

ACCOUNTING FOR COMPANIES AND FOUNDATIONS

Corporations and Foundations registered in Panama must submit accounting records

Offshore companies and foundations registered in Panama have a deadline to submit the accounting records of their last five years of operations to the resident agent. Failure to comply with this requirement may result in high financial penalties or the resident agent may even have the option to resign from their role.

In November 2021, the Panamanian government enacted Law 254, regarding amendments to the accounting records of corporations and foundations registered in the country. Prior to the enactment of this law, it was a requirement to keep accounting records. However, now the scenario has become more complex, as it is strictly mandatory for all legal entities to send a copy of the supporting documentation and accounting records to their resident agent once a year.

All legal entities will only have until the end of September 2022 to submit the accounting records for the last five years, dating from 2017 to the present. Those companies that are not 5 years old will only be required to submit the accounting records from the year of incorporation. The resident agent will be responsible for filing the copy of the accounting records in a secure manner.

For operating companies, it is required to submit the general ledger. In addition, it is necessary to incorporate information on the value of the assets held by the corporation or foundation. These may range from a bank account, an investment account, shares in another company, to real estate, etc. Failure to comply with the first date may result in a fine by the Ministry of Finance.

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To this end, we advise clients to use a program such as CPA Data Panama to regulate the accounting records situation or to contact a public accountant in Panama in case of more complicated operations.

The resident agent will prepare an affidavit with each of the companies and foundations it represents before December 31, 2022. This document will include a statement as to whether or not the corporation or foundation provided a copy of the accounting records.

In addition, the resident agent has the obligation to inform the Panamanian authorities about the non-compliance. If the non-compliance continues, the resident agent will be forced to resign. If you are interested in acquiring an easy-to-use program, CPA DATA is available in the following 3 languages: Spanish, English and Italian.