



Serviap Global

Guatemala Country Facts 2025





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Guatemala Country Facts

Guatemala offers an exciting environment for companies exploring the opportunities tied to offshoring their work. Guatemala boasts a young workforce, many of whom speak English, have a strong interest in developing tech and IT sectors, and the country is conveniently located near North America (Central Time Zone). Its location with access to both the Atlantic and the Pacific makes it an attractive hub for global trade between Asia, North America, Europe, and other Central American countries.

1.-The Economy

While Guatemala's technology sector continues to develop, the rest of the market has a rich, diverse base and the largest economy in Central America. Another positive to this country is that taxation is a simple formula:

- 5% on the first 30,000 quetzals (GTQ)
- 7% on all income over that level
- GTQ 30,000 is around USD 3,850

While an average turnover rate is unavailable for Guatemala, certain sectors show higher turnover rates, especially in the construction industry. However, these rates are not a matter of concern for most companies looking to offshore. Instead, they should be seen as signs that workers are looking for better opportunities, which offer a pathway to advancement and a stable career.

2.-The Importance of Small and Medium-Sized Companies

4 Guatemala also has a large pool of workers trained in the United States in technical fields like programming. In addition to having solid technical skills, they are also better adapted to dealing with Americans in a business setting. While the country is still recovering from the aftermath of a long civil war (1960 to 1996), much of the economic recovery is now focused on encouraging tech startups and leveraging graduates with domestic and foreign technology training.

3.-Population Characteristics

There are about 18.5 million people in Guatemala (2025 estimate), and nearly 70% of them are under the age of 30, making Guatemala the most populous country in Central America.

Spanish is the official language of Guatemala; however, most students who complete primary and secondary education in state-sponsored schools will have ten years of English classes. This exposure means that many people in Guatemala have a high degree of proficiency in English, even if they are not fully fluent.

4.-Economic Opportunities

Guatemala offers an exciting environment for companies looking to offshore their work. With a high population of English speakers, a strong interest in developing its tech and IT sectors, and its convenient location relative to North America (including the Central Time Zone), Guatemala is ripe for further development.



5.-Key Sectors of the National Economy

Human Talent

- Tech Startups: Guatemala is home to several tech startup companies, and digital technology has grown by more than 8% in recent years.
- Human Resources: In addition to an increasing number of graduates from Guatemala’s public and private universities, a significant number of citizens received a university education in the United States, giving Guatemala a solid base in technical training.
- Focus on Support Development: The Guatemalan tech workforce provides both content and software development services. This mix makes it easy for companies looking to outsource to find qualified individuals to take on these tasks.
- Manufacturing: Guatemala produces many goods for consumption, from chemicals and petroleum products to textiles and furniture.
- Agriculture: The Guatemalan agricultural industry comprises mainly smallholder farms with some medium- and large-scale operations. Agriculture employs roughly 30% of the workforce in Guatemala and remains a highly important part of the economy.
- Service and Tourism: Tourism and services serve as Guatemala’s economic linchpin, making up nearly 63% of the Guatemalan GDP. These services include hospitality, retail, healthcare, and other specialties.
- Financial Services: A subset of the service economy, several foreign and national banking services are available in Guatemala.

6.-Prominent Cities for Business

- Guatemala City: The capital of Guatemala, this city is by far the most important economic center in the country. The government has focused many development efforts on improving the city, and it shows. Guatemala City is home to most of the country’s largest corporations.
- Quetzaltenango: Also known as “Xela” to most Guatemalans, Quetzaltenango has a population of around 350,000. It is home to many of the most important universities in the country, and the population swells when classes are in session. It is an excellent source of fresh new talent.
- Escuintla: One of Guatemala’s oldest cities, Escuintla is the nation’s largest agricultural center and is an important region for producing and packaging farmed goods.

7.-Technological Ecosystem

Tech Graduates & Workforce

Tech startups find success leveraging graduates with domestic and foreign technology training. Guatemala has a large pool of workers trained in the U.S. in technical fields like programming. This education means they have solid technical knowledge and are better adapted to dealing with Americans in a business setting.

8.-Facilities for Foreign Investment

Guatemala does not assess taxes on income not derived from the country itself. That income includes numerous sources, such as:

- Salary
- Bonuses
- Moving expenses
- Paid leave
- Domestic help paid for by an employer
- Education allowances
- Housing and other accommodations provided by an employer

To be considered a resident, a worker must live in Guatemala for at least 183 days out of the year.

9.-Business Culture in Guatemala

Formal

Guatemalans tend to be a conservative people who prefer formal etiquette and interactions. Titles are extremely important, so it is advisable to use everyone’s proper title during business dealings and even in social gatherings.

Snacking is Serious

Lunch is the biggest meal of the day, and afternoon snacks, called refacciones, are part of the meal schedule. Dinner is usually a smaller meal, eaten around 8 p.m.

Accountability

It is common for Guatemalan businesspeople to inform everyone around them that he or she is leaving, usually accompanied by a circular hand motion.

10.-Guatemalan Gastronomy: Regional and Traditional Cuisines

Mainstays of the Guatemalan diet include corn, rice, beans, cheese, chicken, beef, and pork. Meat stews and soups, called caldos and sopas, are among the most popular local cuisines. A hearty breakfast of eggs, tortillas, and beans is common, or for breakfast one may enjoy a mash of oats and milk. Lunch is large, and the refacción (afternoon snack) usually includes a small sandwich, tostada, tamal, or pastry.





General Highlights

Year	2025
Country	Guatemala
Capital	Guatemala City
Num. States / Province	22 departments
Principal Cities	1. Guatemala City 2. Mixco 3. Villa Nueva 4. Quetzaltenango 5. San Miguel Petapa
Language	Spanish
Local Currency	Quetzal (GTQ) – Exchange Rate 1 Quetzal ≈ 0.128 USD (Sept 2025)
Major Religion	Catholic
Date Format	DD/MM/YY
Thousands Separator Format	999,999,999.99
Country Dial Code	502
Time Zone	GMT-6 (Central Standard Time)
Population	18,500,000 (2025 est.)
Border Countries	Mexico, Belize, Honduras, El Salvador
Continental Surface	108,889 km ²
Fiscal Year	January 1st to December 31st
VAT %	12% on most goods and services, including imports
Minimum Wage	GTQ 3,122.55 per month (non-agricultural sector) ≈ USD 400 GTQ 3,092.37 per month (agriculture/export sectors) ≈ USD 396
Taxpayer Identification Number Name in the country	NIT
Current President	Bernardo Arévalo (since January 2024)

1. Key Tax and Labor Authorities

Laws	Brief Description
Superintendencia de Administración Tributaria	The tax office
Ministry of Labor	Sets labor codes employers must follow
IGSS – Social Security Institute	The equivalency to the US Social Security

2. Labor Contracts

Labor Code dictates employment contracts must be executed in writing, in Spanish, and a copy must be sent to the Ministry of Labor.

Employment contract must contain provisions on all of the following:

- Full name, age, sex, marital status, nationality, and municipal residence of the parties
- The date on which the labor relationship commenced
- A specific description of the services or the work to be executed
- The place where the services or work are to be carried out
- The employee’s address, if hired to work outside of the place where the employee usually resides
- The employment contract’s duration, or an indication that it is for either an indefinite period or for a fixed term for specific work
- The working hours and schedule of work
- The remuneration and its method of calculation (by time unit, by work unit, or other point of reference), and the form, period, and place of payment
- Other legal terms and conditions agreed to by the parties
- The place and date where and when the employment contract is signed
- The parties’ signatures (or a fingerprint, if they cannot sign), and their legal identification numbers (for Guatemalan nationals, this is their national identification number; for foreign nationals, this is their passport number)

3. Payroll

Salaries are paid monthly. Overtime is calculated at 1.5 of normal salary (time and a half). Guatemalan law specifies the same rate, 1.5 times normal salary, for overtime and holiday pay.

Minimum Wage (Tax Office – Superintendencia de Administración Tributaria)	GTQ 3,122.55 per month (non-agriculture sector) ≈ USD 400 GTQ 3,092.37 per month (agriculture/export sectors) ≈ USD 396 (Effective January 2024, Agreement 820-2023)
Wages	The average monthly salary in Guatemala City is around GTQ 4,500 (≈ USD 580), though it varies throughout the country. In export factories, the average monthly income is closer to GTQ 2,800 (≈ USD 360). Certain jobs pay higher. For example, the average salary for a software engineer is about GTQ 8,500 (≈ USD 1,090). This is still lower compared to equivalent salaries in the United States.
Overtime	Overtime is calculated at 1.5 times the normal salary (time and a half). Guatemalan law specifies the same 1.5x rate for overtime and holiday pay.
Christmas Bonus	Mandatory. Equivalent to one month’s salary; paid twice a year (mid-year and year-end).
Incentive Bonus (Decree 78-89 of the Labor Code)	Mandatory. A salary variable paid to all workers to encourage productivity and efficiency; equal to one month’s salary annually, usually paid monthly in addition to base wages.
Vacations or PTO (Article 130 of the Labor Code)	- All employees are entitled to a period of paid vacation after one year of continuous service, with a minimum duration of 15 working days. - To qualify, the employee must have worked at least 150 days in the last year. - The law does not provide that vacation entitlement increases with seniority.
Leaves of Absence	Maternity leave: 30 days before and 54 days after delivery (84 days total), with full pay. Adoption leave: 54 days with pay. Lactation period: For 10 months after childbirth, employees are entitled to daily breaks for breastfeeding (or equivalent time). Post-miscarriage leave: 15 days or until medical clearance. Childcare centers: Employers with more than 30 female workers must provide a suitable place for children under 3 years old during work hours. Sick leave: Employees are entitled to paid leave with medical certification; duration depends on the doctor’s recommendation and IGSS coverage.

Employers Contribution or Labor Cost

Annual Taxable Income

In Guatemala, both residents and non-residents are subject to taxes on all income generated within the country.

Corporate Tax Rates

The only income subject to taxation is that generated by sources in Guatemala. Guatemala offers two regimes for determining tax rates based on net income or gross receipts:

- If taxed on net income, the rate is 25% on all income (including passive income and income from foreign sources). This tax is paid quarterly.
- If taxed on gross income, the rate is based on the following scale:

Taxable Gross Income	Tax Rate
The first 30,000 GTQ	5%
All income over that level	7%

Guatemala considers a company resident if it meets one of the following conditions:

- The company is legally incorporated in Guatemala
- The corporate headquarters or fiscal domicile is in Guatemala
- A branch or extension of a foreign company is operating in Guatemala

12 4. Types of Disabilities

About 1 in 10 Guatemalans has a disability. The Health and Hygiene Unit is responsible for hygiene and safety, aiming to eliminate risks of accidents and occupational diseases and improve environmental conditions in workplaces.

5. Public Holidays

The Labor Code provides for the following mandatory national public holidays:

Date	Holiday
1 January	New Year’s Day
Maundy Thursday	Thursday before Easter Sunday
Good Friday	Friday before Easter Sunday
1 may 2025	Labor Day
30 June	Army Day
15 September	Independence Day
20 October	Revolution Day
1 November	All Saints’ Day
25 December	Christmas Day



6. Migration

Work Permits and Visas in Guatemala

Foreign nationals who wish to work in Guatemala must obtain both a residence permit and a work permit. These processes are overseen by the Instituto Guatemalteco de Migración (IGM) and the Ministry of Labor.

Types of Permits:

- Temporary Residence with Work Permit: Granted to foreign employees hired by a Guatemalan company. Usually valid for 1 year and renewable.
- Permanent Residence: Available after holding temporary residence for at least 5 years, or under specific bilateral/multilateral agreements (e.g., CA-4 Central American Agreement).
- Short-Term Work Authorization: For foreign workers providing services for less than 90 days; requires prior authorization.

Application Requirements:

- Valid passport (minimum 6 months validity)
- Job offer or employment contract with a Guatemalan entity
- Police clearance certificate from country of origin
- Medical certificate of good health
- Proof of sufficient financial means
- Application forms and official fees

Employer Obligations:

- The employer must justify the hiring of a foreign national, demonstrating that the role cannot be easily filled by a Guatemalan worker.
- Employers must register the foreign worker with the Ministry of Labor and ensure compliance with social security (IGSS) contributions.

Processing Time:

- Temporary residence and work permits usually take 2–3 months to process.

Regional Agreements:

- Under the CA-4 Agreement (Guatemala, El Salvador, Honduras, Nicaragua), citizens of these countries can move freely across borders without needing a visa, but a work permit is still required for formal employment.

7. Termination

Guatemala’s Labor Code outlines rules for termination of an employment contract:

Type	Description
Justified Dismissal	The law establishes a legal procedure to terminate an employment relationship in the event of a justified dismissal, as described below: • The employer must prepare the evidence to demonstrate the cause(s) justifying the termination. • The employer must communicate the dismissal in writing to the employee, stating the cause for the dismissal. • The employee must effectively cease the performance of his/her work. Note: According to Article 259 of the Labor Code, the employer's right to terminate an employment contract is 20 days from the cause of dismissal.
Unjustified Dismissal	Any employee dismissed without justified cause is entitled to indemnification and damages of up to 12 months of salary if not already received. The employee is also entitled to the payment of bonuses (Aguinaldo and Bono 14), proportional vacations, and other accrued benefits.
Voluntary Resignation	If the employee resigns voluntarily for reasons beyond the employer's control, he/she is not entitled to indemnification. However, the employee must be paid all outstanding wages, benefits, and accrued bonuses up to the resignation date.

Additional Notes:

- Other forms of compensation upon termination include severance pay if the employee is terminated without just cause.
- Employees have 30 days to file a claim in court.
- If the employer cannot justify the termination, the employee may claim up to 12 months of severance pay, but reinstatement is not guaranteed.

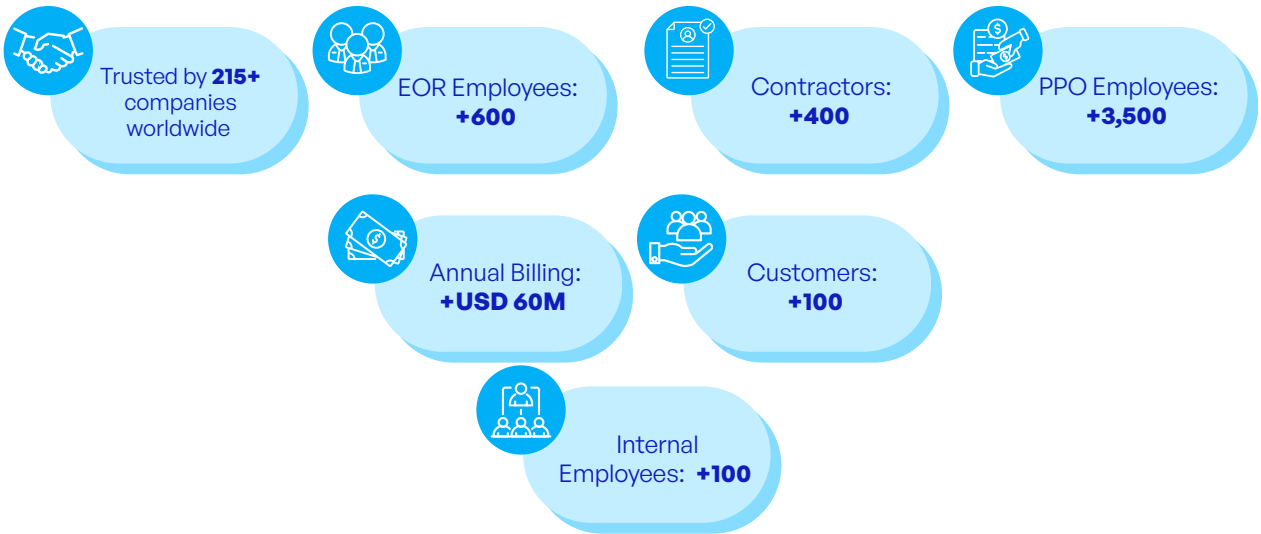
The background image shows a man in profile, seen from the side, working on a laptop. He is in a dimly lit office environment. Behind him, a large screen displays a grid of video call windows, each showing a different person, suggesting a global team meeting. The entire image has a blue color overlay. The text is centered over the image.

How Serviap Global Supports Your Expansion

Who we are?

Serviap Global, headquartered in Mexico City, brings over 25 years of local HR expertise and **15 years as a global Employer of Record (EOR) leader.**

With teams across the Americas, Europe, and Asia, we help companies build international teams without the complexity of foreign entities or regulations.



Our Solutions

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At Serviap Global, we provide comprehensive HR and workforce solutions to help companies expand and manage teams anywhere in the world.



How We Help You Hire and Onboard Talent

At Serviap Global, we simplify your international hiring process by managing every step , from contract creation to onboardin, ensuring full legal compliance in each country.

Below is an overview of our standard onboarding process for new hires, whether local or foreign:

Step	Description	Estimated Timeframe
1. Validate Onboarding Data	We verify candidate information and prepare the Service Order for client review.	2 business days
2. Formalize Service Order & Payment	The process begins once the Service Order is signed and advance payment is received.	2 business days (depending on client response)
3. Create Onboarding Documents	Draft job offer and employment contract.	1-2 business days
4. Send Documents to Candidate	Deliver approved documents to the candidate.	1 business day
5. Candidate Response	Candidate reviews, signs, and provides personal documentation.	2-4 business days
6. Confirm Acceptance & Finalize Onboarding	Receive signed documents and complete onboarding.	1 business day

Please note: timelines may vary depending on country-specific requirements such as background checks, pre-employment medical exams, or visa processing.

Why partner with us?

- **15+ Years of Expertise:** Proven track record in global expansions across 180+ countries.
- **LATAM Specialists:** Deep local knowledge for seamless hiring in high-growth regions.
- **Full Compliance & Agility:** Handle regulations so you can focus on business growth.
- **Human-Centered Support:** Multilingual team provides personalized, responsive service.
- **Cost-Effective Solutions:** Save on setup and operations with tailored, scalable plans.
- **All-in-One Platform:** Serviap Hub for total control and visibility.
- **Client-Driven Success:** 4.7/5 satisfaction, trusted by 215+ companies.
- **Value Differential:** Unlike competitors, we combine tech with human expertise for faster, more reliable global expansion.

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