

FREE ZONE LAW

Executive Summary / Translation

LEY CONSTITUTIVA DE LA ZONA LIBRE DE PUERTO CORTES (Gaceta No.21,947 del 21/07/76)

DECRETO No. 356

- Originally conceived to create the Puerto Cortés Free Zone in 1972, the Free Zone Law now extends to the whole of Honduras' national territory permitting Free Zones to be established in places that are most convenient for manufacturing facilities.
- Free Zones may be Government or privately owned.
- National and international commercial and industrial companies that are principally dedicated to exports and complementary activities may operate within Free Zones.
- Free Zones are exempt from payment of duties, charges, surcharges, consular fees, internal consumption taxes and any other taxes or duties on exports and imports on materials, equipment, office supplies and others required for the operation of the manufacturing facility.
- Merchandise entered into the free zone that has not been subject to any industrial transformation or manufacturing process may be re-exported free of custom duties, fees and other fiscal, municipal or district charges.
- Foreign merchandise entered into the Free Zone that has not been subject to any industrial transformation or manufacturing process may be imported for use or final consumption in the country, as long as all requirements, customs regulations and governing laws are complied with.
- National merchandise entered into the Free Zone which has not been subject to any industrial transformation or manufacturing process may be exported as long as all the requirements and formalities established in the custom regulations are complied with.
- Merchandise that has been subject to any transformation or manufacturing process within the Free Zone may be imported for use or final consumption in the country paying applicable customs duties and fees.
- Commercial or trading companies must export or re-export a minimum of 50% of their annual sales, while industrial companies are required to export or re-export no less than 95% of their annual production
- Firms operating in the zone must grant workers all benefits established by the Honduran Law.

- Companies wishing to operate under Free Zone status must apply to the Secretaría de Industria y Comercio through a legal representative, submitting information on the company's industrial activity, location and contact information, products and export markets, and support services. In addition, the application must include legal documentation covering the company's articles of incorporation, or Individual Merchant Declaration, or in the case of foreign companies, written authorization to practice trade in Honduras as granted by the Secretary of Finance.
- Other application documentation may include the power of attorney for the company's representative, descriptive blueprint drawings of the property and installations where the project will be developed, demonstrating compliance with building regulations, as well as the property title or leasing agreement/contract for a period no less than five (5) years.
- In addition, three year projections must be provided on volumes and costs of the products to be exported, number of employees and their respective salaries, total investments to be developed and fixed assets, and descriptions of the production process
- Once all requirements are complied with, the Secretary of Industry and Trade issues a resolution in favor of the company to operate under free zone status. Once approved the company signs an operation contract with the Dirección Ejecutiva de Ingresos prior to an inspection of the property where the company operate.