



The Panamanian Tax Procedure Code came into force as of January 1, 2024.



In 2019, through Law 76, the Tax Procedure Code of the Republic of Panama (by its abbreviation in Spanish the “CPT”) was approved as a regulatory framework applicable to all national taxes, which establishes fundamental principles and rules of our tax system.

The validity of this regulation was scheduled for the year 2020. However, through **Law 337 of November 14 2022**, the entry into force was postponed to 1 January 2024, with the exception of some articles that took effect before the indicated date.

On the other hand, the Supreme Court of Justice, through a ruling issued on 8 August 2022, declared sixteen (16) articles of this CPT unconstitutional, all related to alternative methods for conflict resolution. The CPT allowed disputes in fiscal administrative matters to be resolved through tax arbitration, which after the declaration of unconstitutionality became ineffective.

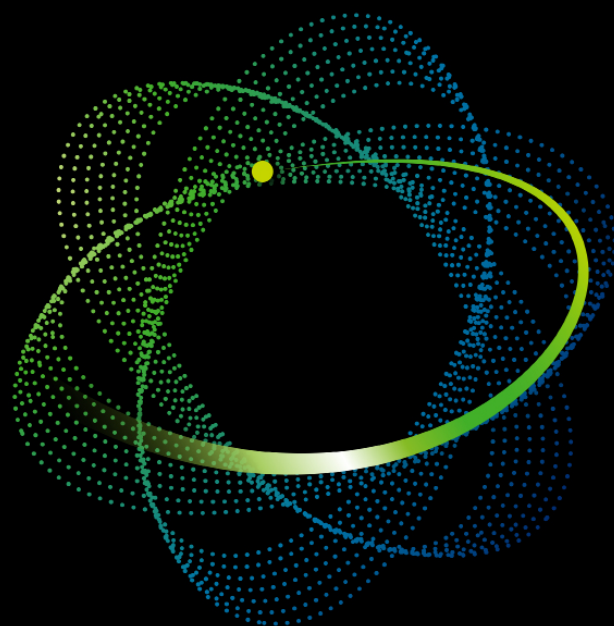
Hereafter, we have developed some key points that the CPT introduces and requires close consideration:

1. The principle of non-retroactivity of tax regulations is established, considering that, when penalties or sanctions are involved, the regulations most favorable to the taxpayer will be applied.
2. The General Directorate of Revenue (hereinafter, and by its abbreviation in Spanish, the “DGI”) is entitled to ignore the adoption of contracts agreed upon by the taxpayer in order to avoid paying taxes that violate the duty to contribute. The treasury.
3. Seeking to keep the current account of taxpayers with the tax debts collectable, the right to return undue payments (after 5 years), the power to impose tax penalties will be automatically and automatically prescribed (at 3 years), the right to request and submit rectifications (at 18 months), among others.
4. Any person may present inquiries to the DGI in connection with the application of legal tax rules to specific cases, as long as the consultant supports his or her opinion based on applicable legal bases and clearly states the circumstances, background, and other constituent data of the situation that motivates the query.
5. The “Tax Transaction” is instituted, allowing the taxpayer to negotiate with the Tax Administration, with the objective of resolving any conflict resulting from non-payment of taxes.

In conclusion, the entry into force of this Code represents a strengthening of the rights and guarantees of taxpayers, introducing new concepts to administrative procedures in favor of the taxpayer and providing them with more legal security.

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