

# Nicaragua

## 1. Government requirements

### Registration requirements

Any person who performs a job or professional service of any nature for another person (whether legal, public, private or mixed), irrespective of the type of relationship linking them, the economic nature of the activity or the form of payment or compensation provided, is subject to the mandatory social security scheme. The definition includes apprentices, even though they are not remunerated.

Some of the registration requirements are as follows:

### Nicaragua Social Security Institute (INSS)

All employers are required to register for social security as an employer, and to register their employees with the mandatory scheme no later than three days after they start work. Independent workers may join the voluntary scheme. The employer can register for social security by:

- Visiting the nearest INSS office
- Requesting that an INSS affiliate visit their business
- Registration can be requested through a system called “Sistema de Información Autodeterminado” which allows users to perform online tasks with the INSS

### General requirements:

1. Form of registration or update of the employer and/or payroll
2. Identity Document
3. Valid residence card
4. Deed of incorporation and bylaws registered in the mercantile registry
5. Power of legal representative

### Tax administration

Every individual or legal entity is obliged to register in the Unique Tax Registry when starting any lucrative activity or business (sale of goods or provision of services), subject to a tax under the administration of the General Tax Office.

### General requirements:

1. Deed of Incorporation (two copies)
2. Certification of registration of a limited company (two copies)
3. Application for merchant registration and sealing of commercial books (two copies)
4. Certificate of registration as a merchant in the Mercantile Public Registry (two copies)
5. General power of administration (two copies)
6. Certificate of registration of general power of administration (two copies)
7. Receipt of basic service e.g., water, electricity, telephone, or lease agreement that establishes domicile (two copies) or Notarial Certificate (two copies) that shows the domicile of the company and the president
8. Identity document (two copies)

## Ongoing compliance requirements

Monthly presentation of the income tax depends on the calendar expressed by the GDI of Nicaragua.

Monthly social security reports must be done during the first three natural days and payment is made on the 17th of each month via [web.inss.gob.ni/sie/Home2.jsp](http://web.inss.gob.ni/sie/Home2.jsp).

## 2. Pension requirements

### Registration requirements

An insured person who joins the social security scheme having reached 45 years of age, must have paid contributions for half of the time between the date of incorporation and the date of compliance, with the corresponding age, or the last week paid afterwards, and must have an absolute minimum of 250 weekly contributions. This to be subject of the social security benefits.

Any national and foreign resident who, through a verbal or written employment relationship, or through any type of employment as a dependent or independent person, is temporarily or permanently linked to an employer for the performance of work or services is considered a worker. This applies whether the employer is a natural person or a legal, private, state or mixed entity, or a foreign institution or body residing or not in the country, including the bodies and institutions of Central American Integration. Regardless of the number of workers, the employer is subject to mandatory insurance. Likewise, persons who are engaged in the exercise of a public function, whether they are elected or appointed in the institutions and powers of the state, are subject to mandatory insurance.

### Ongoing compliance requirements

This information is not available.

## 3. Employment obligations

Employer contribution	Percentage
NSS	21.50%
INATEC	2.00%
Vacation accrual	8.33%
Christmas bonus accrual	8.33%
Severance three years	8.33%
Severance from three to five years	5.55%
Severance more than five years	0.00%

1. The Christmas bonus is a constitutional right of public and private sector workers. It is an additional payment of a month's salary after a year of continuous work or a proportional payment corresponding to the period of time worked. A year is defined as the period from 1 December of the previous year to 30 November of the current year. The payment of this bonus must take place in the first 10 days of December each year, or no later than 10 days after the termination of the employment relationship
2. Vacation is the period of time of continuous and remunerated rest to which every worker is entitled for every six months of uninterrupted work at the service of the same employer. The payment that the worker receives is the equivalent of 15 days of salary. If the salary has been agreed on a biweekly or monthly basis, the vacation payment is made on the basis of the last salary earned. If the salary is variable, the vacation payment is made on the basis of the average salary of the last six months. Regardless of the form of payment agreed, the vacation

payment will always be made on the basis of the ordinary salary. This includes the basic salary, plus any commission or incentives that the worker earns.

The Christmas bonus is calculated in a similar way to holidays. The period is calculated from December of one year until November of the following year (see Articles 93 to 99 of the Labor Code). The payment could not exceed the equivalent of 30 days of salary.

## **4. Payroll requirements**

As per statutory requirements, employees in Nicaragua must receive either monthly or biweekly payment.

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## **5. Banking requirements related to payroll**

This information is not available.





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