castilla” will be called from now on as “the Zone.”

CHAPTER II

ABOUT THE BOARD OF DIRECTORS**Article 3.**

The Board of Directors is the highest authority of the entity, and it is responsible for the management, revision, and approval of the business in “the Zone”, establishment of guidelines and specification of all the activities within the performance of its powers and duties granted by the Organic Law, these Regulations, the Internal Regulations and further applicable provisions.

Article 4.

(Amended by Government Agreement Number M. De F. P. 179.2002.)

The Board of Directors will issue the Internal Regulations. That document will establish the number of the regular and special meeting to be held. The allowances amount will be EIGHT HUNDRED QUETZALS ONLY (Q 800.00). The allowance is when the Members / Owners, the Alternate Members when they substitute the Incumbent member and for the Advisors -when their presence is needed and essential- attend to the meetings. No case whatsoever the personal allowance may exceed the amount of THREE THOUSAND TWO HUNDRED QUETZALS (Q 3200.00) a month.

Chapter III

ASSETS AND ECONOMIC ACCOUNTING REGIME**Article 5.**

The land of 50 hectares that was assigned in usufruct by the State for the premises of “the Zone” has the following boundaries: North: port premises on the extension of the second street (“Segunda calle”) of the deposits and warehouse areas of the Port Company Santo Tomas de Castilla; South: road CA-9; East: Piedras Negras river; West: with national lands.

Article 6.

The Assets of the Zone are comprised of other estates listed in article 24 of the Organic Law, as well as any other property acquired by any other title.

Article 7.

For the allocation of the net profits per each Financial-Accounting Year referred to the 10% established in the literal e) of the article 26 of the Organic Law, the following regulations will be obeyed:

- a) Personnel working by appointment or under payroll, with a monthly or daily salary;
- b) Personnel referred in the previous literal may participate in the profits; however, it is required a minimum of one year of services without interruptions;

c) The temporary suspensions of work do not interrupt the working relationship with the institution to complete the profits percentage allocation;

d) Personnel that has discontinued his/her work during the Financial-Accounting Year, whether for reorganization or budgetary convenience of the Institution, is entitled to receive the corresponding profits in a ratio to the time of service on the base of the last salary that has been earned.

e) People who have been dismissed from service in the Institution for theft, smuggling or fraud to Public Finances shall not enjoy the percentage of profits; and,

f) A special regulation will establish the allocation base for earnings in a ration to the salaries earned by the workers.

CHAPTER IV

ABOUT THE OPERATIONS**FIRST SECTION****ENTRY AND CONTROL****Article 9.**

AMENDED. The Board of Directors of the Zone shall approve, once they listen to the General Customs Administration, the security measures that may be needed within “the Zone” as a protection of the fiscal interests.

(Government Agreement dated on December 9, 1975.)

Article 10.

The General Customs Administration will keep external surveillance of the “the Zone” controlling the entry and exit of individuals, merchandise, and vehicles to/from the zone.

Article 11.

“The Zone” shall establish the needed spots for the customs authority in order to control the entry and exit of merchandise. The construction of these spots shall be carried out after having the approval of the General Customs Administration.

Article 12.

The work hours of “the Zone” for the operations will be established by the General Management, pursuant the different needs that arise. Customs will be informed about the work hours. If that changes, Customs will receive a previous notice to take the needed measures and give the corresponding instructions to the staff.

Article 13.

The access to “the Zone” will be exclusive for the following individuals:

- a) Officers, employees, and workers of “the Zone,” who shall identify themselves;
- b) The owners or representative of the industrial or commercial premises working within “the Zone” who shall identify themselves;
- c) The staff working in the facilities within the “the Zone” that are registered in the General Management;
- d) The staff working in Customs, and the Comptroller General of Accounts who may be in an official committee who shall be accredited; and,
- e) Private individuals may enter by presenting the pass given by the General Management of “the Zone.”

Article 14.

The access pass to “the Zone” shall be requested by the interested individual to the General Management by completing a particular form that must contain:

- a) Order number;
- b) Full name;
- c) Nationality;
- d) Place of origin;
- e) Purpose of the visit;
- f) Number of ID card or Passport, when it is the case;
- g) Permanent or temporary address; and,

h) Date and signature of the interested party

The access forms shall be filed by the General Management in correlative order for future references.

Article 15.

The staff that is working for the facilities within the “the Zone” shall be duly accredited by the owners and legal representatives before the General Management. Then, the corresponding credential will be issued that must contain:

- a) Order number;
- b) Full name;
- c) Photograph (4x5 cm);
- d) Nationality;
- e) Order and Registry numbers from the personal identification document;
- f) Name of the Embassy where the person works;
- g) Residence;
- h) Date and place of issue; and,
- i) Signature of the owner or the legal representative.

Article 16.

The owners of port companies, as well as its staff, shall accredit themselves and bear the corresponding document, as it is established in Article 15 of these Regulations.

Article 17.

The workers’ credentials referred in the articles 15 and 16 of these Regulations shall be returned by the owners or legal representatives of industrial and commercial facilities when the working relationship is terminated.

Article 18.

Individuals may enter and exit only by the main gate of “the Zone” where the General Management and the corresponding Customs will define the corresponding surveillance. Customs will demand the access pass when the individual leaves the facilities of “the Zone” and will give it back. This way, it will record the entering and exit time of the visitor. The pass shall be filed in the Customs Office after a correlative order.

Article 19.

The authorities of “the Zone” shall determine in the internal regulations the places where the hazardous work may be carried out. Additionally, the place to store or deposit fuels or flammable materials shall be determined as well.

Article 20.

The General Management, within the perimeter of “the Zone,” will establish the provisions it deems convenient to prevent theft, fire, humidity, and damage to merchandise.

Article 21.

The tenants of “the Zone” or their legal representatives, shall allow the entry to their premises to the duly authorized officers sent by the General Management, at all time. That staff will visit the premises with the object of overseeing and inspecting the good condition of the buildings, facilities in general, merchandise stowage and fuels deposits.

Article 22.

The tenants shall contract insurance covering the premises they occupy for the worth of the premises plus the assets appearing in the lease, following the distinctive characteristics of each case.

Article 23.

Owners or legal representatives of the industrial or commercial premises working within “the Zone” shall provide information requested by the General Management with control purposes.

Article 24.

Merchandise lading and landing operations at the Port Santo Tomás de Castilla to entry in “the Zone” will be under the responsibility of the National Port Company “Santo Tomas de Castilla” with the formalities established in the internal Regulations and the provisions given by the General Customs Administration.

Article 25.

Any person using the facilities of “the Zone” for industrial or commercial purposes will be subject to fees payment that has been established for that purpose. Also, the individual will be subject to the applicable related provisions according to the corresponding agreement. That document will make evident all the contractual liabilities, as well as the sanctions for infringement.

Article 26. OVERRIDDEN.

(Government Agreement dated on December 9, 1975.)

Article 27.

The owners or legal representatives of the industrial or commercial premises in “the Zone” will enjoy of equal treatment indistinctly; and, in no case whatsoever, there will be privileges that may tend to favor a specific person or sector.

SECOND SECTION**MERCHANDISE****Article 28.**

Lading merchandise with destiny to “the Zone” shall be declared in manifests, waybills, bills or lading documents separated from the goods that correspond to the cargo taken by the carrier vehicle. Such merchandise will be earmarked with the following text: “ZONA LIBRE DE INDUSTRIA Y COMERCIO SANTO TOMAS DE CASTILLA, GUATEMALA, C.A.” (TRADE AND INDUSTRIAL FREE ZONE SANTO TOMAS DE CASTILLA, GUATEMALA, CENTRAL AMERICA.)

Article 29. OVERRIDDEN

(Government Agreement dated on December 9, 1975.)

Article 30. OVERRIDDEN

(Government Agreement dated on December 9, 1975.)

Article 31. OVERRIDDEN

(Government Agreement dated on December 9, 1975.)

Article 32. AMENDED.

Merchandise entry or exit to/from “the Zone” shall be possible only through the specific spots for that purpose and according to the plan and development of the operations area, under the corresponding fiscal controls.

(Government Agreement dated on December 9, 1975.)

Article 33.

Merchandise for import may enter to or exit from “the Zone” with destiny abroad without paying the liens referred by law. However, the mobilization of that merchandise will be monitored and controlled by the Customs Office.

Article 34.

Merchandise manufactured in the Free Zone with foreign material raw may exit the country without paying the liens referred by Law, but when they exit from “the Zone” perimeter, the cargo will be subject to control and monitoring by the Customs Office.

Article 35.

Domestic or foreign merchandise that enters into “the Zone” and that has already paid taxes is subject to the following:

- a) If this is manufactured merchandise or material raw, causing no exporting taxes, that merchandise shall enter free of taxes but will be affected by the exporting customs requirements by the time it leaves permanently for its consumption abroad; and,
- b) If this is merchandise that entered into “the Zone” as raw material for its process, the final manufactured product with such material may be exported abroad without paying the expected legal taxes, but in any case, it will be subject to control and monitor by the Customs Office.

Article 36.

Merchandise leaving the perimeter of “the Zone” for a definitive consumption in the national territory will pay the expected taxes of the Custom Tariffs, subject to the regulations given by the Central American Uniform Customs Code, its Regulations and further applicable dispositions of the same nature, except when a legal and expressed provision that merchandise is exempted.

Article 37.

Merchandise that leaves “the Zone” by land, sea or air, with destiny to another Customs Office in the countryside of the national territory for warehousing, registry, and fiscal taxes payment will be subject under control and monitoring of its lading by the Customs Office. The closed vehicles will bear a fiscal seal; otherwise, if it is an open carrier with a platform, the transportation from the lading point until the arrival point will be carried out under control and monitoring of the Customs Office.

The employees of the Customs Office in the destination receiving the merchandise will check the seals, padlocks and locks conditions. Then, they will count the bulks against the shipping document issued by the General Management. Such document must have the phrase “it agrees” by the Customs Office that was involved in the dispatch. Afterward, the corresponding reception acknowledgment will be sent back to that office.

Article 38.

Merchandise in transit from “the Zone” to any port, whether by sea, air or a border point that has been entitled for commercial transit in the country, with destination to abroad, will be subject to the General Management. This office will present to the Customs Office of the Free Zone a detail listing the merchandise, and appointing the type of carrier. This document shall be attached to the official document supporting the merchandise throughout the pathway; thus, the Customs Office will decide the security measures and monitoring, authorizing such document with its “it agrees” phrase.

Article 39.

Merchandise in transit from “the Zone” with destination to another duty free premises located in the countryside, will be subject to the requirements and formalities referred in the article 37 of these Regulations.

Article 40.

The General Customs Administration will determine a special regulation, a proceeding to follow to charge applicable importing taxes over merchandise manufactured with national and foreign raw material that enters from “the Zone” to the national territory for its consumption.

Article 41.

The Customs Office of the Free Zone will keep a meticulous log of merchandise that enters in “the Zone” perimeter that is tax exempted. This merchandise is intended for use and consumption of the Entity and the industrial or commercial premises within “the Zone.”

In any case, for the delivery, the Customs Office will demand the presentation of an import policy with the formalities established in the Central American Uniform Customs Code and its Regulations, jointly with the Governmental Franchise, if proceeds.

Article 42.

It is forbidden to sell retailed merchandise inside “the Zone.” However, when the buyers are tourists in transit and the value of their purchases are more than one hundred quetzals (Q 100.00), such purchase will be duty free, and the merchandise shall be given only when the tourist has boarded the vehicle that will take him/her out of the country. The duty free Customs Office will establish the control and monitoring measures that ensure the fulfillment of this provision.

Article 43.

Except for the consular visa, the invoices issued by the companies working in “the Zone” shall contain the requirements established by the Central American Uniform Customs Code and its Regulations.

THIRD SECTION**MERCHANDISE STORAGE****Article 44.**

People who want to lease commercial premises in “the Zone” under the purposes determined in the Organic Law, shall request it by a written note to the General Management and fulfill other requirements given in the Regulations issued by the Entity for this purpose.

The contracts that are entered into for that purpose will comprehend the duties, obligations, and responsibilities established in the applicable Laws and Regulations related to this specific purpose.

Article 45. OVERRIDDEN.

(Government Agreement dated on December 9, 1975.)

Article 46. AMENDED.

The Board of Directors will decide on the industrial sector location, based on the adopted plan.

The General Management will establish specific controls to be applied regarding the destiny of raw material, semi-manufactured and manufactured products. (Government Agreement dated on December 9, 1975.)

Article 47.

Expenses incurred in “the Zone” for entering, moving, and carrying the merchandise out shall be paid by the interested parties. The costs caused by sanitizing and fumigation of merchandise in the commercial premises these are will be paid by the interested parties as well.

Article 48.

The General Management of “the Zone” may sell in an auction -after hearing the interested party arguments, or as per his/her request- merchandise:

- a) Once the period given in the request, and deposit contract has expired and there is no formal proceeding for an extension;
- b) If the merchandise has suffered demerit due to finishing and manufacturing reasons;
- c) If there is an evident hazard showing that if merchandise decreases its worth, there is no guarantee that amount would cover the services.

The base price of the auction will be the value of the merchandise, importing tax and cost of incurred services. Special regulations issued by the institution will determine the process to follow on this specific topic.

Article 49.

The sum of that public auction will be applied in the proper order, payment of expenses caused by the merchandise, rights, penalties, customs charges and pending accounts in the concept of transportation, handling, mobilization, and warehousing.

If there is a surplus, it will be in favor of the approving person within a period of two months counted from the date the action finished. It is the legal time to claim for that amount.

If that period expires without filing a claim as referred in the previous paragraph, it will be understood as a waiver to the corresponding right, and the General Management integrates that amount to the assets of “the Zone” as a compensation for damages and perjuries that may have caused.

Article 50.

If after the second auction there is no bidder -after a period of fifteen days- the merchandise will be donated to a public charitable entity under the decision of the General Management. However, if the merchandise nature does not allow that donation, it will be under the resolution of the Ministry of Public Funds.

Article 51.

Before the merchandise is taken out from “the Zone,” all expenses and taxes in debt to the Entity for that merchandise shall be paid in the Till Section of the General Management.

For merchandise withdrawal, the process to follow is only by a written request signed by the interested party or the legal representative, fulfilling all means established in the Regulations.

Article 52.

The Entrepreneurs working in “the Zone” shall provide written instructions to their staff that may be needed for the management, treatment, conservation, transportation, packaging, sampling, inspection or withdrawal of merchandise, using the formulas established in the corresponding Regulations.

FOURTH SECTION

TRANSPORT

Article 53. AMENDED.

Vehicles entry or exit to/from “the Zone” shall be possible only through the specific spots for that purpose and according to the plan and development of the operations area, with the proceedings referred in the Article 32 of these Regulations. (Government Agreement dated on December 9, 1975.)

Article 54.

Any vehicle that enters or exist to/from “the Zone” shall be logged in a special book of the General Management, with the following data:

- a) Name of the owner;
- b) Type of vehicle;
- c) Brand;
- d) Year;
- e) Engine;
- f) Chassis;
- g) Circulation Plate; and,
- h) Driver’s Name.

The General Management will immediately report to the corresponding Customs Office about the vehicles in the log that are authorized to operate in a relationship with “the Zone.”

Article 55.

The carrier shall have a current and valid annual bond that ensures the value of the taxes for the rights that correspond to the merchandise in transit with destination to “the Zone” or that will be settled in other Customs of the Republic from “the Zone.”

The Board of Directors shall issue specific Regulations that rules everything related to the transport of merchandise entering or circulating in “the Zone,” as well as merchandise sent to different Customs of the Republic.

CHAPTER V

GENERAL DISPOSITIONS

Article 56.

The cases under no consideration in these Regulations will be resolved by the Board of Directors of the Entity according to their competence, or by the Ministry of Public Funds.

Article 57. OVERRIDDEN.

(Government Agreement dated on December 9, 1975.)

NOTIFY IT.

ARANA O.

Ministry of Public Funds
JORGE LAMPORT RODIL

** Published in the Official Journal No. 74 on July 23, 1973.*

NATIONAL PALACE:

Guatemala, December 9, 1975.

THE PRESIDENT OF THE REPUBLIC,

WHEREAS:

The Trade and Industrial Free Zone “Santo Tomas de Castilla” is in the phase of organization and planning; therefore, it is convenient to begin its activity as prompt as possible;

WHEREAS:

There are companies with interest to move into the Free Zone as soon as possible, a situation that must be seized as a promotion of the activities of the zone and prevent they may move toward other countries. Therefore, it is necessary to issue the dispositions that allow the installation and functioning of such companies;

WHEREAS:

Some regulations contained in the Government Agreement 22-73 cannot be applied before the infrastructure works are finished. This needs to speed up the operations within the Free Zone and the customs activities in the beginning phase;

THEREFORE,

Upon the faculties conferred by Article 189, item 4, of the Political Constitution of the Republic,

IT AGREES:

Article 1. The articles 26, 29, 30, 31, 45, and 57 of the Government Agreement No. M. De F. P. 22-73 dated on July 20, 1973, are overridden (Regulations of the Organic Law of the Trade and Industrial Free Zone Santo Tomás de Castilla); instead, are amended by the Articles 9, 32, 46, and 53 of the referred Agreement. Thus, the articles will be as follows:

“Article 9.

The Board of Directors of the Zone will approve the security measures within “the Zone,” after hearing the General Customs Administration, that may be needed for the protection of the fiscal interests.”

“Article 32.

Merchandise that enters or exits to/from “the Zone” shall follow instructions only through the specific places for that purpose, according to the planning and development of the operations area, under the corresponding fiscal controls.”

“Article 46.

The Board of Directors will decide on the industrial sector location, based on the adopted plan. The General Management will establish specific controls to be applied regarding the destiny of raw material, semi-manufactured and manufactured products.”

“Article 53.

Vehicles entry or exit to/from “the Zone” shall be possible only through the specific spots for that purpose and according to the plan and development of the operations area, with the proceedings referred in the Article 32 of these Regulations.”

Article 2.

Empower the Board of Directors of the Free Zone to issue the needed measures for control and temporary operation of the industrial and commercial companies in the Free Zone.

Article 3.

Empower the Board of Directors of the Free Zone and the General Customs Administration so they can work jointly in establishing the provisions to cover the temporarily overridden clauses by this Agreement and that may be needed for fiscal, and customs control of the companies installed within the Free Zone.

Article 4.

Authorize the Board of Directors of the Free Zone so in the meantime of the Agreement process, the corresponding fees are established and the define the needed fees for the installation of the companies within the Free Zone.

Article 5.

The Board of Directors of the Free Zone and the General Customs Administration shall report to the Ministry of Public Funds about the provisions and measures that were issued based on the faculties granted herein.

Article 6.

When the infrastructure of the Free Zone is concluded according to the development plans, all those needed provisions to ensure the fiscal and customs control shall be included within the corresponding Regulations.

Article 7.

This Agreement will be enforced the next day after its publication in the Official Journey.

NOTIFY IT.

LAUGERUD G.

Ministry of Public Funds
JORGE LAMPORT RODIL

**Published in the Official Journal No. 78 on December 15, 1975.*

LEASE REGULATIONS

OF

THE TRADE AND INDUSTRIAL FREE ZONE
“SANTO TOMAS DE CASTILLA”

(Government Agreement on
July 31, 1981)

CHAPTER I

ABOUT THE CONTRACTS

Article 1.

The commercial premises and lands property of the Free Zone may be leased to install industries or business for a period of 10 years for industrial purposes and 5 (five) years for commercial purposes. However, in particular and qualified cases and when the investment amount, employment and kind of activity of the interested company justifies, the Board of Directors may extend the lease period after the advice of the Qualification Committee's opinion. The lease amount of the lands and commercial premises within the Zone and those located in the administrative area will be estimated by applying the current rate at the date the contract is entered into.

Article 2.

The lease rights may be awarded to any sole proprietor or legal person whose desire is to begin operations, negotiations and activities referred in article 4 at "the Free Zone." About the organic law, the activities are allowed, provided these are not manufacturing, creation or selling items which import is forbidden according to the local laws and once those meet the requirements established in these regulations.

Article 3.

The lease contracts shall be recorded in a public legal document subscribed before a Notary Public of ZOLIC or the Notary of the lessee company, with special attention on the requirements established in the article 1896 of the Civil Code. The contracts subscribed before a

notary of the lessee companies shall be composed based on the draft the Juridical Advisory of ZOLIC provides and shall have their approval.

Article 4.

Any sole proprietor or legal person interested in operating in the Trade and Industrial Free Zone "Santo Tomas de Castilla" shall request it by a written notice to the Management of the Entity in official paper paying the minimum fiscal fee.

That request needs the following information:

- a) Full name, nationality, and address of the petitioner;
- b) Represented company;
- c) Nationality and address of the company;
- d) Activity to be developed in the Free Zone;
- e) Land area needed for the lease if the proposal is to build their own facilities;
- f) Covered area if the proposal is to move into commercial premises of the Zone;
- g) Electric energy that will be needed during its beginning, stating the voltage and power output.
- h) Investment Amount;
- i) Investment method and stages;
- j) The number of people that will be employed, describing sex, specialized staff and non-specialized staff.
- k) If this is an industrial company, detail raw material to be used, as well as other components and/or materials;

l) Type of waste it may produce and if it needs a specific kind of treatment, what type it may be, and,

m) Describe if the industrial process may cause smoke, noise, smell, harmful vapors, or others.

Article 5.

Once the request has been accepted and entering into the contract has been authorized, the interested party shall present these documents:

- a) Photocopy of the Patent of Commerce;
- b) Legalized Copy of the Articles of Incorporation of the Partnership;
- c) Notarial record of the Legal Representative Appointment;
- d) Certification of the Board of Directors or the Governing Body authorizing to enter into the contract and empowering the legal representative to sign it; and,
- e) Last Balance Sheet.

If it is a foreign company, additionally to the referred documents, it shall present a Government Agreement authorizing the operations in Guatemala.

Article 6.

The lease fees shall be paid monthly or quarterly, in advance, directly in the Till Section of the Zone, during the first 10 days of the month. Companies that move in after the first 10 (ten) first days of the month will pay the corresponding proportion of the month and the full next month at the moment they subscribe to the contract. If the convenient way is the quarterly payment, they shall pay the corresponding portion of the quarter.

Article 7.

The Board of Directors shall revise the lease fees every time it deems it is needed to adjust them to the current financial conditions in the country. The lease contracts may be renewed when the Board establishes it is a benefit for the Zone.

Article 8.

The lessee shall proceed within the Zone, with all the operations, negotiations and activities referred in article 4 of the Organic Law of ZOLIC through seizing the exemptions contained in the articles 32 and 43 therein. Out of the Zone, the companies may carry out their industrial and commercial activities under the current laws and as it is established in article 46, also from the Organic Law of the Zone.

Article 9.

The works of permanent civil engineering built by the users in the Free Zone as a consequence of the lease contracts they enter into with the Free Zone will become the property of the zone when the contract term expires or according to the cases that have been provided in such contract.

Users will bear preferential right to receive in the lease the related works.

CHAPTER II

ABOUT THE SERVICES AND BUILDINGS

Article 10.

The lessor, with the approval of the Planning and Engineering Department and the General Management of the Zone, may build, extend or modify buildings or commercial premises. For that purpose, it is necessary to present architecture, structure blueprints, as well as maps of potable water, drainage, and electric energy.

If the case is for buildings or commercial premises for industrial use that require undertaking machinery and prime movers, as well as storing fuels or flammable materials, besides the documents referred in the previous paragraph, shall present the corresponding blueprints.

In any case, the interested party shall comply with the construction regulations of the buildings in ZOLIC. The party shall process before the National Electrification Institute (INDE - Instituto Nacional de Electrificación) the electric energy installation, as well as water introduction from the distribution network of the Zone into the facilities, and finally, carry the wastewater and rainwater to the closer utility hole and a rainwater tank.

CHAPTER III

ABOUT THE OBLIGATIONS

Article 11.

At the moment of entering into the lease contract, any lessee becomes responsible for the staff working for him/her. In case of infringement against the regulations or the customs provisions, the Zone Management or the Customs Administration -depending on the situation- will apply the corresponding sanctions.

Article 12.

Any lessee shall comply with the following:

- a) Present to the General Management the payroll of the staff with the details below and 2 (two) pictures of 4x5 cm per worker to issue the corresponding credentials;
 1. Full name;
 2. Nationality;
 3. Order and Registry numbers from the personal identification document;
 4. Date and place of issue;
 5. Residence.
- b) Allow that duly authorized staff from General Management enters the commercial premises. They may have to visit to oversee the condition of the building, as well as the facilities in general, stowage of merchandise and fuels deposits.

c) Cover the premises where they are installed with an insured policy for the entire amount of the assets they have in the premises according to the special characteristics of each case;

d) Provide the information requested by the Management for control purposes;

e) Keep obstacle free and clean all the places adjacent to the facilities. When the vehicles load and unload merchandise, verify these do not interrupt the regular transit in the place;

f) Notify immediately to the General Management when hazardous merchandise has to be stored in the facilities;

g) The electric energy consumption for the facilities that correspond to the public lighting shall be paid to the National Electrification Institute (INDE);

h) To pay the telephone and/or Telex bill;

i) Install the water meter and pay the water consumption to the Zone;

j) Report to the Internal Revenue General Office with the approval of the General Management about the date when the company's activities started up for the exemption purposes referred in the second part of the article 32 of the Organic Law of ZOLIC;

k) To pay the expenses for sanitizing and fumigation of the merchandise and commercial premises taken in the Zone or proceed those actions with own staff, with the approval of the Administration of the Zone; and,

l) Fulfill with the local laws and provisions given by the General Management.

CHAPTER IV

PROHIBITIONS**Article 13.**

The tenants of the Zone installed in the premises or the administrative area are forbidden to:

- a) Introduce or manufacture weapons or ammunition and everything that infringes the law;
- b) Use the premises or lands for a different purpose stated in the contract or without the approval of General Management; and,
- c) Sell retailed merchandise, except when the buyers are tourists in their way out of the country, for a higher amount to Q100.00.

CHAPTER V

SANCTIONS**Article 14.**

The General Management is empowered to impose disciplinary or financial sanctions to the companies installed in the Zone and the staff working for them, for infringements against these Regulations and further laws ruling the operation.

Article 15.

If any individual at the service of companies installed in the Zone infringes laws or regulations, he/she will be penalized by prohibiting his/her access to the Zone for a period of 1 - 10 days. However, if the boss or chief considers that non-attendance as trouble for the company, the company shall cover the equivalent of the sanction with the salary of the worker.

Article 16.

Any person that leaves or enters from/to the Zone by places different from the appointed ones by the Management shall be arrested by the surveillance agents and will be handed to the competent authorities. The same process will be followed when someone is surprised at stealing merchandise or objects.

Article 17.

The non-authorized sublease will lead to termination of the contract, additional to the responsibilities incurred by the lessee for the prejudices caused against the interest of the Zone or the private assets therein.

Article 18.

Manufacturing or introduction of weapons or ammunition into the Zone will be penalized by confiscating these. If the lessee is responsible, the contract shall terminate. In any case whatsoever, it will be reported to the competent authorities, except when the Ministry of National Defense has approved the manufacturing and entering. In that case, it will be subject to the provisions issued especially for that case by that office.

Article 19.

Selling retailed merchandise, except selling to tourists (according to the Manual for Merchandise Entering, Handling and Withdrawal) may cause the imposition of a penalty equals the value of the sold merchandise and its confiscation.

GENERAL DISPOSITIONS

Article 20.

In the case of payment failure to the consumption of electric energy to INDE, potable water, rents, penalties or any other debt to ZOLIC or any other State office, the assets of the Company will cover such failures.

Article 21.

The cases under no consideration in these Regulations will be resolved by the Board of Directors or the General Management according to their competence. ZOLIC.

TRADE AND INDUSTRIAL FREE ZONE "SANTO TOMAS DE CASTILLA"

Types of areas	By m2 / monthly	Location
Roofing area	\$ 4.00	ZOLIC
Uncovered area	\$ 2.00	ZOLIC

(According to article 1 of the Ministerial Agreement No. 234-2018 of the Ministry of Public Funds dated on May 16, 2018.)

AND IN WITNESS WHEREOF, as per request of the interested party, for the legal uses such party may deem convenient, and without assuming any responsibility whatsoever for the contents of the translated document, I issue, sign and seal the present sworn translation with legal value, on seven sheets of letter size paper, duly compared with the original document, in the City of Guatemala, on April 3, 2019. ---



Oficinas Ciudad Capital

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