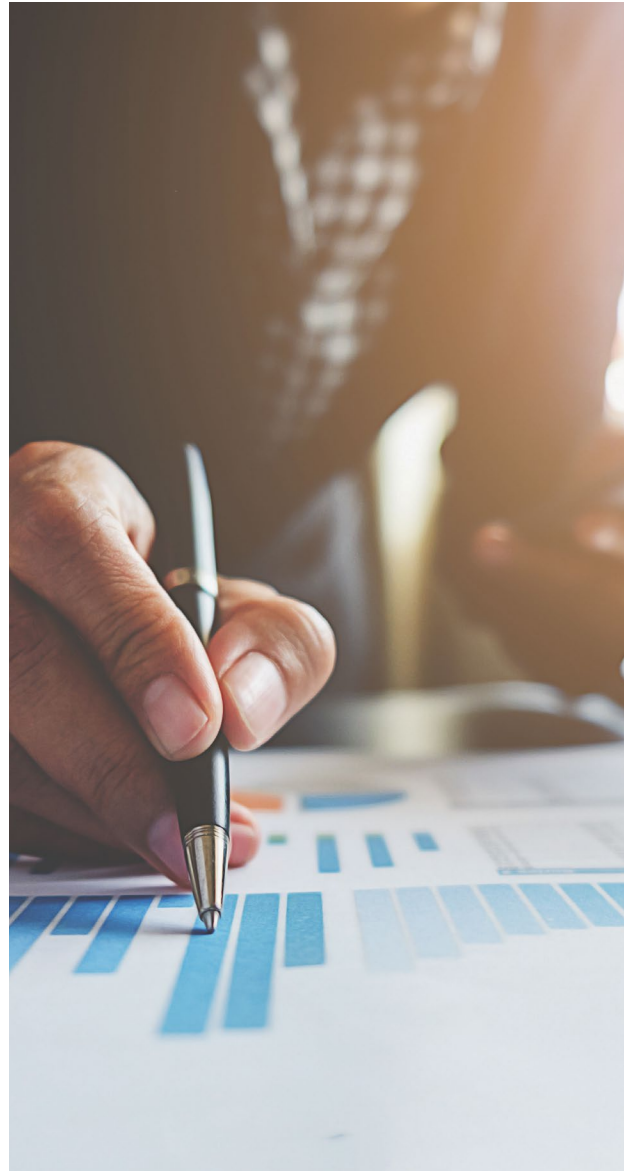


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LEGAL BULLETIN

Tax Bulletin – September 2026 SRI Clarifies Requirements for Substantiating Inventory Write-Off Losses



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The Ecuadorian Internal Revenue Service (Servicio de Rentas Internas or “SRI”) issued **Circular No. NAC-DGECCGC26-00000006**, clarifying the requirements that must be met to substantiate losses arising from inventory write-offs when such losses are claimed as deductible for Income Tax purposes.

In particular, the SRI reminds taxpayers that the sworn statement used to substantiate such losses must be executed before a notary public or judge by the company’s legal representative, warehouse manager, and accountant, in accordance with Article 28, paragraph 8, subsection (b) of the Regulations for the Application of the Internal Tax Regime Law. Such sworn statement must evidence the destruction of the inventory or, where applicable, its donation to a public entity or a private non-profit institution.

Likewise, the Circular provides that the provisions of the aforementioned regulation must be applied directly and renders inapplicable the criterion set forth in **Circular No. NAC-DGECCGC14-00004**, published in **Official Gazette No. 189 on February 21, 2014**. That Circular had established that the sworn statement had to be executed by December 31 of the fiscal year in which the inventory write-off occurred.

Accordingly, the SRI reaffirms that the deductibility of losses arising from inventory write-offs is subject to the requirements set forth in Article 28, paragraph 8, subsection (b) of the Regulations, thereby eliminating the criterion that imposed a specific deadline for the execution of the sworn statement. Therefore, the availability of the deduction must be assessed in accordance with the regulations currently in force and not on the basis of the criterion set forth in **Circular No. NAC-DGECCGC14-00004**.

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