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NEWS

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RULING SRI

REGARDING THE PROVISION FOR SEVERANCE PAYMENTS AND EMPLOYER'S RETIREMENT PENSIONS

Through the Third Supplement of the Official Gazette No. 365 of August 1, 2023, the Internal Revenue Service (SRI) issued a ruling that establishes application criteria on the deductibility of the provision for severance payments and retirement pensions.

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Ruling No. **NAC-DGECCGC23-00000006** establishes that provisions for the severance payment and retirement pensions should be considered as non-deductible in the accounting period in which they are recorded and give rise to a temporary difference that allows the recognition of a deferred tax asset that may be used at the time of payment of such labor obligations.

On the other hand, if such provisions are not used and must be reversed, the income generated by such reversal will have to be considered as taxable or not subject to income tax in the same proportion in which they were considered as deductible or non-deductible expenses in the year in which they were provisioned.

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At **Balta Ecuador**, our mission is to provide the highest quality legal and tax consulting services to help our clients achieve success in a complex and constantly evolving business environment.

As experts in the field, we understand that **legislative changes and regulations** can generate doubts and concerns. So we are committed to being your trusted partner and providing clear and accurate answers to all your questions. **Our team of highly trained professionals** is here to guide you through any legal or tax challenges you may face.

If you have any questions, concerns or would like to take advantage of our services, please do not hesitate to contact us. We are eager to listen to your inquiry and offer solutions tailored to your business needs.



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