

New tax incentives for sports.

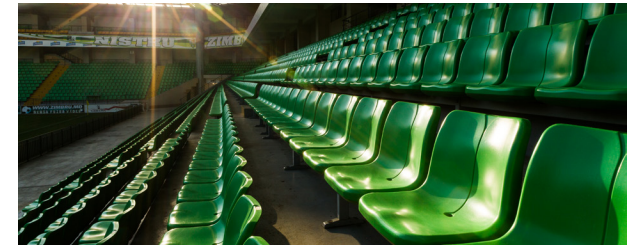
Panama has enacted on **5 June 2023, Law No. 383 (the “Law”)**, seeking to achieve the growth and financial sustainability of national sports federations and associations duly recognized by the Panamanian Institute of Sports and the Olympic Committee of Panama.

With the intention of improving the development of sports in Panama, this Law establishes the figure of sports promotion certificates (the “Certificate”) which may be used as a tax credit applicable to the income tax caused in the tax return, and limited to an amount that cannot exceed 1% of taxable income. If the amount of the Certificate cannot be fully applied as a credit to the income tax caused in the tax return, any unused surplus can be applied to the income tax estimates for the following fiscal period until its total consumption. In the event that the same cannot be applied against the tax caused or estimated tax payments, the taxpayer may use it to pay any other national tax or be assigned totally or partially to a third party.

Regarding the sale of Certificates to be used as tax credits, the national sports federations and associations recognized by the Panamanian

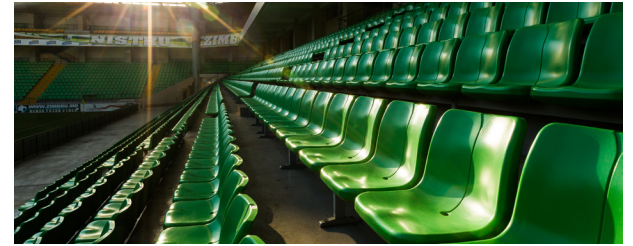
Sports Institute and the Panamanian Olympic Committee will receive from the Government the certificates issued in connection with private aggregate investments to distribute them accordingly to the individual investments of each of its members. The funds that sports entities receive from the sale of the Certificates, may only be used for the maintenance of sports facilities and expenses associated with the development of athletes.

The Government shall annually issue the Certificates derived from the added private investment for up to 0.25% of the national gross domestic product reported in the immediately previous year. If 50% of the aggregate private investment, which corresponds to the sum of the annual individual private investment carried out by the sports entities, exceeds 0.25% of the national gross domestic product reported the immediately previous year, the Panamanian Institute of Sports will assign the Certificates proportional to the aggregate private investment reported by the respective sports entities.



This Law also addresses the issue of real estate property donations to sports entities, establishing clear parameters on the use that should be given to said property received, and deadlines for the execution of construction works. Donors of real estate property to sports entities duly recognized, may deduct 100% of the cost of acquisition, construction and maintenance of the donated real estate property from their income tax caused, and from the estimated tax payment. These donations are also exempt from any type of national tax or right that could be applied to the donation, understood as the real estate property transfer tax or 2%, which surely for its practical application will require a certificate confirming the tax exemption from the General Directorate of Revenue, so the Public Registry of Panama can execute the registration of the public deed where the real estate property is donated. The benefits referred to in this paragraph, as indicated by this Law, will be available for a period of 15 years counted from the promulgation of this Law in the Official Gazette.

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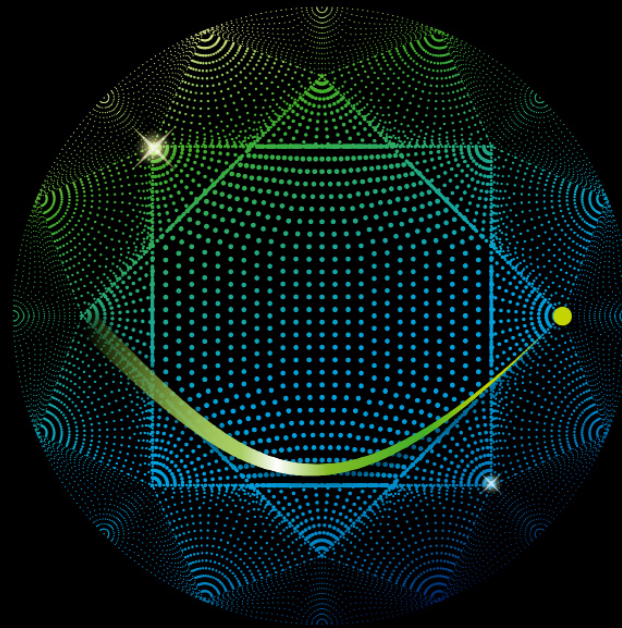


Regarding the use of donated property, the sports entities will be responsible for covering the taxes not paid by the donor, together with their surcharges and interests in case of non-compliance with the parameters of use or time to execute the construction works, or the transfer of the real estate property donated within the first thirty (30) years of receipt.

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