

New Tax Moratorium Law in Panama: Everything You Need to Know about Law 446

On Monday, October 28, Panama approved Law 446, establishing a tax moratorium that provides individuals and companies with an exceptional opportunity to catch up on outstanding tax obligations. This measure will be in effect until December 31, 2024, and covers a range of national taxes, offering a chance to regularize tax debts and avoid additional interest and surcharges. Below, we outline the main points of this new law.

What Taxes Does the Moratorium Cover?

Law 446 allows the payment of the following taxes without interest, surcharges, or penalties:

- Income Tax
- Property Tax
- Operations Notice Tax
- Tax on the Transfer of Movable Goods and the Provision of Services (ITBMS)
- Selective Consumption Tax
- Single Rate for Legal Entities and related reinstatement fines.

Who is Eligible for the Moratorium?

The moratorium applies to all individuals and legal entities, as well as real estate properties that are in arrears on taxes, fees, or special contributions in the administrative or coercive collection phase as of the law's effective date

Taxpayers who pay the total outstanding nominal balance, including any associated fines, will be fully exempt from the interest, surcharges, and penalties related to the executive collection process. This means they only need to pay the original balance without any accumulated penalties.

Exception for Withholding Agents

For withholding agents who have outstanding debts for withheld taxes for periods up to June 2024, Law 446 provides a unique opportunity. These taxpayers may extinguish their outstanding balances by making the payment directly to the Directorate General of Revenue (DGI) by December 31, 2024, without incurring additional penalties.



Why is this Moratorium Important?

The approval of Law 446 presents a significant opportunity for businesses and individuals in Panama. By reducing charges for interest and surcharges, the law makes it easier for delinquent taxpayers to catch up, improving their finances and helping to strengthen the national economy. Additionally, by allowing withholding agents to regularize their obligations without penalties, the law promotes greater fiscal responsibility and tax compliance.

How to Regularize Your Taxes?

To take advantage of this moratorium, interested taxpayers must contact the Directorate General of Revenue and pay the outstanding amount by December 31, 2024. Be sure to have all the necessary documentation on hand and consider consulting a tax professional to facilitate the process.

This moratorium is a temporary measure that will not be repeated. If you are behind on your tax obligations, now is the ideal time to regularize your status and take advantage of the benefits of Law 446.