

MEMO

LAW Nr. 254 OF NOVEMBER 11, 2021 WHICH INTRODUCES ADJUSTMENTS TO THE LEGISLATION ON INTERNATIONAL TAX TRANSPARENCY AND PREVENTION OF MONEY LAUNDERING, FINANCING OF TERRORISM AND FINANCING OF THE PROLIFERATION OF WEAPONS OF MASS DESTRUCTION.





On November 12, 2021, Law Nr.254 of 2021 came into force in the Republic of Panama, which introduces adjustments to the Panamanian legislation on international tax transparency and prevention of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction, additionally, Law 52 of 2016 is amended establishing the obligation to keep and maintain the "accounting records and supporting documents" of legal entities incorporated in the Republic of Panama (corporations, private interest foundations, limited liability companies among others) that:

- ✓ That do not carry out operations within Panama ("offshore" entities) or.
- ✓ That are solely engaged in holding assets inside or outside the Republic of Panama (holding companies).

These legal entities must provide the Resident Agent with the following documentation:

- ✓ Original or Copy of the "accounting records and supporting documents" corresponding to the previous fiscal period. The same must be delivered no later than **April 15** of each year.
- ✓ In case the "accounting records and supporting documents" are kept outside the offices of the Resident Agent, an annual statement must be submitted indicating the physical address, name and contact information of the custodian of such documentation, including a copy of the custodian's identity document and his or her suitability as a professional accountant in his or her country of origin.
- ✓ For corporations, a copy of the share certificates and shareholders' registers duly completed and signed.

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In the case of legal entities incorporated prior to the effective date of this Law No. 254, they are granted a term until **July 15, 2022** to provide the information and/or documentation previously detailed, however, recently by Resolution No. 201-2338 of April 1, 2022, the Ministry of Economy and Finance through the General Directorate of Revenues granted an extension for the presentation of the mentioned documents until **October 30, 2022**, therefore and in order to comply with the requested provisions in a timely manner, we appreciate that the same be sent to us before **September 30, 2022**.

If the legal entity wishes to change its Resident Agent or dissolve the entity, it must provide the Resident Agent with a copy or original of the "**accounting records and supporting documents**", prior to the registration of the Public Deed containing such change.





It should be noted that for dissolutions, "**accounting records and supporting documents**" or their copies corresponding to the five (5) years prior to the registration of the dissolution must also be kept by the legal entity and be available for a minimum period of five (5) years from the registration of the dissolution.

In the event of non-compliance with the norm, the General Revenue Directorate of the Republic of Panama may generate:

- ✓ Fines to the legal entity from US\$5,000.00 to US\$1,000,000.00;
- ✓ The suspension of the corporate rights of the juridical person; and
- ✓ The impossibility to register any type of document in the Public Registry and to obtain certificates issued by said Registry.
- ✓ The Resident Agent is obligated to resign as such with respect to the legal entity in default.

For any additional information or assistance regarding the accounting records requirements, please do not hesitate to contact us at the following email address: **cumplimiento@ancori.com**

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