



Partial exemptions and new payment arrangement measures for the Municipality of Panama

KPMG in Panama

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On June 6, 2023, [Municipal Agreement N.º 150](#) was enacted, establishing exemptions and new payment arrangement measures for the taxpayers of the Municipality of Panama for the payment of fines.

Which fines are eligible for these exemptions and new payment arrangement measures?

Fines for failure to file a tax return and omission to file documentation requested during a tax return audit; they are imposed for failure to file the Annual Income Tax Return and for failure to file all the documents requested within the term granted due to inconsistencies in the tax return, respectively.

How much is the exemption percentage?

Taxpayers who maintain a fine for failure to file a tax return or a fine for omission to file documentation requested during a tax return audit will be granted a **50%** exemption if they pay the debt **in full** between **June 12, 2023 and July 15, 2023**.

An exoneration of **25%** of the fine imposed for failure to file a tax return and omission to file documentation requested during a tax return audit is granted to all taxpayers of the municipality of Panama who make **payment arrangements** from **June 12, 2023 until July 15, 2023**.

How are these exemptions credited?

To be eligible for the established exemptions, the taxpayer must have filed its Gross Income Tax Return for the current year. Likewise, the taxpayer must have delivered the corresponding documentation requested by the Municipality of Panama regarding the inconsistencies in the tax return and have completed this procedure.

What are the new payment arrangement measures?

The taxpayer shall make a payment of at least **15%** of the total amount owed, through the Preliminary Collection Department and the Executive Courts, and the payment arrangement shall not exceed a maximum of 12 monthly installments.

Payment arrangements formalized under the measures contemplated in **Municipal Agreement N.º 150** must comply with the following table:

Debt amount in balboas (B/.)		Down Payment	Installments
From	To		
300.01	500.00	40%	2
500.01	1,000.00	35%	4
1,000.01	5,000.00	30%	6
5,000.01	10,000.00	25%	8
10,000.01	15,000.00	20%	10
15,000.01	or more	15%	12

If you have any questions on this and other related topics, please do not hesitate to contact our Tax specialists.

Contact us

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