



PARAGUAY RELOCATION GUIDE

LAT-AM ENTERPRISE & BUSINESS MANAGEMENT

PY PARAGUAY

Strategic Guide for Ultimate Tax Freedom & Privacy

2025 Edition | Confidential

INTRODUCTION

Welcome to your strategic guide for relocation and investment in Paraguay — South America's best-kept secret and the ultimate destination for genuine tax freedom, privacy, and escape from Western surveillance systems.

This document is designed for **executives, entrepreneurs, and families** evaluating Paraguay for personal relocation, corporate operations, or strategic investment. This is not a tourism guide — it's a pragmatic analysis of opportunities, processes, and critical considerations for successful transition.

What You'll Find:

- ✓ Why Paraguay for strategic relocation
- ✓ CBDC & Digital ID status and risks
- ✓ Ultimate tax freedom (0% foreign income)
- ✓ Residency options and citizenship path
- ✓ Real cost of living and quality of life
- ✓ Business setup and agricultural opportunities
- ✓ Infrastructure reality and trade-offs
- ✓ Essential steps for relocation

 **Important Disclaimer:** This guide provides general information and does not constitute legal, tax, or investment advice. Each situation is unique and requires personalized analysis. For concrete implementation, we recommend specialized consultation adapted to your specific objectives.

WHY PARAGUAY?

While Western jurisdictions accelerate implementation of CBDC surveillance systems, mandatory digital identity, and state control over families, Paraguay offers genuine alternative built on **passive resistance** through underdevelopment, institutional inertia, and cash-dependent economy.

What Makes Paraguay Strategically Unique:

- ✓ **Ultimate Tax Freedom:** Zero tax on foreign-sourced income — most favorable territorial system in Latin America
- ✓ **Low Profile:** Small population (7M), minimal international attention, bureaucracy favors discretion
- ✓ **Agricultural Paradise:** Fertile land, low costs, booming agribusiness, direct global market access
- ✓ **Stable Currency:** Paraguayan Guaraní managed conservatively, low inflation (4-5%), no currency crisis history
- ✓ **Privacy Protection:** German Mennonite communities demonstrate successful off-grid living possible
- ✓ **Accessible Residency:** Fast permanent residency, no minimum stay requirements

CBDC & Digital Identity — Critical Assessment (2025)

CBDC Status:

Paraguay's Central Bank (Banco Central del Paraguay) remains in "research phase" since December 2021. Approved regulations to "monitor international CBDC initiatives" and analyze implications, but has NOT moved beyond exploratory conferences and working groups.

Strategic Analysis:

- No implementation timeline announced (contrast Brazil, Mexico, Colombia active development)
- Institutional skepticism evident — focus remains traditional guaraní currency stability
- Infrastructure limitations — vast rural areas lack basic banking, making CBDC practically impossible short-term
- Agricultural economy dominance — cash transactions remain standard in countryside
- Political inertia — conservative governance resists rapid technological disruption

CBDC Risk Assessment: LOW to MODERATE

Paraguay unlikely to implement CBDC in next 3-5 years due to infrastructure gaps, institutional caution, lack of political will. Long-term (5-10 years), international pressure may increase risk, but Paraguay's decentralized reality and cash-dependent economy provide natural resistance.

Digital Identity Status:

In October 2023, Paraguay passed Law No. 7177/2023, providing legal basis for government-issued digital identity credentials including mobile driver's licenses (mDLs). However, implementation proceeding "without adequate regulation" according to civil society organization TEDIC, raising concerns about privacy violations, biometric data security, and concentration of personal data within National Police.

Critical Issues:

- Biometric data controlled by National Police (law enforcement) rather than separate civil entity
- Privacy policies reference repealed laws, inadequate data protection framework
- Paraguay participating in Mercosur Digital Citizen program with Argentina, Brazil, Uruguay — regional integration advancing
- **Expats and temporary residents NOT required to participate until citizenship (years away)**
- Law 7177/2023 applies primarily to Paraguayan citizens, foreign residents use traditional cedula (physical ID)

Digital ID Risk Assessment: MODERATE to HIGH

Implementation advancing despite inadequate safeguards. However, **expats exempt until citizenship application** (5+ years minimum). Short-term risk low for relocators.

Comparison to El Salvador:

Aspect	El Salvador	Paraguay
CBDC	Explicit presidential refusal	Research phase, passive resistance

Aspect	El Salvador	Paraguay
Digital ID	Explicit refusal	Law passed, implementation weak
Protection Type	ACTIVE (Bukele guarantee)	PASSIVE (infrastructure limits, inertia)
Guarantee	Presidential commitment 2029	No political guarantee

Strategic Positioning:

Paraguay does NOT have Bukele-style explicit rejection. Protection is **organic** (underdevelopment, decentralization, cash culture) rather than **ideological** (political leadership refusing).

For families escaping European digital prison, Paraguay offers practical freedom through infrastructure limitations rather than active government resistance.

Country Profile

Essential Data:

- **Population:** 7 million
- **Currency:** Paraguayan Guaraní (PYG), stable, 4-5% inflation
- **GDP:** ~\$42 billion USD
- **GDP Growth:** 3-4% annually
- **Official Languages:** Spanish, Guaraní
- **Location:** Landlocked between Brazil, Argentina, Bolivia

ECONOMIC CONTEXT & POLITICAL ENVIRONMENT

Economy Overview

Key Sectors:

- **Agriculture (20% GDP):** Soy (world's 4th largest exporter), cattle, grains
- **Services (55% GDP):** Trade, financial, government
- **Industry (25% GDP):** Food processing, textiles, construction

Economic Characteristics:

- Agricultural powerhouse — fertile land, established export infrastructure
- Hydroelectric energy abundance (Itaipu, Yacyretá dams)
- Free trade agreements (Mercosur, others)
- Cash economy dominant outside Asunción

Political System

Stable Democracy Since 1989:

- Colorado Party traditionally dominant (pro-business, conservative)
- Regular peaceful power transfers

- Pro-agricultural policy, foreign investment welcomed
- Minimal government interference in private affairs

Governance Style:

- Decentralized — central government weak in rural areas
- Bureaucracy exists but less aggressive than neighbors
- Corruption declining but still present
- "Live and let live" mentality

TAX STRUCTURE — THE ULTIMATE FREEDOM

Territorial Tax System

Fundamental Law: Ley 125/1991 (Income Tax Law) Article 2 establishes territorial taxation — **only income generated within Paraguay is taxable. Income from anywhere else in world is tax-free.**

Tax Type	Rate	Application
Personal Income (IRP)	10% flat	Only Paraguayan-source income
Foreign-Source Income	0%	Worldwide income from abroad tax-free
Corporate Tax (IRACIS)	10%	Paraguayan-source only
VAT (IVA)	10%	Consumption tax (among lowest globally)
Capital Gains	10%	Only Paraguayan assets
Dividend Tax	8% (residents) / 15% (non-residents)	Paraguayan companies only
Property Tax	1% annually	Declared real estate value
Inheritance Tax	None	Estate planning advantage
Wealth Tax	None	No reporting foreign assets

What Qualifies as Foreign-Source (0% Tax):

Scenario 1: International Consulting/Services

Services to foreign clients delivered remotely or through travel outside Paraguay = **0% tax**

Documentation: Contracts, invoices, payment records, minimal Paraguay presence

Scenario 2: Investment Income

Dividends from foreign stocks, interest from foreign accounts, rental income foreign property, capital gains foreign assets = **0% tax**

Documentation: Brokerage statements, bank reports, straightforward

Scenario 3: Digital Business

E-commerce to foreign customers, SaaS, digital products sold internationally, affiliate marketing =

0% tax with structure

Requirements: Foreign client base documented, proper corporate structure

Scenario 4: Trading & Investing

Forex, stocks, cryptocurrency (if foreign exchanges) = **0% tax**

Scenario 5: Royalties & IP (if foreign)

Book royalties foreign publishers, patent licensing foreign companies = **0% tax**

Critical: Difference between 0% and 10% is **documentation and structuring**. Professional tax attorney essential.

RESIDENCY & CITIZENSHIP

Permanent Residency — Straightforward Path

Requirements:

- Deposit: \$5,500 USD in Paraguayan bank (refundable after approval)
- Criminal background check (apostilled)
- Birth certificate (apostilled)
- Marriage certificate if applicable (apostilled)
- Health certificate from Paraguayan doctor (\$30-50)

Timeline: 6-12 months average

Benefits:

- Immediate permanent residency (not temporary cycle)
- No minimum stay requirements (can live elsewhere)
- Work authorization included
- Family members eligible (spouse, children under 18)
- Path to citizenship after 3 years continuous residence (optional)

Strategic Advantage: Functions as "Plan B" insurance even if don't live full-time. No annual renewals, no income requirements ongoing, no presence mandates.

Tax Residency Management

Becoming Tax Resident:

- Permanent residency alone does NOT trigger tax residency
- Tax residency triggered by "habitual residence" (primary home/economic center)
- Practical trigger: 120+ days per year OR primary economic activities centered in Paraguay

Strategic Options:

Option 1: Full Paraguay Tax Resident

Live in Paraguay majority of year = 0% tax on all foreign income. Pay 10% only on Paraguay-sourced income (if any).

Option 2: Non-Resident with Permanent Residency

Maintain residency, live elsewhere (digital nomad, multiple residences) = No tax obligation anywhere if structured properly.

Option 3: Paraguay Base + Foreign Income (SWEET SPOT)

Live in Paraguay, ALL income from foreign sources = **Effective tax rate 0%**

COST OF LIVING & FAMILY CONSIDERATIONS

Living Costs — Realistic 2025 Budgets

ASUNCIÓN (Capital, 3M metro, hot 20-35°C)

Category	Monthly Cost (USD)
Rent: 3-bedroom house (good neighborhood, gated)	\$600-1,200
Utilities (electricity with AC, water, internet, gas)	\$80-150
Groceries (family of 4, local + some imports)	\$400-700
Transportation (vehicle ownership, fuel, insurance)	\$200-350
Private bilingual school (per child, limited options)	\$300-600
Private health insurance (family of 4)	\$150-350
Domestic help (full-time, common)	\$250-400
TOTAL (comfortable lifestyle)	\$2,000-4,000

Cost Reality: Family of 4 lives comfortably on \$2,500-3,500/month. Same lifestyle costs \$6,000-10,000 in US/Western Europe. **Paraguay delivers 60-70% savings.**

Comparison: 20-30% cheaper than Costa Rica, 30-40% cheaper than Panama, similar to Ecuador interior.

Education & Family Freedom

Public Schools:

Spanish/Guaraní bilingual, traditional Catholic conservative society, quality variable. Free but expats choose private.

Private Bilingual Schools (Asunción):

- American School of Asunción (ASA) — US curriculum, established 1953
- International Christian School — Christian values, bilingual
- St. Anne's School — British curriculum
- **Tuition:** \$300-600/month (50-70% below US private schools)

Homeschooling:

Legal and growing

- Register with Ministry, submit curriculum, annual evaluation
- High flexibility — parents control content, methodology, values
- Active homeschool networks (Asunción, Mennonite colonies)

Parental Rights:

- Government interference minimal — culturally conservative society respects parental authority
- Vaccine mandates recommended but enforcement weak
- Parents maintain complete control children's healthcare, education
- Traditional Catholic values dominant
- No pattern targeting expats — government indifferent to family choices

Educational Freedom Reality: Paraguay's conservatism and weak state capacity provide organic protection for traditional values and parental authority.

Child Safety & Healthcare

Safety:

- **Asunción affluent zones:** Safe with normal precautions, children play outside in gated communities
- **Rural/colonies:** Very safe, traditional community, low crime
- **Crime types:** Petty theft cities, property crime rural, violent crime against foreigners rare

Overall: Manageable with neighborhood selection. Not Costa Rica "relax completely" but not dangerous.

Healthcare:

Private Hospitals (Asunción):

- Hospital Italiano, Sanatorio Migone, Centro Médico La Costa
- Quality: Decent routine care, emergency adequate, specialist limited
- **Complex cases often referred Brazil/Argentina**

Costs:

- Pediatric consultation: \$25-50
- Emergency room: \$80-200
- Major surgery: 70-75% below US
- Dental: Affordable (\$30-60 cleaning, \$600-1,200 ortho total)

Private Insurance: Family of 4 comprehensive \$150-350/month

Reality: Adequate for routine family medicine. For serious conditions, plan medical travel Argentina/Brazil (standard even for wealthy Paraguayans).

Real Estate

Purchase Prices (2025):

Asunción:

- 3-bedroom house (gated): \$100,000-200,000
- Luxury property: \$250,000-500,000+

Agricultural Land (PRIMARY OPPORTUNITY):

- Per hectare (2.47 acres): \$2,000-10,000 (location, soil, infrastructure dependent)
- 100-hectare farm developed: \$300,000-800,000
- 1,000+ hectare ranch: \$2M-10M+ (soy, cattle operations)

Mennonite Colonies (Chaco):

- Developed agricultural: \$1,500-4,000/hectare
- Raw Chaco land: \$500-1,500/hectare (requires development)

Due Diligence CRITICAL:

- Title search Public Registry
- Survey by registered agronomist
- Indigenous community claims check
- Water rights confirmation
- Access road rights (many landlocked)
- **Specialized real estate attorney with agrarian law expertise essential**

Common Issues: Overlapping claims, fraudulent titles, indigenous rights conflicts, boundary disputes

Never purchase without: Attorney, title insurance, physical inspection, survey

Investment Returns:

- Agricultural land appreciation: 5-10%/year prime zones
- Soy farming ROI: 8-15%/year (volatile, weather/commodity dependent)
- Cattle ranching ROI: 6-12%/year (more stable)

BUSINESS SETUP & AGRICULTURAL OPPORTUNITY

Company Formation

Sociedad Anónima (S.A.):

- Minimum 2 shareholders
- Minimum capital: \$0 (symbolic)
- Formation cost: \$1,200-2,500
- Timeline: 4-8 weeks
- Annual maintenance: \$600-1,200

Tax Treatment:

- 10% corporate tax Paraguayan-source
- 0% foreign-source with documentation

Corporate Banking

Major Banks: Banco Continental, Itaú Paraguay, Banco Regional, BBVA Paraguay

Account Opening: 2-6 weeks, requires corporate documents, \$500-2,000 initial deposit

Banking Limitations:

- International wires possible but sometimes slow
- Online banking basic functionality
- Credit expensive (18-25% rates), difficult for foreigners

High-Potential Sectors

1. Agriculture & Agribusiness (PRIMARY):

Soy Production: World's 4th largest exporter, 100-1,000+ hectares typical, ROI 8-15%/year

Cattle Ranching: Grass-fed beef, 500-5,000+ hectares, ROI 6-12%/year

Organic Farming: Chia, quinoa, stevia, sesame — ROI 10-20%+ with certification

2. Real Estate Development (Emerging):

Asunción urban expansion, agricultural land subdivision, returns 15-25%+ successful projects

3. Remote Services (Tax Optimization):

Consulting, software, digital marketing for foreign clients — 0% tax advantage

4. Mennonite Community Businesses:

Agricultural equipment, dairy processing, construction — self-contained economies significant purchasing power

Business Environment — Honest Assessment

Advantages:

- 10% flat tax simplest in region
- 0% foreign-income unmatched
- Low operating costs
- Agricultural sector well-established
- Minimal bureaucracy vs Brazil/Argentina
- Government non-interventionist

Challenges:

- Small domestic market (7M people, lower purchasing power)
- Infrastructure gaps (roads poor outside main routes, electricity unreliable rural)
- Corruption exists (land, permits, customs especially)
- Legal system slow (contract enforcement years)

- Spanish essential (almost zero English business)

Success Requirements:

- Spanish fluency or excellent local partner
- Patience with bureaucracy
- Local attorney/accountant from day one
- Realistic expectations (not First World efficiency)
- Focus export markets or niche communities

CHALLENGES, RISKS & MITIGATION

Risks to Evaluate

1. Political Instability Historical:

Stable since 1989 but history of coups. Monitor political climate.

2. Infrastructure Gaps:

Outside Asunción, services limited. Rural properties challenging (roads, utilities, medical access).

3. Bureaucracy & Corruption:

System slow, corruption exists. Mitigation: reputable professionals, formal procedures documented.

4. Small Market:

7M population = limited domestic opportunities. Strategy: export focus or serve niche.

5. CBDC/Digital ID Long-Term:

Current risk low but international pressure increasing. No active government resistance like El Salvador.

Risk Management Strategies

- ✓ Diversification — not all assets one jurisdiction
- ✓ Proper legal structure from day one
- ✓ Title insurance, comprehensive due diligence
- ✓ Exit strategy planning
- ✓ Monitor political developments

When Paraguay Is NOT Right

- ✗ Expecting First World infrastructure everywhere
- ✗ Zero tolerance for bureaucracy/corruption
- ✗ Need sophisticated financial markets access
- ✗ Cannot accept political risk emerging markets
- ✗ Prefer active government protection (El Salvador better)

Safer alternatives (but expensive/restrictive): Costa Rica, Uruguay, Portugal

TIMELINE FOR RELOCATION

Phase 1: Evaluation (1-2 months)

- Clarify objectives (personal vs business vs investment)
- Feasibility study: Paraguay fit?
- Budget realistic (12-24 months)
- Exploratory visit (1-2 weeks)

Phase 2: Legal & Financial Setup (2-3 months)

- Residency application
- Company formation (if applicable)
- Bank account opening
- Tax consultation, structuring

Phase 3: Physical Establishment (1-2 months)

- Property acquisition/rental
- Physical relocation
- Utilities, internet, services setup
- School enrollment (if children)
- Health insurance

Phase 4: Operations & Optimization (3-6 months)

- Business launch (if applicable)
- Staff recruitment, training
- Networking
- Process fine-tuning

Total Timeline:

- Personal relocation: 3-4 months
- Relocation + business: 6-9 months
- Complex investment (agricultural): 12-18 months

NEXT STEPS & HOW WE CAN HELP

You've reached the end of this guide — which means Paraguay is seriously on your evaluation list. You understand the opportunity: **zero foreign-income tax, genuine financial privacy, low-profile existence** at accessible cost.

But opportunity requires proper execution. Understanding doesn't file applications, structure tax affairs, or navigate land acquisition safely.

LAT-AM EBM Services

1. Strategic Consultation:

Feasibility analysis, tax optimization strategy, residency planning, lifestyle reality check

2. Residency Application:

Complete documentation, attorney liaison, bank deposit coordination, cedula acquisition

3. Tax Structure & Compliance:

Foreign-source documentation system, corporate structure, SET registration, ongoing compliance

4. Real Estate & Land:

Property search, complete due diligence (title, survey, claims), closing, registration

5. Business Formation:

S.A. formation, corporate banking, agricultural investment evaluation, ongoing support

Why LAT-AM EBM?

- ✓ **Proven Paraguay expertise** — successful relocations, tax structures, agricultural investments
- ✓ **Tax optimization specialization** — territorial system, foreign-source documentation, SET compliance
- ✓ **Agricultural sector network** — farm managers, agronomists, land attorneys
- ✓ **Honest assessment** — we tell you when Paraguay right and when not
- ✓ **End-to-end service** — consultation to complete stabilization

Contact

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30-minute consultation: Analyze situation, evaluate fit, provide action plan

ESSENTIAL RESOURCES

Immigration: www.migraciones.gov.py

Tax Authority (SET): www.set.gov.py

Central Bank: www.bcp.gov.py

Public Registry: www.pj.gov.py/rrpp

Agriculture Ministry: www.mag.gov.py

Investment Promotion: www.rediex.gov.py

DISCLAIMER

This guide provides general information accurate as of 2025. Paraguayan laws, regulations, and policies can change. Always verify through official sources and qualified advisors.

This document does NOT constitute legal, tax, immigration, or investment advice. Professional consultation essential for any relocation decision.

Paraguay offers exceptional tax freedom and privacy but requires realistic expectations about infrastructure, bureaucracy, and adaptation.

LAT-AM Enterprise & Business Management

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ERRATA

Advanced Asset Protection & Tax Optimization Strategies

LAT-AM Enterprise & Business Management LLC

This guide provides foundational information about Paraguay. However, sophisticated wealth preservation requires **multi-jurisdictional structuring** beyond single-country residency.

LAT-AM E&BM LLC provides advanced solutions for comprehensive asset protection and tax optimization through our network of specialists across the Americas.

U.S.-Based Corporate Structures

Delaware LLC / Wyoming LLC / Nevada Corporation:

- No state tax on income generated outside state
- Strong asset protection statutes
- Combined with Paraguay residency: Operate US entity abroad, minimize tax exposure

Example: Paraguay residency (0% foreign income) + Wyoming LLC (US operations, zero state tax) + Offshore holding = Legitimate minimization, asset protection

Trust-Based Wealth Protection

Domestic Asset Protection Trusts (DAPTs):

Nevada, South Dakota, Wyoming, Delaware — protects from future creditors while maintaining benefits

Foreign Asset Protection Trusts (FAPTs):

Cook Islands, Nevis, Belize — combined with Paraguay, assets outside US/European court reach

Family Trust Structures:

Wealth transfer without probate, estate taxes minimized, privacy maintained, multi-generational

Why Multi-Jurisdictional Matters

Single-Country Risk: Political changes, economic instability, legal judgments

Diversified Benefits:

- Jurisdictional arbitrage
- Risk mitigation
- Flexibility
- Tax optimization

LAT-AM E&BM Services

- Feasibility analysis
- Custom structure design
- Entity formation (US LLCs, offshore companies, trusts)
- Multi-jurisdictional banking
- Tax compliance & optimization
- Ongoing administration
- Legal coordination

Important Disclaimer

Structures described are **legal and widely used**. However:

- △ Compliance mandatory (FATCA, CRS, FBAR reporting)
- △ Intent matters — legitimate optimization legal, evasion illegal
- △ Professional guidance essential
- △ Costs significant: \$10k-50k+ setup, \$5k-20k+ annual

For informational purposes only. Not legal, tax, or investment advice.

Contact for Advanced Strategies

- office@lat-amebm.com | office@zamfirgroup.com
- www.lat-amebm.com

Initial consultation: 30-minute deep-dive, preliminary recommendations, cost estimate

LAT-AM Enterprise & Business Management LLC

Your Partners in Strategic Relocation & Wealth Preservation

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