

LAW 254

Of November 11, 2021

Introducing amendments 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.**THE NATIONAL ASSEMBLY****DECREES:**

Article 1. Paragraph 4 is amended and Paragraph 21 is added to Article 4 of Law 23 of 2015, as follows:

Article 4. Definitions. For the purposes of this Law, the terms listed below shall have the following meanings:

...

4. *Final Beneficiary:* Natural person or persons who ultimately, directly or indirectly, own, control and/or has significant influence over the customer or account relationship or contractual and/or business relationship, or the natural person or persons in whose name or benefit a transaction is made. It includes the natural person or persons that have the final control on a legal person or legal structure.

The Executive Branch shall regulate the criteria for determining ownership, control or significant influence.

...

21. *Legal structure.* It refers to a trust or other legal relationship where there is a separation between the legal ownership and the beneficial owner(s).

Article 2. Article 6 of Law 23 of 2015 shall read as follows:

Article 6. Structure of the National Commission. The National Commission against Money Laundering, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction. will include:

1. The Minister of Economy and Finance, or the person he appoints, who will act as Chairman
2. The Minister of Foreign Affairs or the person he appoints.
3. The Minister of the Presidency or the person he appoints.
4. The Minister of Commerce and Industry or the person he appoints.
5. The Superintendent of Banks of Panama in his capacity as Chairman of Financial Coordination Committee or the person he appoints.
6. The Superintendent of Non-Financial Entities or the person he appoints.
7. The General Attorney of the Nation in representation of the Public Ministry or the person he appoints.
8. The Director of the Financial Analysis Unit for the Prevention of the Crimes of Money Laundering and the Financing of Terrorism or the person he appoints.
9. The Chairman of the Commission of Economy and Finance of the National Assembly.

The Executive Secretary of the Security Council participates in the National Commission against Money Laundering, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction meetings, with the right of speak in the respective sessions.

With advisory capacity, the National Commission may invite to its meetings, when the Chairman considers it appropriate, other institutions of the public sector, the legally incorporated Associations or Unions representing the Financial Reporting Entities and the Non-Financial Reporting Entities.

The Commission will count with a Technical Secretariat attached to the Minister of Economy and Finance, with technical and administrative functions and may participate in the meetings of the National Commission with the right to speak.

Article 3. Article 7 of Law 23 of 2015 shall read as follows:

Article 7. Quorum and decisions of the National Commission. The National Commission against Money Laundering, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction, will meet, as often as necessary convened, at the request of the chairman, with a minimum frequency of four times a year.

To constitute a *quorum* at meetings of the National Commission the presence of at least five of its members is required.

Decisions of the National Commission shall be adopted by the affirmative vote of at least five members.

Article 4. Paragraph 4 and 11 of Article 11 of Law 23 of 2015 shall read as follows:

Article 11. Powers. The Financial Analysis Unit for the Prevention of the Crimes of Money Laundering and the Financing of Terrorism will have the following powers:

...

4. Analyze the information obtained in order to communicate results of its analysis and the sustaining documents to the Public Ministry, to the General Directorate of Revenue of the Ministry of Economy and Finance, the agents on criminal investigations activities, jurisdictional authorities and supervisory entities, when there are grounds to suspect that activities related to Money Laundering, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction have or are being developed.

...

11. Provide the Public Ministry, the Supervisory Entities, the National Customs Authority, the General Directorate of Revenue of the Ministry of Economy and Finance and the various intelligence and security State agencies of any required technical assistance needed to help in criminal or administrative investigations of acts and offenses related to Money Laundering, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction;

...

Article 5. Paragraph 2 of Article 22 of Law 23 of 2015 shall read as follows:

Article 22. Financial Reporting Entities. Financial Reporting Entities are:

...

2. Supervised by the Superintendence of the Securities Market: Auto-regulated organizations, Securities Markets, Investment Administrators, Pension Fund Administrators and Unemployment Fund Administrators; Self-Managed Investment Companies; Investment Advisors; Securities Market Administrative Services Providers.

...

Article 6. Article 23 of Law 23 of 2015 is reestablished as follows:

Article 23. Non-Financial Reporting Entities. The Non-Financial Reporting Entities are those supervised by the Superintendence of Non-Financial Entities as defined in Article 40 of Law 124 of 2020.

Any reference to non-financial reporting entities and professional activities subject to supervision shall be understood as non-financial reporting entities as defined in Article 40 of Law 124 of 2020.

Article 7. Article 26 of Law 23 of 2015 is subrogated, as follows:

Article 26. Risk assessment. Financial Reporting Entities and non-Financial Reporting Entities shall take the necessary measures to identify, evaluate and understand their risks of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction related to customers, countries or geographic areas, and products, services, transactions or distribution or commercialization channels.

Financial Reporting Entities and Non-Financial Reporting Entities shall:

1. Document their risk assessments.
2. Consider all relevant risk factors before determining the average level of risk, the appropriate level and the type of mitigants to be applied.
3. Keep these risk assessments up to date.
4. Have the appropriate mechanisms to provide information on risk assessments to their respective supervisors.

The respective supervisory entities shall regulate this matter.

Article 8. Article 26-A of Law 23 of 2015 is added, as follows:

Article 26-A. Proper identification, reasonable verification and documentation. The Financial Reporting Entities and the Non-Financial Reporting Entities shall maintain, in their operations, due diligence and care to reasonably prevent that these operations are performed with funds or resulting from Activities related to the Crimes of Money Laundering, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction.

The mechanisms for customer and final beneficiaries' identification; as well as the verification of information and documentation, will depend on the risk profile of the Financial Reporting Entities and the Non-Financial Reporting Entities, by considering the types of customers, products and services offered, the distribution or commercialization channels used and the geographic location of their facilities, their customers and final beneficiaries. These variables, either separately or in

combination, can increase or decrease the potential risk posed, thus impacting the level of Due Diligence measures. In this sense, there are circumstances where the risk of Money Laundering, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction is higher and stricter measures must be taken and in circumstances, in which the risk can be minor, provided that there is an appropriate risk analysis, simplified Due Diligence measures may be applied.

The Financial Reporting Entities and the Non-Financial Reporting Entities shall ensure that documents, data or information collected under the Due Diligence process are kept updated, more often for the categories of higher risk customers

The respective Supervisory Entities shall regulate this matter.

Article 9. Article 26-B of Law 23 of 2015 is added, as follows:

Article 26-B. Financial and transactional profile. Non-Financial Reporting Entities shall obtain information and documentation related to the financial and transactional profile of their customers, according to the risk identified.

The Executive Branch shall regulate this matter and the Superintendence of Non-Financial Entities shall regulate this matter.

Article 10. Article 38 of Law 23 of 2015 shall read as follows:

Article 38. Know the nature of the business of the Customer. The Financial Reporting Entities and the Non-Financial Reporting Entities must:

1. Collect information from customers in order to know the nature of the activities of their business or profession. The activity declared by the customer will be recorded by the Reporting Entities, at the beginning of the business relationship.
2. Verify the declared activities of their customers as provided in the regulations of this Law and, in any case, when circumstances concur in determining a special analysis of operations as provided in Article 41 of this Law, when the operations of the customer are inconsistent with his declared activity, the financial profile, the transactional profile or his background.
3. Identify and know the Final Beneficiary in his database, with the firm intention of knowing the nature of his activities, the financial performance and the relation with other accounts or contracts.

The respective Supervisory Entities shall regulate this matter, taking into consideration the type of activity performed by the Reporting Entities.

Article 11. Article 39 of Law 23 of 2015 shall read as follows:

Article 39. Continuous monitoring of the business relation. The Financial Reporting Entities and Non-Financial Reporting Entities must:

1. Keep track of the operations performed during the business relation to ensure that they are commensurate with professional or business activities, the financial and transactional profile of the Customer. The Financial Reporting Entities and Non-Financial Reporting Entities will increase surveillance when warning signs or behaviors with above average risks are observed, by regulations or by the conclusions of the risk analysis performed by the Reporting Entities.

2. Perform periodic reviews to ensure that the documents, data and information obtained as a result of the Due Diligence processes are kept updated and presently respond to the reality of the operations of the customers.
3. Pay special attention to the financial and/or transactional profile compared to the reality of the movements in cash, quasi-cash, checks or electronic transfers.

The monitoring will be comprehensive and must incorporate all the products and services of the customer, the subscriber, the agent, the representative, the associate, the co-holder and the final beneficiary or beneficiaries that keeps the account, contract or relation with the Financial Reporting Entity and the Non- the Financial Reporting Entity, if the case be, with other corporations of the group, as well as those related.

The Prevention Manual will illustrate, according to the risk, the frequency of the document revision processes and the financial and/or transactional profile required for high-risk customers, or by the type of movement performed by the Customer.

The provisions of this article shall be regulated by the relevant Supervisory Entity, taking into consideration the type of activity performed by the Reporting Entity.

Article 12. Article 60 of Law 23 of 2015 shall read as follows:

Article 60. Sanctions. Failure to comply with the provisions of this Law or those provided for its implementation by the respective Supervisory Entities for each activity for which a specific sanction is not established, shall be sanctioned for that event alone with fines from five thousand dollars (US\$5,000.00) to five million dollars (US\$5,000,000.00). The imposition of sanctions on the Reporting Entities will be made according to the seriousness of the offense, the degree of recidivism, the magnitude of the damage and the size of the Reporting Entity, which will be imposed by the Supervisory Entities of each activity at the request of the Financial Analysis Unit for the Prevention of the Crimes of Money Laundering and Financing of Terrorism for any breach for late submission or incorrect reports

The Executive Branch shall regulate this matter and the Supervisory Entities shall regulate the application of sanctions to natural or legal persons that fail to comply with the requirements established in the Law, its respective rules and regulations, in accordance with their respective constitutive laws or those that create them.

Article 13. Article 61 of Law 23 of 2015 shall read as follows:

Article 61. Other sanctions. Sanctions shall be applicable not only to the regulated entities, but also to those who allow or authorize provisions set forth in this Law or of those issued for its application by the supervisory entity of each activity.

The Superintendence of Non-Financial Entities shall order the Public Registry of Panama to suspend the corporate rights of the legal person that is related to the non-compliance of the resident agent with any of the obligations of the Law, its rules and regulations. This suspension order will be made in accordance with the provisions of Article 318-A of the Tax Code. The suspension of the corporate rights of the legal person shall be without prejudice to its compliance with the obligations established in this Law, its rules and regulations.

Therefore, as long as the suspension persists, no act, document and/or agreement may be registered, nor may certifications be issued regarding such legal person, except for those ordered by relevant authority or those requested by third parties with the specific purpose of enforcing their rights, in which case the certification shall be issued in a different format for such purposes, indicating that the legal person has complied with its obligation of registration or updating established by this Law.

The provisions of Article 318-A of the Tax Code shall apply to the reactivation, expiration of the term and dissolution of suspended legal persons.

The Superintendence of Non-Financial Entities is empowered to order the Public Registry of Panama the forced administrative liquidation of the legal person, in accordance with the provisions of Article 318-A of the Tax Code.

Article 14. paragraph 4 of article 12 of Law 51 of 2016 shall read as follows:

Article 12. In all cases not provided for in the preceding article, with respect to each reportable account, the Panamanian financial institution subject to reporting shall be required to report the following information to the relevant authority:

...

4. The balance or value of the account, including, in the case of an insurance contract with cash value or an annuity contract, the cash value or cancellation value at the end of the corresponding calendar year or, if the account was closed during such year, the cancellation of the account.

...

Article 15. Article 22 of Law 51 of 2016 shall read as follows:

Article 22. The relevant authority shall apply the following sanctions to the private source that does not comply with delivering, within the term granted, the documentation and information requested through information requirement, as provided in this Law and its regulations:

1. Fine from five thousand dollars (US\$5,000.00) up to one hundred thousand dollars (US\$100,000.00) when the natural person or legal person fails to deliver all the information and documentation requested for causes attributable to it within the term granted.
2. Fine of five hundred dollars (US\$500.00) for each day that elapses after the expiration of the term granted for the delivery of the required information or documentation, when the natural person or legal person does not comply with the delivery of all the requested documentation and information.

In the event that the relevant authority of the Republic of Panama requires that the information or documentation submitted be clarified or corrected, it will grant additional time for the natural person or legal entity requested to respond to the request for clarification or correction. The request for clarification or correction referred to in this paragraph shall be treated as a new request for information for purposes of applying the corresponding sanctions.

Likewise, the sanctions set forth in this article shall be applicable when in the supervision processes conducted by the relevant authority described in article 4 of this Law, non-compliance with the established obligations is detected and in the cases in which the private source discloses or shares confidential information with a non-related third party.

Article 16. Article 23 of Law 51 of 2016 shall read as follows:

Article 23. The relevant authority shall apply the following sanctions to financial institutions that fail to comply with the obligations established in this Law:

1. Fine from five thousand dollars (US\$5,000.00) to twenty-five thousand dollars (US\$25,000.00), when the Panamanian financial institution subject to reporting has not established the set of policies, procedures and structures of internal controls, as provided in Article 6 of this Law and its regulations.
2. Fine from five thousand dollars (US\$5,000.00) to fifty thousand dollars (US\$50,000.00), when the Panamanian financial institution subject to reporting does not conduct the due diligence procedure, as provided in Articles 7 and 8 of this Law and its regulations.
3. Fine from ten thousand dollars (US\$10,000.00) up to fifty thousand dollars (US\$50,000.00), when the Panamanian financial institution subject to reporting, once the due diligence procedure has been conducted, as provided in Articles 7 and 8 of this Law and its regulations, detects a reportable account and omits to make the report or includes false information in its report.
4. Fine from five thousand dollars (US\$5,000.00) up to twenty five thousand dollars (US\$25,000.00), when the Panamanian financial institution subject to report fails to submit the report referred to in Article 10.
5. Fine from ten thousand dollars (US\$10,000.00) up to fifty thousand dollars (US\$50,000.00), when the Panamanian financial institution subject to reporting fails to keep records of the information and documentation referred to in Article 9 or fails to comply with the minimum period of five years.

The account holder who provides the financial institution with a self-certification containing false information shall be sanctioned with a fine of five thousand dollars (US\$5,000.00) up to fifty thousand dollars (US\$50,000.00).

The relevant authority shall regulate the manner in which the sanctions provided in this article shall be applied, without prejudice to the civil and criminal liability resulting therefrom.

Article 17. Article 1 of Law 52 of 2016 shall read as follows:

Article 1. Legal entities that do not perform operations that are perfected, completed or take effect within the Republic of Panama, as well as those that are exclusively engaged in being holders of assets, within or outside Panamanian territory, are required to keep accounting records and maintain their supporting documentation.

The accounting records and supporting documentation must be kept for a minimum period of five years, counted from the last day of the calendar year in which the transactions for which these accounting records are applicable were generated.

The accounting records and supporting documentation may be kept at the offices of the resident agent within the Republic of Panama or at any other place, within or outside the Republic of Panama, as determined by the management bodies of the legal person.

The legal persons will be required to provide annually to the resident agent, as of April 30, the accounting records or the copy of the accounting records relating to the fiscal period that ended on December 31 of the immediately preceding year. In the cases in which the accounting records and supporting documentation are kept in any place other than the offices of the resident agent, within or outside the Republic of Panama, the legal persons will be required to inform, annually, in writing, to the resident agent the name and contact information of the person who keeps the accounting records and supporting documentation under its custody and the physical address where they are kept.

In the event of a change in the person maintaining the accounting records and supporting documentation in its custody, the legal entity shall immediately inform, in writing, the resident agent of the name and contact information of the new person maintaining the accounting records and supporting documentation in its custody and the physical address where they are maintained.

If there is a requirement by the relevant authority, in addition to the accounting records or copies of the accounting records, the legal entities shall be required to provide the resident agent with the supporting documentation of the accounting records within the time established by the relevant authority, in order to comply with the requirement.

Legal entities that are listed on a recognized local or international stock exchange, or those owned by an international or multilateral organization or a State, are exempted from the obligation to provide the resident agent with the original accounting records or a copy of the accounting records on an annual basis. The owners or charterers of vessels registered exclusively under the international service of the Merchant Marine of the Republic of Panama are also exempted from this obligation.

The resident agent is required to keep a copy of the stock certificates and shareholders' registry of those corporations for which it acts as such in its offices within the Republic of Panama.

For the effects of this Law, it is interpreted that the accounting records shall be provided in the following form:

1. In the case of legal persons that do not engage in acts of commerce according to Article 2 of the Code of Commerce of the Republic of Panama and that are engaged exclusively in being holders of assets, regardless of their class, they shall provide information showing the value of the assets held, the income received from such assets and the liabilities relating to those assets.
2. In the case of legal persons that perform acts of commerce as defined in Article 2 of the Commercial Code of the Republic of Panama outside the Republic of

Panama and any other legal person not covered by the previous paragraph, they must provide a journal and a ledger. An exception to this requirement is made in the case of acts of commerce included in paragraph 2 of Article 2 of the Code of Commerce, in which case the statement of account of the custodian or balance sheet of the company shall provide the journal and the general ledger.

Notwithstanding, when the accounting records have been received in the manner described in the preceding paragraphs, if required by the relevant authority, the legal entities shall be required to provide any supporting documentation and additional information within the time required by the relevant authority.

Transitory paragraph. In the case of legal persons incorporated before the entry into force of this Law, these shall have a term of six months, counted as of its entry into force, to deliver to the resident agent the accounting records or copies of the accounting records, to be kept in the offices of the resident agent within the Republic of Panama.

In the cases of legal persons incorporated before the entry into force of this Law, if there is a requirement by the relevant authority after the six months indicated in the previous paragraph, in addition to the accounting records or copies of the accounting records, the legal persons will be required to provide the resident agent with the supporting documentation of the accounting records within the time established by the relevant authority, in order to comply with the requirement.

In the cases of the legal persons that are suspended in the Public Registry of Panama before the entry into force of this Law, they must provide to their resident agent in order to be reactivated the accounting records or the copies of the accounting records, so that they are kept in the offices of the resident agent within the Republic of Panama, and according to the cause of suspension, comply with the reactivation process established in Article 318-A of the Tax Code of the Republic of Panama.

In the cases of the legal persons that are suspended in the Public Registry before the entry into force of this Law, if there is a requirement by the relevant authority, in addition to the accounting records or copies of the accounting records, the legal persons will be required to provide to the resident agent the supporting documentation of the records established by the relevant authority, in order to comply with the requirement.

In all cases, legal persons whose accounting records and supporting documentation are kept at any place other than the offices of the resident agent, within or outside the Republic of Panama, shall inform the name and contact details of the person who keeps the accounting records and supporting documentation in their custody and the physical address where they are kept.

In all cases in which the relevant authority requires the supporting documentation of the accounting records, the legal person must provide the documentation to the resident agent within the time established by the relevant authority, according to the regulations of this Law.

The legal persons subject to any of the exceptions referred to in this article shall maintain in their control the original of the accounting records and supporting documentation. The legal person that qualifies for an exception shall be required to deliver its accounting records within twenty working days counted as of the request

made by the resident agent due to a requirement made by the relevant authority. The legal entity that fails to comply with its obligation as established in this paragraph shall be subject to the sanctions established in this Law.

The Executive Branch shall regulate accordingly.

Article 18. Article 2 of Law 52 of 2016 shall read as follows:

Article 2. In cases of change of resident agent, the legal person shall provide to the new resident agent, prior to the registration of its appointment in the Public Registry of Panama, the accounting records and supporting documentation or copies of the accounting records and supporting documentation, whichever the case may be, which shall be kept in the offices of the new resident agent within the Republic of Panama. In the cases of legal entities whose accounting records and supporting documentation are kept in any place other than the offices of the resident agent, within or outside the Republic of Panama, they must inform the name and contact information of the person who keeps the accounting records and supporting documentation under custody and the physical address where they are kept. The Public Registry of Panama shall only register the public deeds that contain the express declaration of compliance with the provisions of this article, on the part of the new resident agent.

In case of dissolution, the accounting records copies of accounting records and supporting documentation or copies of accounting records and supporting documentation, whichever the case may be, respective to the five years prior to the registration of the dissolution, must be kept and be available by the resident agent of the legal person for a minimum period of five years, counted from the registration of the dissolution in the Public Registry of Panama. In this case, the Public Registry shall only register the respective public deed of dissolution that includes the express declaration of the resident agent indicating that it maintains in its possession the accounting records and supporting documentation or the copies of the accounting records and supporting documentation, whichever the case may be, in accordance with the provisions of this Law.

Article 19. Article 3 of Law 52 of 2016 shall read as follows:

Article 3. The resident agent shall deliver to the General Directorate of Revenue a sworn statement, annually, as of July 15, containing a list of the legal entities for which it exercises the service of resident agent, including the name and unique taxpayer registration number, containing the following:

1. The legal persons whose original accounting records and supporting documentation are kept in the offices of the resident agent within the Republic of Panama.
2. The legal persons whose original accounting records and supporting documentation are kept in any place other than the offices of the resident agent, within or outside the Republic of Panama, and which has the copies of the accounting records and the name and contact information of the person who keeps the original accounting records and supporting documentation under its custody and the physical address where they are kept, in accordance with Article 1 of this Law.

3. The legal persons for which the information set forth in paragraphs 1 and 2 of this article is not available.

The relevant authority may apply sanctions to the legal persons that the resident agent includes in the declaration referred to in paragraph 3 of this article.

The Executive Branch shall regulate the format in which this declaration must be submitted, in accordance with the provisions of this article.

Transitory paragraph. In the case of legal entities incorporated before the entry into force of this Law, the resident agent shall submit the first declaration referred to in this article, within thirty calendar days from the expiration date of the period referred to in the first paragraph of the transitory paragraph of article 1 of this Law. In case of noncompliance by the resident agent, it shall be subject to the sanctions established in this Law. In case of non-compliance by the resident agent, it shall be subject to the sanctions established in this Law.

Article 20. Article 4 of Law 52 of 2016 shall read as follows:

Article 4. The relevant authority may require from the resident agent the accounting records and supporting documentation or copies of the accounting records and supporting documentation, whichever the case may be, at any time in accordance with the provisions of this Law, for the faithful fulfillment of its functions.

The relevant authority, for purposes of national and international cooperation, may request any information in accordance with the provisions of this law and its regulations, without this constituting a breach of confidentiality.

Any information provided to this Law or its regulations, by resident agents or their officers, directors, employees or representatives, shall not constitute a breach of professional secrecy or restrictions on disclosure of information, arising from confidentiality imposed by contract or by any legal or regulatory provision, and shall not imply any liability for resident agents or their officers, directors, employees or representatives.

The information received by the relevant authority from the resident agent by virtue of this Law shall be kept strictly confidential and may only be used by the relevant authority for the faithful fulfillment of its functions, in accordance with the respective laws. Non-compliance with this obligation of confidentiality by an official shall be sanctioned as a serious administrative offense following the procedure established in the applicable laws or regulations, without prejudice to the civil and criminal liability resulting therefrom.

Article 21. Article 5 of Law 52 of 2016 shall read as follows:

Article 5. The Executive Branch shall regulate the manner and time in which the resident agent, upon request of the relevant authority, shall remit the accounting records and supporting documentation or copies of the accounting records and supporting documentation, whichever the case may be.

Article 22. Article 6 of Law 52 of 2016 shall read as follows:

Article 6. For the purposes of this Law, the following terms shall be understood as follows:

1. *Relevant authority.* The Ministry of Economy and Finance or to whom it may delegate, the General Directorate of Revenue of the Ministry of Economy and Finance of the Republic of Panama, the Public Prosecutor's Office and the Financial Analysis Unit for the Prevention of the Crime of Money Laundering and Financing of Terrorism.
2. *Supporting documentation.* That which includes contracts, invoices, receipts and/or any other documentation necessary to support the transactions performed by a legal person.
3. *Management bodies.* Directors, administrators, founding council or any other body that administers a legal person.
4. *Legal person.* Any corporation, limited liability company or of any other type, as well as private interest foundation, constituted in accordance with the laws of the Republic of Panama.
5. *Accounting Records.* Those that clearly and precisely indicate the operations of the legal person, its assets, liabilities and equity, as well as those that serve to determine the financial situation with reasonable accuracy at all times and allow the preparation of financial statements.
6. *Financial Statements.* Those composed of the Balance Sheet, Income Statement, Statement of Changes in Equity and Cash Flow Statement and the notes to the financial statements.

Article 23. Article 7 of Law 52 of 2016 shall read as follows:

Article 7. The General Directorate of Revenue of the Ministry of Economy and Finance of the Republic of Panama shall sanction legal entities that comply with the obligations established in this Law with fines from five thousand dollars (US\$5,000.00) up to one million dollars (US\$1,000,000.00), considering the seriousness of the offense, the recidivism and the magnitude of the damage.

The General Directorate of Revenue shall order the Public Registry of Panama to suspend the corporate rights of the legal entities that fail to deliver the required information in accordance with the provisions of this Law, its rules and regulations, in accordance with the provisions of Article 318-A of the Tax Code. The suspension of the corporate rights of the legal person shall be without prejudice to its compliance with the obligations established in this Law, its rules and regulations.

Consequently, as long as the suspension persists, no act, document and/or agreement may be registered, nor may certifications be issued regarding such legal entity, except for those ordered by a relevant authority or those requested by third parties with the specific purpose of enforcing their rights, in which case the certification shall be issued in a different format for such purposes, indicating that the legal entity has not complied with its obligation to submit accounting records as established by this Law.

The provisions of Article 318-A of the Tax Code shall apply to the reactivation, expiration of the term and dissolution of suspended legal persons.

The General Directorate of Revenue is empowered to order the Public Registry of Panama the forced administrative liquidation of the legal person, in accordance with the provisions of Article 318-A of the Tax Code.

The sanctions imposed pursuant to the preceding paragraphs shall be published in the Official Gazette and on the web page of the General Directorate of Revenue, as well as in any other means of publication in accordance with the regulations established by the Executive Branch for such purpose.

The Directorate General of Revenues shall sanction the resident agent who does not comply with the obligations established in this Law with fines from five thousand dollars (US\$5,000.00) up to one hundred thousand dollars (US\$100,000.00), considering the seriousness of the offense, the recidivism and the magnitude of the damage.

Likewise, the sanctions established in this article shall be applicable by the General Directorate of Revenue when noncompliance with the obligations established in this Law is detected in the supervision processes.

Against the sanctions imposed in accordance with this article there shall be appeals for reconsideration and appeal, according to the provisions of the ordinary tax procedure.

The Executive Branch shall regulate the procedure for the application of sanctions established in this Law.

Article 24. Paragraphs 9, 10 and 11 are added to Article 2 of Law 124 of 2020, as follows:

Article 2. Powers. The Superintendence shall have the following powers:

...

9. To regulate and supervise the compliance of Non-Financial Reporting Entities in accordance with the provisions set forth in Law 23 of 2015, its regulations and any other law or regulation that imposes any obligation related to the prevention of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction to any Non-Financial Reporting Entity, as set forth in Article 41 of this Law.
10. To regulate and supervise the compliance of Non-Financial Reporting Entities in those cases in which it has been designated as the relevant authority. In these cases, the sanctioning process shall be applied in accordance with the provisions of the respective Law, its regulations or agreements signed between authorities.
11. To order the suspension of the corporate rights of the legal entities that are related to the non-compliance with the obligations of the resident agent in accordance with the legal norms regarding the prevention of the crimes of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction, in accordance with the provisions of Article 318-A of the Tax Code.

Article 25. Article 9 of Law 124 of 2020 shall read as follows:

Article 9. Quorum and decisions. In order to constitute a valid *quorum* at the meetings of the Board of Directors, the presence of at least three directors is required, of which,

in any case, two of them must be representatives of the public sector. Once the *quorum* has been verified, the decisions of the Board of Directors shall be adopted with the affirmative vote of the simple majority of the directors present, except in those cases specially established in this Law.

In the event of a conflict of interest, voting shall only take place when the majority of the directors who are not impeded are from the public sector.

Article 26. Article 40 of Law 124 of 2020 shall read as follows:

Article 40. Non-Financial Reporting Entities. This Law is aimed at the supervision of Non-Financial Reporting Entities, supervised by the Superintendence of Non-Financial Entities in matters of prevention of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction, which are defined as follows:

1. Companies of the Colon Free Zone, companies established in the Panama Pacifico Agency, Baru Free Zone and other free zones established in the Republic of Panama.
2. Casinos, games of luck and chance and organization of betting systems and other physical or telematic establishments that develop these businesses through the Internet.
3. Development companies, real estate agents and real estate brokers, when these participate in transactions for the sale of real estate.
4. Companies engaged in the construction industry, construction companies, general contractors and specialized contractors.
5. Companies engaged in the transportation of securities.
6. Pawnshops.
7. Companies dedicated to the commercialization of precious metals or the commercialization of precious stones, in any of their forms, whether by physical delivery or purchase of futures contracts, including diamond exchanges.
8. National Lottery.
9. National Post and Telegraphs of Panama.
10. Companies engaged in the purchase and sale of new and used cars.
11. Lawyers when in the exercise of their professional activity they perform on behalf of a customer or for a customer, any of the activities subject to supervision, such as:
 - a. Purchase and sale of real estate.
 - b. Administration of money, securities and other assets of the customer.
 - c. Administration of bank, savings or securities accounts.
 - d. Organization of contributions for the creation, operation or administration of legal entities.
 - e. Creation, operation or administration of legal entities or legal structures, such as private interest foundations, corporations, trusts and others.
 - f. Buying and selling of legal persons or legal structures.
 - g. Acting or arranging for a person to act as a director or attorney-in-fact of a legal person or similar position, in relation to other legal persons.
 - h. Providing a registered address, business address or physical space, postal or administrative address to a legal person or legal structure that is not owned by it.

- i. Acting or arranging for a person to act as a shareholder for a legal person.
 - j. Acting or arranging for a person to act as a participant in an express trust or performing the equivalent function for another form of legal structure.
 - k. When providing the services and activities of a resident agent of legal persons incorporated or registered under the laws of the Republic of Panama.
12. Certified public accountants, when in the exercise of their professional activity they perform on behalf of a customer or for a customer, any of the activities subject to supervision, such as:
- a. Purchase and sale of real estate.
 - b. Administration of money, securities and other assets of the customer.
 - c. Administration of bank, savings or securities accounts.
 - d. Organization of contributions or fees for the creation, operation or administration of legal entities.
 - e. Operation or administration of legal entities or legal structures such as private interest foundations, corporations, trusts and others.
 - f. Purchase and sale of legal persons or legal structures.
 - g. Acting or arranging for a person to act as a director or attorney-in-fact of a legal person or similar position, in relation to other legal persons.
 - h. Providing a registered address, business address or physical space, postal or administrative address to a legal person or legal structure that is not owned by it.
 - i. Acting or arranging for a person to act as a shareholder for a legal person.
 - j. Acting or arranging for a person to act as a participant in an express trust or performing the equivalent function for another form of legal structure.
13. Notaries public and notaries public offices.
14. Any other sector which by law is subject to the competence of the Superintendence, as well as other activities and entities which are included by law and which, in view of the nature of their operations, may be used for the commission of the crimes of money laundering, financing of terrorism or financing of the proliferation of weapons of mass destruction or those arising from the National Plan of Risk Assessments for the Prevention of the Crimes of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction.

Article 27. Article 41 of Law 124 of 2020 shall read as follows:

Article 41. Supervision of Non-Financial Reporting Entities. All Non-Financial Reporting Entities shall be subject to the supervision and regulation of the Superintendence, to ascertain compliance with the legal provisions in force regarding the prevention of money laundering, the financing of terrorism and the financing of the proliferation of weapons of mass destruction.

Article 28. Article 43 of Law 124 of 2020 shall read as follows:

Article 43. Power to request information from Non-Financial Reporting Entities. The Superintendence is empowered to request from Non-Financial Reporting Entities the information and supporting documentation regarding their operations, activities, customers, products, services, prevention manuals, among other documents and/or

information it deems necessary for the achievement of the supervisions or that are relevant in the adoption of measures for the prevention of money laundering, Financing of Terrorism and financing of the proliferation of weapons of mass destruction, in accordance with the provisions of Law 23 of 2015, its regulations, amendments and any other law, as well as to request any information for the purposes of international cooperation.

In those cases in which the Superintendence of Non-Financial Entities is designated as the relevant authority by special provisions, it shall be empowered to require all the information and documentation necessary for the exercise of its function.

Article 29. Article 46 of Law 124 of 2020 shall read as follows:

Article 46. Confidentiality and reserve of information. The information gathered by the Superintendence within the scope of its functions regarding the prevention of the crimes of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction shall be kept under strict confidentiality and shall be considered of restricted access for the purposes of Law 6 of 2002. It may only be disclosed to the Public Prosecutor's Office, agents with criminal investigation functions, the Financial Analysis Unit, jurisdictional authorities and foreign counterparts, in accordance with the channels for requesting information established by executive decree. In the cases of information contained in the Private and Unique System of Registration of Beneficial Owners of Legal Entities, this shall be governed by the provisions of Law 129 of 2020 and its regulations.

The public servants of the Superintendence who in the exercise of their functions receive, require in writing or have knowledge of confidential information of a non-financial obliged subject by reason of the provisions of this Law shall keep it in strict reserve and confidentiality.

Those who, directly or indirectly, disclose, divulge or make undue personal use of such information, through any means or form, in breach of their duty, responsibility and non-disclosure and strict confidentiality obligation shall be sanctioned according to the provisions of the Criminal Code, without prejudice to the civil and administrative liability that may correspond to them.

The public servants of the Superintendence who, by reason of the positions they hold, have access to the information referred to in this article shall be bound to maintain due confidentiality, even when they cease to hold office.

All public servants are under the obligation to report to the competent authorities any contravention and/or deviation from the provisions contained in this article.

Article 30. Paragraphs 2 and 3 of article 2 of Law 129 of 2020 shall read as follows:

Article 2. Definitions. For the purposes of this Law, the following terms shall be understood as follows:

...

2. *Relevant authority.* The Superintendence of Non-Financial Entities, the Financial Analysis Unit for the Prevention of the Crime of Money Laundering and Financing of Terrorism, the Public Ministry, the Ministry of Economy and Finance or whoever it delegates, the General Directorate of Revenue of the Ministry of Economy and Finance and any other institution or agency of the National Government to which competence is attributed in matters of prevention of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction and its predicate offenses.
3. *Final Beneficiary.* The natural person or persons who ultimately, directly or indirectly, own, control and/or exercise significant influence over the customer or account relationship or contractual and/or business relationship, or the natural person or persons on whose behalf or for whose benefit a transaction is conducted. It includes the natural person or persons who exercise ultimate effective control over a legal person.

The criteria for determining possession, control or significant influence are defined in Law 23 of 2015, its rules and its regulations.

...

Article 31. Article 4 of Law 129 of 2020 shall read as follows:

Article 4. Registration data. The resident agent shall provide to the Superintendence of Non-Financial Entities, the following data:

1. Natural person:
 - a. Full name.
 - b. Personal identity card.
 - c. Suitability number.
 - d. Address.
 - e. Date of birth
 - f. Contact information.
 - g. UAF Code.
2. Civil company:
 - a. Full name.
 - b. Folio number.
 - c. Date of registration.
 - d. Address.
 - e. Contact information.
 - f. UAF Code

The Single System may be adjusted to require additional information and documentation established by the laws of the Republic of Panama and the international agreements subscribed in matters of prevention of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction.

Article 32. Article 9 of Law 129 of 2020 shall read as follows:

Article 9. Protective measures. The Superintendence of Non-Financial Entities, in its capacity as custodian and administrator of the information contained in the Private and Single System of Registration of Beneficial Owners, shall not be liable for the truthfulness or accuracy of the information provided by each resident agent; therefore, it may not be sued or subject to seizures, embargoes or precautionary actions or measures in relation to the data contained in the Single System.

Any judicial, administrative or other action for access to the information in the Single System by persons other than those authorized by this Law shall be legally inadmissible.

Notwithstanding the foregoing, the Superintendence of Non-Financial Entities, together with the National Authority for Government Innovation, may establish alternative technological methods for the implementation of the system and data storage, as well as for data administration and custody according to its convenience, in order to comply with the purposes set forth, and the procedures in accordance therewith shall be regulated.

Article 33. Article 10 of Law 129 of 2020 shall read as follows:

Article 10. Registration Data. The Single System shall require the resident agent to provide the following information for each legal person for which it renders its services as such:

1. Regarding the legal person subject to registration:
 - a. Full name.
 - b. Folio number.
 - c. Date of registration
 - d. Address
 - e. Main activity.
 - f. Jurisdiction where it operates, if commercial.
2. Regarding the beneficial owner:
 - a. Full name.
 - b. Identity card, passport or personal identity card number.
 - c. Date of birth.
 - d. Nationality
 - e. Address
 - f. Date on which the status of beneficiary of the legal entity is acquired.
3. Exceptionally, in those cases in which the legal person subject to registration has companies in its control structure with common shares listed in a local or international stock exchange or owned by a state or multilateral entity or by a State, the following information must be provided:
 - 3.1. Regarding the legal person listed on a stock exchange:
 - a. Full name.
 - b. Address
 - c. Country of incorporation.
 - d. Name and jurisdiction of the stock exchange on which the legal entity is listed.
 - 3.2 Regarding the beneficial owner of a state or multilateral entity:
 - a. Full name of the entity.
 - b. Address

- c. Country and/or headquarters.
 - d. Full name of the legal representative or equivalent.
- 3.3 With respect to the beneficial owner of the legal entity owned by a State:
- a. Full name of the country.
 - b. Date of incorporation.

In all other cases, in strict adherence to the provisions of Law 23 of 2015, the natural person that meets the final definition under the terms of this Law must be identified.

The Single System may be adjusted to require additional information and documentation for the purpose of complying with the laws of the Republic of Panama that allow the resident agent to have an understanding of the nature of control and influence exercised by the beneficial owner over the legal entity, and that allow the Single System to have beneficial ownership information that is true, correct, demonstrable, verifiable, updated and immediately accessible to the authorities.

The Executive Branch shall regulate this matter.

Article 34. Article 11 of Law 129 of 2020 shall read as follows:

Article. 11. Term of registration. The registration of the data of the legal person and the beneficial owner or beneficial owners by the resident agents shall be completed within a maximum term of fifteen working days following the date of incorporation or registration of the legal person or the appointment of a new resident agent before the Public Registry of Panama.

Article 35. Article 12 of Law 129 of 2020 shall read as follows:

Article 12. Term of Updates. The resident agent shall keep updated all the information required in Article 10 of the legal persons it has registered in the Single System. Every legal person is required to provide its resident agent with the information required by the latter to identify the beneficial owner or beneficial owners, as well as to notify its resident agent of any change in the information of the beneficial owner or beneficial owners, within a maximum term of fifteen business days following the date of the change, so that the resident agent carries out the due update within a maximum term of five business days following the date on which it received the information.

Article 36. Article 14 of Law 129 of 2020 shall read as follows:

Article 14. Access. Access to the Single System shall be strictly limited to the resident agent of the legal entity or legal entities to which it provides its services as such and to two officials designated by the Superintendence of Non-Financial Entities, who based on a risk analysis shall be assigned the type of access and their respective roles.

The official or officials designated by the superintendent may access the Single System for the exclusive purpose of making available the information required by the relevant authority in accordance with Article 2 of this Law, in order to perform its functions in accordance with the applicable laws of the Republic of Panama.

Additionally, for the purposes of national and international cooperation, the relevant authority may request any information provided by this Law and its regulations without being considered a breach of confidentiality.

The Single System shall have all the computer security controls that allow identifying at all times who had access and from which interface or Internet protocol (IP address) the entry was made, as well as any other protection measure that guarantees that the information under custody shall not be violated or obtained for a use other than that provided for in this Law.

Article 37. Article 16 of Law 129 of 2020 shall read as follows:

Article 16. Reservation of information. The data provided to the Single System shall be kept strictly confidential and may only be provided to the competent authorities immediately, in strict compliance with the procedures, requirements and formalities set forth in this Law and its regulations.

Article 38. Article 16-A is added to Law 129 of 2020, as follows:

Article 16-A. Statistical data. The Single System may generate statistical data with respect to the information of resident agents, legal persons and the beneficial owner or beneficial owners, in order to assist the Superintendence of Non-Financial Entities in the development of risk analyses of the attorney and corporate sector, without this representing a violation of the restricted access to the information of the beneficial owner or beneficial owners.

Article 39. Article 20 of Law 129 of 2020 shall read as follows:

Article 20. **Resignations or new designations.** In case of resignation of a resident agent, the latter shall notify the Superintendence of Non-Financial Entities within a maximum term of ten working days following the date of registration of the resignation before the Public Registry of Panama, in order to be disassociated from the respective legal entity and, consequently, shall block its access to the information provided. This without prejudice that the information remains in the Single System for access by the relevant authority.

Likewise, in the event of the appointment of a new resident agent, the latter must notify such fact to the Superintendence of Non-Financial Entities within a maximum term of fifteen working days following the date of appointment of the new resident agent before the Public Registry of Panama, who will link it to its corresponding code, in order to enter all the required information of the legal entity of the person who has assumed such function. In no case, the new resident agent will have access to the information previously registered by another resident agent.

The above is without prejudice that the information remains in the system for access by the relevant authority and for the issuance of certifications that allow the authorities and the resident agents to validate the information of the beneficial owner; so as to ensure the continuity and consistency of the information registered, when a legal entity has had one or several changes of resident agent throughout its existence.

The Superintendence of Non-Financial Entities shall regulate the procedure for the issuance of the certifications.

The Superintendence of Non-Financial Entities, together with the Public Registry of Panama, shall adopt the necessary measures for the faithful compliance of these provisions.

Article 40. Article 22 of Law 129 of 2020 shall read as follows:

Article 22. Application of Sanctions. When the Superintendence of Non-Financial Entities becomes aware of the non-compliance or violation by a resident agent, a legal person or an official assigned by the Superintendent of the obligations imposed by this Law, its amendments or regulations, it shall impose the administrative sanctions set forth in this Law taking into consideration the provisions of Article 23.

Against such sanctions, the Superintendence of Non-Financial Entities shall be entitled to the appeals for reconsideration and appeal established in the applicable regulations.

Article 41. Article 23 of Law 129 of 2020 shall read as follows:

Article 23. Sanctions. Resident agents shall be sanctioned with fines from one thousand dollars (US\$1 000.00) to fifty thousand dollars (US\$50 000.00), for each legal person whose information is not registered or updated in accordance with the provisions of this Law. The sanctions shall be imposed considering the seriousness of the offense, the degree of recidivism, the magnitude of the damage and the size of the resident agent, when the information is not registered or updated in accordance with the provisions of this Law.

Additionally, the Superintendence of Non-Financial Entities may impose daily progressive fines, the amount of which shall be equivalent to five hundred dollars (US\$500.00), until the non-compliance is remedied for a maximum term of six months. The progressive fines shall be effective as of the day following the notification of the reasoned resolution that fixes them.

The above is without prejudice to the obligation of the resident agent to provide the information of the beneficial owner or beneficial owners at the request of the relevant authority.

The amount of the sanctions imposed by the Superintendence of Non-Financial Entities established in this Law shall be destined for training purposes to resident agents for the compliance of their obligations regarding the prevention of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction, as well as training directed to the officials of the Superintendence of Non-Financial Entities.

Article 42. Article 24 of Law 129 of 2020 shall read as follows:

Article 24. Specific Sanctions. The Superintendence of Non-Financial Entities shall order the Public Registry of Panama to suspend the corporate rights of legal entities

that have not been registered or updated in the Single System by its resident agent, in accordance with the provisions of Article 318 A-of the Tax Code. The foregoing is without prejudice to the obligation of the resident agent to provide the information of the beneficial owner or beneficial owners at the request of the relevant authority.

Consequently, as long as the suspension persists, no act, document and/or agreement may be registered nor may certifications be issued regarding such legal person, except for those ordered by relevant authority or those requested by third parties with the specific purpose of enforcing their rights, in which case the certification shall be issued in a different format for such purposes, indicating that the legal person has not complied with its obligation to register or update established by this Law.

The provisions of Article 318-A of the Tax Code shall apply to the reactivation, expiration of the term and dissolution of suspended legal persons.

The Superintendence of Non-Financial Entities is empowered to order the Public Registry of Panama the forced administrative liquidation of the legal person, in accordance with the provisions of Article 318-A.

Article 43. Article 28 of Law 129 of 2020 is hereby amended to read as follows:

Article 28. Registration and capture of information. As of the creation of the Single System, the resident agents shall proceed with their registration as registering subjects, as well as with the capture of the information detailed in Article 10, for each legal entity incorporated or registered in force, in accordance with the laws of the Republic of Panama, for which it renders its services as resident agent.

Article 44. Paragraphs 2, 4, 5 and 6 of article 318-A of the Tax Code shall read as follows:

Article 318-A. ...

...

PARAGRAPH 2. In accordance with the applicable laws and regulations, the Public Registry of Panama shall suspend the corporate rights to the legal person that:

1. Remains without appointing a resident agent for a period of more than ninety calendar days after the resignation, removal or termination of the existence of its previous resident agent.
2. Incurs in delinquency in the payment of its single tax for a period of three consecutive years, prior order of the General Directorate of Revenue of the Ministry of Economy and Finance of the Republic of Panama. For these purposes, the General Directorate of Revenue will send biannual reports to the Public Registry of Panama informing about those legal entities that are delinquent for three consecutive years.
3. Failure to comply with obligations in accordance with the provisions of the laws that establish the suspension of corporate rights of legal entities as a sanction. Reluctance to comply with the obligations of the legal entity during the three months following the expiration of the term to comply with them will lead to the relevant authority ordering the compulsory administrative liquidation.

The Executive Branch shall regulate this matter.

...

PARAGRAPH 4. Once the suspension of the legal person has been registered in the Public Registry of Panama, the legal person shall have a period of one year to be reactivated.

During this period, for the effects of all the cases, the respective correction and the request for reactivation before the relevant authority will have to be made by any administration body, shareholder, partner or any interested third party, through the resident agent of the legal person.

Upon reactivation, the legal entity will regain its full capacity and will be able to resume its activities.

The Executive Branch shall regulate the procedure applicable to the reactivation request.

PARAGRAPH 5. In order to request its reactivation, the management body, shareholder, partner, resident agent or any interested third party must pay a reactivation fine of one thousand dollars (US\$1,000.00) to the relevant authority that issued the suspension order and remedy the causes that gave rise to such suspension.

PARAGRAPH 6. Upon expiration of the term of suspension of corporate rights in accordance with Paragraph 4, without the reactivation of the legal person, the Public Registry of Panama shall notify the relevant authority that ordered the suspension, in order to request its dissolution. Once the dissolution has been ordered by the relevant authority, the Public Registry of Panama will proceed with its dissolution with all the legal effects that this entails.

The Executive Branch shall regulate this matter.

Article 45. Article 756 of the Tax Code shall read as follows:

Article 756. All public officials shall be sanctioned, as well as natural or legal persons to whom the competent tax authority requires the presentation of reports or documents of any kind related to the application of this tax and who fail to render or present them within the reasonable term indicated. Without prejudice to the other corresponding sanctions, whoever fails to comply with any of the obligations described above shall be sanctioned with a fine of one thousand dollars (US\$1,000.00) to five thousand dollars (US\$5,000.00) the first time, and with fines of five thousand dollars (US\$5,000.00) to ten thousand dollars (US\$10,000.00) in case of recurrence. In addition, the respective Provincial Revenue Administration shall decree the closing of the establishment for two days, the first time, and up to ten days in case of recidivism. If the non-compliance persists, the sanction of closure for fifteen days of the establishment in question shall be established.

Officials or individuals who violate any of the provisions related to the issuance of the tax payment certificate shall incur a fine of one thousand dollars (US\$1,000.00) to five thousand dollars (US\$5,000.00) and the corresponding criminal penalties.

The entity required to file annually the Country by Country Report related to the groups of multinational companies with consolidated revenues exceeding seven

hundred and fifty million euros (750,000,000.00) or its equivalent in dollars in a fiscal period and residing for tax purposes in Panama, which fails to comply with the aforementioned obligation in a fiscal period shall be sanctioned with a fine of one hundred thousand dollars (US\$100,000.00). An additional progressive fine of five thousand dollars (US\$5,000.00) per day shall be applied in addition to the fine originally imposed, until the noncompliance is remedied. In cases in which the information provided by the reporting entity in the Country by Country Report is inconsistent or erroneous, it shall be sanctioned with a fine of twenty-five thousand dollars (US\$25,000.00). If the relevant authority verifies that the information provided in the Country by Country Report was intentionally altered, the reporting entity shall be sanctioned with a fine of up to five hundred thousand dollars (US\$500,000.00).

Article 46. Law 2 of 2011 is repealed.

Article 47. This Law amends paragraph 4 of Article 4, Articles 6 and 7, paragraphs 4 and 11 of Article 11, paragraph 2 of Article 22, Articles 38, 39, 60 and 61; adds paragraph 21 to Article 4 and Articles 26-A and 26-B; reestablishes the validity of Article 23 and subrogates Article 26 of Law 23 of April 27, 2015.

It amends paragraph 4 of article 12 and articles 22 and 23 of Law 51 of October 27, 2016, as well as articles 1,2,3,4,5,6 and 7 of Law 52 of October 27, 2016.

It amends articles 9, 40, 41, 41, 43 and 46, and adds paragraphs 9, 10 and 11 to article 2 of Law 124 of January 7, 2020.

It amends paragraphs 2 and 3 of article 2, articles 4, 9, 10, 11, 12, 14, 16, 20, 22, 23, 24, 28 and adds article 16-A to Law 129 of March 17, 2020.

It amends paragraphs 2, 4, 5 and 6 of Article 318-A and Article 756 of the Tax Code and repeals Law 2 of February 1, 2011.

Article 48. This Law shall become effective on the day following its promulgation.

BE IT NOTIFIED AND ENFORCED.

Bill 624 of 2021 approved in third debate at Palacio Justo Arosemena, Panama City, on the twenty-sixth day of the month of October of the year two thousand twenty-one.

President,

S./ Illegible

Crispiano Adames Navarro

Secretary General,

S./ Illegible

Quibián T. Panay G.

NATIONAL EXECUTIVE BRANCH. PRESIDENCY OF THE REPUBLIC OF PANAMA. REPUBLIC OF PANAMA NOVEMBER 11, 2021.

S./ Illegible
LAURENTINO CORTIZO COHEN
President of the Republic

S./ Illegible
HECTOR E. ALEXANDER H.
Minister of Economy and Finance

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The undersigned, Authorized Public Translator by means of Res. 5775 of November 12, 2014, Michelle Williams, certifies that the foregoing is a true and lawful translation into English of the attached document written in Spanish.

Panama, December 2, 2021.

