



Panama Tax News

Special Regime for the Agropark Operating and Development Company License

February 2021

Law 196 of 2021, which creates the Special Regime for the Agropark Operating and Development Company License and establishes other provisions for their operation.

The special regime for the Establishment of Agropark Operating and Development Companies is created with the purpose of developing a regulatory framework that seeks, among other things, the following:

- Incentivize investment and the establishment of agroparks;
- Promote agri-food production, agro-industry and industries related to the forestry sector, seafood products and raw materials for the pharmaceutical industry;
- Develop productive value chains with the adoption of environmentally sustainable high technologies;
- Implement the use of agrotechnology
- Terms such as agroparks, agribusiness, agribusiness, agroindustry, development pole, among others, are defined.
- Any individual or entity, national or foreign, that promotes the development of productive value chains based on national primary agricultural, livestock, aquaculture, fishery or forestry production, or is part of a productive value chain conglomerate in which national products are used, may obtain the Agroparks Operating and Development Company License
- Companies that apply for the aforementioned license may promote all types of activities and services as long as they are focused on the development of productive value chains linked to the Panamanian agroindustrial sector and are engaged in the following activities:
 - Companies engaged in agrotechnology production.
 - Services related to the manufacture of products, machinery and equipment related to agribusiness;
 - Research and development companies related to agricultural or agro-industrial activity;
 - Laboratory analysis, testing or other services related to the manufacture and transformation of raw materials or semi-finished products;
 - Logistics services that include processing, transportation, collection, storage, marketing, distribution, packaging and repacking of national products;
 - Companies engaged in the processing and transformation of Panamanian products;
 - Environmental services related to agricultural or agro-industrial activities;
 - Construct buildings for offices, factories, warehouses, services, complementary activities and any necessary and convenient infrastructure for the development of the agro-park;
 - Training and technical training services for the benefit of users and workers of an agro-park,



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companies registered in them, producers and representatives of the value chain.

- Any other similar activity previously approved.

These companies will have to submit an annual report containing statistics on their operations.

Tax Regime:

Companies with an Agropark Operating and Development Company License or companies authorized to set up within an agropark will enjoy the following tax benefits:

- Exoneration of any contribution, tax, levy or import tariff on construction materials, equipment, machinery, accessories and furniture necessary to carry out their activities for a period of 5 years counted from the moment the respective license is approved;
- Import tax at a rate of 3% on raw materials, semi-finished or intermediate products and other inputs that enter into the composition or the manufacturing process of its products;
- Exemption from property tax on new commercial and industrial improvements for a

term of 20 years, counted from the date of issuance of the occupancy permit;

- Deduction of losses incurred by the company during the first two fiscal periods as from the beginning of its activities, in the following 5 fiscal periods, at a rate of 20% per year;
- Income tax at a rate of 12.5% and application of the Alternative Income Tax Calculation (CAIR);
- Dividends generated will pay Dividend Tax and Complementary Tax at a rate corresponding to 50% of that established in literal f) of article 701 of the Tax Code

The reduced rates will be applicable for the first 5 years counted as of the issuance of the Agropark Operating and Development Company License or the corresponding resolution. Once this term has expired, the companies will pay their income tax, dividend tax and complementary tax at the full rate established in the Tax Code.

Legal Stability:

Companies holding an Agroparks Operating and Development Company license will automatically

enjoy the guarantees established in Article 10 of Law 54 of 1998, from the moment of the issuance of its license.

In order to maintain said guarantees the company must present to the DINAGRÓN an investment plan with a value greater than B/. 2,000,000.00, which must be completed in a term not greater than 3 years from the date of issuance of its license.

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