

OBLIGATION TO CARRY ACCOUNTING RECORDS FOR OFFSHORE PANAMANIAN COMPANIES

Law No. 52 of October 27th, 2016 published in the government's official gazette No. 28149-B establishes the obligation to maintain accounting records for all offshore Panamanian legal entities and makes various provisions on related issues.

This new law will take effect from January 1, 2017 and obligates offshore legal entities, i.e. corporations, LLC, private interest foundations or similar structures, to keep accounting records and supporting documentation at the offices of their resident agent within Panama or otherwise at any other place inside or outside Panama as determined by its directors.

This obligation to save accounting records must be done for a period of not less than five years from the last day of the calendar year in which the transactions were executed.

If it is decided that the records are kept in an office other than the resident agent, the offshore corporation shall provide the local resident agent in writing with the following: the physical address where the records and supporting documentation are kept, the name and contact information of the person in charge of custody. Any changes must be communicated within a period of no more than 15 business days, as of the date of the change to the Panamanian resident agent.

If the records are outside of Panama, upon request from the competent authority, the offshore corporation will be within 15 days obligated to provide them to the resident agent in Panama. If not, the resident agent must resign, within 10 business days after the 15-day deadline.

The sanctions for breach of this law is a fine of one thousand dollars and a fine of one hundred dollars for each day that passes without remedying the cause that gave rise to the breach. In the mean time, the legal entity will enter a standby condition, unable to execute any transaction until the situation is remedied.

We will be happy to assist in any further information needed to comply with this law.



Eduardo Montufar Roja

MGI Montufar & Asociados, Panama

E: montufar@montufarcpa.com

T: +507 269 4945