

GMS Flash Alert

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Panama – Modifications to Deadline Extension Requests for Treaty Benefit Claims

On 16 July 2025, the Panamanian Tax Authority (*Dirección General de Ingresos*, DGI) implemented Resolution No. 201-5822,¹ which revokes the earlier provision that permitted taxpayers to request up to three two-month extensions for correcting errors or submitting missing documentation when applying for benefits under double tax conventions.

Under the new regulation, taxpayers may now be granted a single initial extension of 10 business days, with the possibility of a further extension of up to 30 calendar days, subject to prior approval. This amendment significantly reduces the time available for compliance and rectification, emphasizing the importance of prompt and precise requests.

The resolution became effective immediately upon its publication in the Official Gazette (*Gaceta Oficial*).

WHY THIS MATTERS

The revision of the extension policy has a direct impact on all taxpayers and organizations seeking benefits under Panama's double tax conventions. With a significantly shortened extension available to taxpayers for purposes of claiming benefits under a treaty, the importance of claiming benefits in a timely fashion with submissions of accurate and timely documentation has increased. Failure to meet the stricter deadlines for correcting errors or submitting missing information may result in denial of treaty benefits.

Global mobility programs and their tax service providers that rely on treaty relief may wish to update their policies and procedures to comply with the new standards.

The new extension policy is already in effect, meaning any current or future applications for treaty benefits must comply with the stricter deadlines.

Key Highlights

Repeal of Previous Extension Policy

The DGI has rescinded Resolution No. 201-2232, which permitted up to three deadline extensions (two months each) for correcting or completing documentation in respect of tax treaty benefit claims.

New Extension Framework

Under Article 173 of the Tax Procedure Code (*el Código de Procedimiento Tributario de la República de Panamá*), taxpayers may now request an initial extension of 10 business days.

This period may be further extended, but only up to a maximum of 30 calendar days, and only upon prior request to the DGI.

Immediate Effectiveness

Resolution No. 201-5822 was published in the Official Gazette No. 30323 on 16 July 2025, and is effective as of that date.

Scope of Application

The new rules apply specifically to entitlement procedures for claiming benefits under Panama's double tax conventions.

KPMG INSIGHTS

The DGI's move to tighten extension policies reflects a broader trend towards stricter compliance enforcement and administrative efficiency. Taxpayers must now approach treaty benefit claims with greater diligence, as the opportunity to correct errors post-submission is substantially curtailed.

Actions to Consider

- Taxpayers may wish to implement thorough pre-submission checks to foster the submission of complete and accurate documentation at the outset.
- Internal training and process adjustments may be necessary for taxpayers and/or tax service providers so that they are better able to meet the new, shorter deadlines.
- Early engagement with professional advisers and the DGI is advisable, especially in complex cases or where documentation may be challenging to obtain and/or there are questions about the necessary documentation.

What's Next?

Claiming treaty benefits and the timely submission of documents for purposes of claims can be challenging, especially now in light of the shortened extensions available. If taxpayers, global mobility program managers charged with the tax compliance affairs of their mobile employees, or tax service providers have any questions or require assistance, they should consult with their usual qualified tax professional or a member of the tax team with KPMG in Panama.

FOOTNOTE:

1 *Resolución N° 201-5822 (de jueves 10 de julio de 2025)*, published in the *Gaceta Oficial* (online) N°. 30323, 16 de julio de 2025:

https://www.gacetaoficial.gob.pa/pdfTemp/30323/GacetaNo_30323_20250716.pdf.

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Contact Us

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