



Panama

The analog of VAT in Panama is ITBMS (Transfer Tax on Movable Goods and Services).

VAT Standard rate

VAT standard rate in Panama in 2023 is 7%. It applies to all taxable activities on the territory of Panama with such exceptions as school supplies, books, basic food products, medicines and agricultural products.

To the import of alcohol applies the rate of 10%.

To the import of tobacco applies the rate of 15%.

Export is zero-rated.

VAT registration threshold

GST threshold in Panama is PAB 36,000 (approx. EUR 34,000). Businesses have to register for VAT purposes in Panama if their annual revenue exceeded this amount or expected to be so. Non-resident businesses and importers are obligated to register for VAT in Panama regardless of their revenue amount.

Deductible VAT

Businesses can reclaim input tax by deducting it from output tax. Expenses that are not relevant to the business cannot be claimed for deduction. The input tax incurred by businesses not registered for VAT in Panama is not the subject to refund.

Registration procedure

In order to become a VAT payer in Panama, businesses must register online or in person with The General Directorate of Revenue (DGI). Businesses must apply for national Panamanian tax registry number – RUC (Registro Único de Contribuyentes). All documents should be submitted in Spanish.

Keeping records

The period of keeping records in Panama must be five years.

VAT returns filing and payment date

VAT returns in Panama are submitted on a monthly basis. VAT payers should file return and pay VAT electronic returns till the 15th of the following reporting month.

Penalties in Panama

Penalty for late filing and VAT return payment in Panama – PAB 10 (approx. EUR 9). In case of recurrent violation fines in amount from PAB 500 to PAB 5,000 may apply (approx. EUR 470 – 4,700).

Penalty for fraud – fine of five-ten times of the amount due and imprisonment for term of 1 month to 1 year. In special cases, more punitive penalties may be applied.



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