

PANAMA: ACCOUNTING RECORDS OBLIGATION

Dear Customer:

We would like to inform you that any corporation, limited liability company or any other type of company, as well as any private interest foundation, incorporated under the laws of the Republic of Panama, that does not carry out activities and operations that are perfected, consummated or take effect within the Republic of Panama, or that are engaged exclusively in holding assets, within or outside the Republic of Panama, has until **April 30 of each year** to provide to its Resident Agent its accounting records form, together with the applicable accounting documentation, through either a (i) Sworn Affidavit, a (ii) Financial Statement and/or a Financial Situation Report, or a (iii) Certification of No-Operation.

If you have not previously sent the *accounting records form*, please find it at the following link: [Accounting Records Custody Form](#)

On its part, the type of *accounting documentation* applicable will depend on the type of legal entity, in accordance with Executive Decree No. 177 of December 30, 2024.

Each category of legal entity is defined below to determine which one applies to your entity, as well as a link to the corresponding accounting documentation template, in order to facilitate compliance with the requirements of Panamanian legislation on accounting records.

The definitions for the legal entity categories are as follows:

(1) Panamanian Legal Entity: Panamanian legal entities engaged exclusively in holding assets, within and/or outside of the Republic of Panama, **whose beneficial owners declared before the Superintendence of Non-Financial Entities (SSNF) are exclusively Panamanian citizens**, must submit the following accounting documentation:

- If the entity does not carry out operations or activities that generate taxable income in the Republic of Panama, it must submit a Sworn Affidavit ([download here](#)).
- If the entity generates taxable income outside Panama, it must submit a Financial Statement or a Financial Situation Report ([download here](#)).

(2) Foreign Legal Entity: Panamanian legal entities engaged exclusively in holding assets, within or outside the Republic of Panama, and/or generate income, **whose beneficial owners declared before the Superintendence of Non-Financial Entities (SSNF) include at least one foreign citizen**, must submit the following accounting documentation:

- Financial Statement or a Financial Situation Report ([download here](#)).

(3) Non-Operating Legal Entity: Panamanian legal entities, regardless of the citizenship of their beneficial owners declared before the Superintendence of Non-Financial Entities (SSNF), that do not carry out any

commercial activity, nor generate income inside or outside Panama, and do not have assets within and/or outside Panama, must submit the following supporting documentation:

- Certification of No-Operation ([download here](#)).

Important Note: The Sworn Affidavit or Certification, as applicable, must be signed by a member of the board of directors or foundation council of the legal entity, its beneficial owner, or a duly authorized representative thereof.

We encourage prompt compliance with the aforementioned obligations to avoid potential penalties from the authorities, which may result in:

1. A fine to the legal entity ranging from US\$5,000.00 to US\$1,000,000.00.
2. Suspension of the entity's corporate rights; and
3. Restrictions on registering documents with the Public Registry and obtaining certificates issued by the Registry.

If a legal person fails to comply with the aforementioned requirements, its Resident Agent is obliged to inform the authorities of such non-compliance.

Additionally, the Resident Agent may resign from their role for any legal entity that remains non-compliant.

If you have any questions or require additional assistance, please do not hesitate to contact us at quijano@quijano.com.

Cordially yours,

QUIJANO & ASSOCIATES