



Panama Tax News

Law 257 of 2021 that modifies Law 99 of 2019 and Law 208 of 2021 of Tax Amnesty and dictates other provisions

December 2021

Law 257 of November 26, 2021 that modifies Law 99 of 2019 and Law 208 of 2021 of Tax Amnesty and dictates other provisions

- The tax amnesty period is extended until January 31, 2022, establishing that, if the payment is made after August 31, 2021 until January 31, 2022, 75% of all interest, surcharges and penalties will be forgiven.
 - The period of tax amnesty may be eligible for individuals, legal entities, and real estate, overdue in the payment of taxes, fees and special contributions as of January 31, 2021 including:
 1. Those who are in a state of overdue and maintain payment arrangements to date, both in administrative collection and in coercive collection, without prejudice to the precautionary measures that have been adopted.
 2. Taxpayers, withholding agents and other persons responsible for taxes.
 3. Taxpayers with pending processes for additional settlements, ex officio levies, or any other payment requirement before the General Directorate of Revenue (DGI) prior withdrawal of the action or resource for the payment of the obligation. After the withdrawal, the payment must be complied with, within the amnesty period for the entire nominal sum object of the process, without surcharges, interest or fines established in the Tax Code and in accordance with the conditions indicated above.
 4. Those who, having made payments equal to or greater than 25% of the balance due tending to formalize payment agreements during or before August 31, 2021, and that for reasons attributable to the DGI it was not possible to conclude payment agreements.
- Payment Arrangements:**
- Taxpayers in arrears with respect to taxes and who have agreed on a payment arrangement, may withdraw from this and sign a new payment agreement, if they pay 25% of the nominal tax due at the time of signing the agreement. However, they will be subject to the following conditions:



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- If the payment agreement is made in the month of September 2021 and until January 31, 2022, 70% of all interest, surcharges and penalties will be forgiven.
- That the deadline for full compliance with the payment arrangement is extended until June 20, 2022.
- That the payment agreements signed that, as of December 31, 2021, had paid, at least, 51% of the total delinquent balances, will receive an automatic extension to cancel the payment agreement until June 2022. That interest surcharges and penalties will be eliminated if all owed is canceled until January 31, 2022.
- Overdue balances that have not been cancelled within the tax amnesty period or at the expiration of their respective payment arrangement will be subject to the interest, surcharges and penalties provided for by law.
- If the DGI approves the request for a payment agreement that facilitates the fulfillment of the taxpayer's obligations,

the taxpayer must pay the total of taxes in condition of delinquency that are not part of the agreement in a term equal to or less than ten business days.

Other provisions:

- Numeral 6 is added to article 739 of the Tax Code which establishes that the inscriptions of dissolutions of legal entities in the Public Registry of Panama will not be admitted when the interested party does not prove that he is free of debts with a no debts certification with the National Treasury and the Social Security Fund, for the concept of Income Tax, Single Rate, Tax of Notice of Operation of Companies, Tax on the Transfer of Movable Tangible Property and the Provision of Services, Educational Insurance, employee-employer fees and Professional Risks.
- A transitory paragraph is added to article 786 of the Panamanian Tax Code that provides that due to the COVID-19 pandemic, the benefit of the 15% discount of the property tax is granted to the taxpayer, (individual or legal entity)

who, within the first quarter of fiscal year 2022, makes the payment of the entire property tax corresponding to that year.

- While the State of Emergency lasts and up to six months later, the certificates recognized in accordance with Law 76 of 2009 before March 2020 may be transferred for the payment of taxes that are due before January 2021, and whose administration corresponds to the DGI. Third party assignees may use the transferred certificates to pay up to 33% of the tax balances payable and their duration will be like that recognized by the original holder.
- The Certificate of the Good Taxpayer is created, which has the following functionality:
 - Be used by government entities that carry out public tenders as a tie-breaking mechanism if two or more participants formalize similar proposals.

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- Be used by the financial sector as a rating parameter for its customers.
- Be used by the tax administration to prioritize, processes, requests, and procedures.
- It is established that the Certificates of Promotion of Agro-exports, whose expiration corresponds to the period between March 1, 2020 and January 31, 2021, will be extended for an additional year for their use.

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