



## **Panama Tax News**

Law 306 of June 1, 2022, that establishes tax measures for insolvency bankruptcy processes and reconciled reorganization and dictates another provision

June 2022

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# Law 306 of June 1, 2022, that establishes tax measures for insolvency and reconciled reorganization bankruptcy processes and dictates another provision

Through Law 306 of 2022, the following is established:

- Reductions, write-offs, debt forgiveness, discounts or any other type of benefit received by a debtor taxpayer, consisting of debt reductions as a result of the agreements executed by said debtor with its creditors in accordance with the reorganization bankruptcy processes established in Law 12 of 2016

and Law 212 of 2021, may be credited on account of retained profits of the taxpayer and, consequently, will not be included as part of the gross income of the debtor taxpayer referred to in Article 696 of the Tax Code.

- Profits withheld based on the provisions of the previous paragraph will be exempt from the dividend tax referred to in article 733 of the Tax Code and will also be excluded for the purposes of the

calculation or determination of the taxable base of the tax of notice of operation of companies.

- This Law is of public order and social interest and will have retroactive effect until January 2, 2017.
- Law 306 of 2022 will take effect from June 1, 2022.

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