



# New preferential interest regime for mortgage loans

Tax Newsletter

KPMG Panama

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# New preferential interest regime for mortgage loans

We inform you about the entry into force of Law 468 of 2025, which subrogates Law 3 of 1985 and updates the preferential interest regime applicable to certain mortgage loans in the Republic of Panama.

The tax regime will be applicable to financial intermediaries, duly authorized by the Superintendence of Banks of Panama, or its corresponding regulatory entity.

Below, we highlight the most relevant aspects of Law 468 of 2025:

## 1. The State will subsidize up to a maximum of 85% of the interest rate applied by the banks

The benefit will be applicable to new homes whose purchase price at the time of financing is up to B/. 120,000.00 and with a maximum subsidized rate of up to 4.0% for a non-renewable term of 5 years. Properties with a purchase price higher than B/. 120,000.00, previously benefited persons, commercial properties and second homes are excluded from this regime. Thus, updating the provisions of Law 3 of 1985:

	New law	Law 03 de 1985
<b>Rate 1</b>	Region 1: Panamá and Panamá Oeste Value: until B/.50,000 Period: 8 years Rate: 5%	National Value: B/.45,000 – B/.80,000 Period: 10 years Rate: 4%
<b>Rate 2</b>	Region 1: Panamá and Panamá Oeste Value: B/.50,000.01 – B/.80,000 Period: 7 years Rate: 4.5%	National Value: B/.80,000.01 – B/.120,000 Period: 8 years Rate: 4%
<b>Rate 3</b>	Region 1: Panamá and Panamá Oeste Value: B/.80,000.01 – B/.120,000 Period: 5 years Rate: 4%	National (Vertical Multi-Family Housing) Value: B/.120,000.01 – B/.150,000 Period: 5 years Rate: 2%
<b>Rate 4</b>	Non existant Rate	Panamá and Panamá Oeste (Vertical Multi-Family Housing) Value: B/.150,000.01 – B/.180,000 Period: 5 years Rate: 1.5%
<b>Rate 1 Region 2</b>	Region 2: Colón and provinces Value: until B/.50,000 Period: 8 years Rate: 5.5%	Non applicable

<b>Rate 2 Region 2</b>	Region 2: Colón and provinces Value: B/.50,000.01 – B/.80,000 Period: 8 years Rate: 5.5%	Non applicable
<b>Rate 3 Region 2</b>	Region 2: Colón and provinces Value: B/.80,000.01 – B/.120,000 Period: 5 years Rate: 4%	Non applicable

## **2. Article that grants an exemption from ITBI for the sale of new homes is repealed**

The repeal of Article 4 of Law 106 of 1974 implies the elimination of the exemption from ITBI for the operations of the first transfer of real estate enjoyed by people who are engaged in the sale of new homes.

## **3. Preferential mortgage loans granted from the enactment of Law 468 of 2025 until December 31, 2025 will be exempt from the real estate transfer tax (ITBI)**

Preferential mortgage loans granted as of **April 24, 2025 (date on which this Law was enacted)**, and which avail themselves of the benefits of Law 3 of 1985, which have a letter of promise to pay and whose registration is until December 31 of this year, will be exempt from the payment of the ITBI.

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