

October, 2019

## GENERAL TAX AMNESTY IN PANAMA

It was recently approved by Law 99 of October 11<sup>th</sup>, 2019, a tax amnesty that **condones the payment of interest, surcharges and fines** of taxes in arrears (taxes, fees and special contributions) and owed by taxpayers, as well as fines for late returns or omissions of any taxes under the jurisdiction of the General Directorate of Revenues.

Natural and legal taxpayers and real property shall be eligible with taxes caused and delinquent as of June 30<sup>th</sup>, 2019. Therefore, these are included in the amnesty law:

- a) Those who maintain payment arrangements as of the effective date of the law;
- b) Taxpayers, withholding agents and other persons responsible for taxes;
- c) Taxpayers, with pending proceedings, prior abandonment to then comply with the payment of the obligation.

This does not include proceedings for administrative tax evasion or criminal tax fraud.

The amnesty shall proportionally condone the interests, surcharges and fines if paid as follows: (\*)

- |         |       |                                      |
|---------|-------|--------------------------------------|
| 1) 100% | ..... | if paid in October and November 2019 |
| 2) 95%  | ..... | if paid in December 2019             |
| 3) 90%  | ..... | if paid in January 2020              |
| 4) 85%  | ..... | if paid in February 2020             |

The following reports, which were due by June 30<sup>th</sup>, 2019, are exempted from their respective fines:

- |   |   |
|---|---|
| 1) Report of Donations received   | goods and services F-43   |
| 2) on-Declaring Taxpayers (NGO) Report F-27                                   | 8) Credit Card Sales Report (VTD) F-44  |
| 3) Payroll Report 03-F3   | 9) Transfer Pricing Report F-930  |
| 4) Report of Retirement Fund, Pensions and Other Benefits F-40                | 10) Affidavit of remittances abroad presented by SEM companies and by companies in Panama Pacifico. |
| 5) Insurer's Report-Certification of Medical Expenses by Insured F-41         | 11) Any other affidavit, omitted or report.   |
| 6) Certification of Interest on Resident Non-Preferential Mortgage Loans F-42 |   |
| 7) Report on purchases and imports of   |   |

Those who made a payment agreement or arrangement prior to this law may abandon it and avail themselves to the benefits of the law. Likewise, they shall be able to make a payment agreement paying **25% of the nominal tax** and the surcharges, interests and fines shall be condoned in the same proportion and periodicity as indicated in the section above. (\*) However, the payment arrangement **may not exceed the deadline of 30<sup>th</sup> June 2020**.

The tax debts already prescribed shall be applied in the application for acceptance of the moratorium upon request of the taxpayer at the time of paying their debts through the website, personally or through an attorney-in-fact.

Fines for late declaration of improvements made to a real property are included if the public deed with the improvements declared and registered at the Public Registry is submitted to ANATI.

**All formalities must be managed with the NIT or through a legal attorney-in-fact.**

**Important:** The content of this memorandum does not constitute legal advice and must not be considered as such. Specific advice must be requested regarding your specific circumstances.