



Some tax incentives for the promotion of tourist activity are modified.

Through **Law No. 80 of November 8, 2012**, the investment attraction strategy is strengthened, by establishing rules for the promotion of tourism, such as tax exemptions, granting of tax credit, among others.

Aiming to improve the incentives already established, the same are modified by **Law No. 391 of July 27, 2023** (hereinafter, "The Law").

This Law allows recognition as a tax credit of up to 60% of the total value of the projects declared before the Panama Tourism Authority, excluding the value of the estate of real property and the infrastructure of the master plan. In addition, 5% of the value of the master plan infrastructure will be recognized as a tax credit.

These tax credits can only be recognized and applied annually starting from the second year of the investment and can only be used up to a maximum amount equivalent to 50% of the income tax caused, the complementary tax and the estimated income tax (as long as the same does not exceed 15% of the initial amount of the tax credit).

Regarding compliance bonds, the Law states that tourist companies will have a term of thirty days from the date of notification of the respective resolution, to consign a bond. This bond is set at 1% of the declared investment and may not exceed five hundred thousand balboas (**B/.500,000.00**).

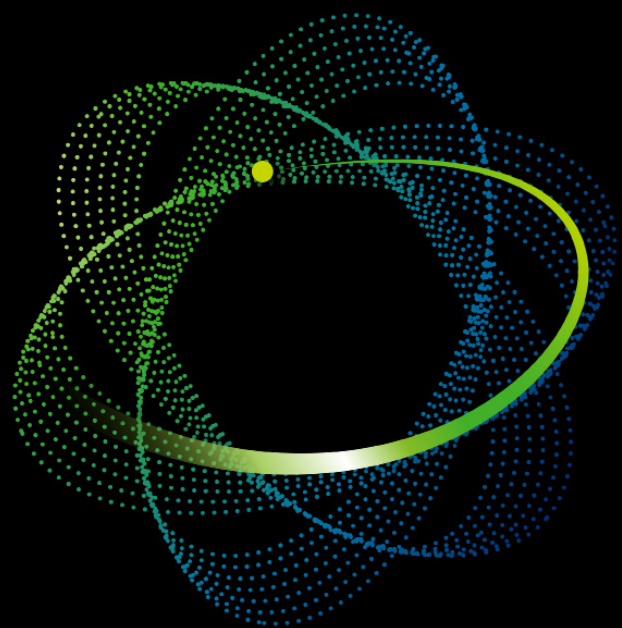
On the other hand, tourist companies and real estate investment companies that are benefited with bonds, shares and other financial instruments, must deposit the performance bond for 2% of the total investment up to a maximum of one million balboas (**B/.1,000,000.00**).



Finally, the validity of the national tourism registry will be enabled for those companies or hotels whose registration has expired from January 1, 2014 onwards, in order to maintain the incentives established in their records until December 31, 2025.

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