



## Panama Tax News

Law 208 of 2021 on Amnesty Tax

April 2021

# Law 208 of 2021 amending Law 99 of 2019 on Tax Amnesty and issuing provisions to alleviate the reactivation of the national economy

- The tax amnesty period extends until 31 August 2021 and 85% of all interest, surcharges and fines will be forgiven when payment is made to this date.
- Individuals, legal entities and immovable property, that do not comply with the payment of taxes, fees and special contributions as of 31 January 2021, may be eligible for the tax amnesty period.

## Payment Arrangements:

- Taxpayers defaulting on taxes that are due to be paid by March 20, 2020 and July 31, 2020, may enter into a payment agreement and will have until December 31, 2021 as the deadline for full compliance with the settlement.
- It is established that those who are delinquent and those that have a payment agreement may withdraw from it and, in both cases, enter into a payment agreement, provided that they pay 25% of the nominal tax due and subject to the following:

- 85% of all interest, surcharges and fines will be forgiven if the payment agreement is made until 31 August 2021.
- That as of December 31, 2021, the total payment arrangement will be paid.
- Delinquent balances that have not been canceled within the tax amnesty period or upon the expiration of the payment arrangement shall be subject to the interest, surcharges and fines provided by law.

## Filing of Statements and Reports:

- There will be no penalty for the late filing of the declaration of improvements if in the period until December 31, 2021, a public deed is filed before the Public Registry regarding the declaration of new improvements constructed or additional improvements not declared.
- The deadline for filing with the General Directorate of Revenue the following forms that should have been filed by January 31, 2021 is extended until August 31, 2021, and 75% of the fines for late filing will be forgiven provided that 25% of the amount is paid by December 31, 2021:

- Reports of donations received
- Declarant Contributors Report (ONG)-F27
- Payroll Report 03-F3
- Retirements Fund, pensions and other benefits Report F-40
- Insurance report-certification of medical expenses per insured F-41
- Certification of interest on residential mortgage loans without preferential interest F-42
- Purchases and Import of Goods and Services Report F-43
- Debit Card Sales Report (VTD) F-44
- Any other omitted returns or reports outstanding as of January 31, 2021, with the exception of transfer pricing reports.
- 75% of the fines charged to the taxpayer's current account for late filing of the following forms will be forgiven, provided that 25% of the fines are paid within this period:

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- Debit card sales report (VTD) F-44
- Third Party Payment Forms F-20
- Company Rehabilitation Fine (923), Tax Fines (318), Income Tax Fine (316), ITBMS Fine (317) and ITBMS Withholding Tax Fine (791).

#### Other Measures:

- A 5% discount of the Income Tax and Estimated Tax is granted to taxpayers who have a gross income of less than USD 2.5 million with respect to their 2020 tax return, provided that they pay these taxes within the 4 months following the entry into force of Law 208.
- A credit of 5% of the amount paid is granted to those taxpayers who have paid Income Tax and Estimated Tax at the time of the entry into force of Law 208.
- Surcharges, interest and fines will be forgiven for those taxpayers who pay the Income Tax and Estimated Tax within the aforementioned 4 month term.
- A 10% discount of the real estate tax is granted to those taxpayers who make the total payment of the tax corresponding to that year within the first four months of the year. (becomes effective 3 months after the enactment of Law 208 of 2021).
- It is established that for the year 2021, taxpayers engaged in film, theater, restaurants, hotels, travel agencies, actors and actresses, musicians, orchestras and similar activities

may declare as Estimated Tax an amount not less than 50% of the tax caused in their income tax returns for the period 2020.

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