

January 5, 2021
Circular N° SBP-GSF-FID-0005-2021

General Manager

Subject: Law 179 dated 16 November 2020, whereby the financial leasing of real estate is regulated and other provisions are prescribed

Dear General Manager:

We wish to inform you hereby that on November 16, 2020 Law 179 dated 16 November 2020, whereby the financial leasing of real estate is regulated and other provisions are prescribed, was published in Official Gazette 29155-A.

In this regard, it should be noted that Article 32 of said law, which we transcribe below, provides the terms of application of the 1% FECl withholding in financial leases of real estate, as follows:

“Article 32. Exemption from ITBMS and FECl ...

Real estate financial leasing operations will be subject to the application of the withholding provided for in Law 4 of 1994 and its regulations, in the following terms:

- 1. Operations that are intended to finance the acquisition of real estate for agricultural purposes, main home, non-profit entities and the public sector, will be exempt from the application of the withholding provided for in Law 4 of 1994 and its regulations.*
- 2. Operations that are intended to finance the acquisition of real estate for purposes other than those described in the previous paragraph will be exempt from the application of the withholding provided for in Law 4 of 1994 and its regulations, only during the first ten years of the operation.*
- 3. Real estate financial leasing operations that are intended to finance the construction or development of real estate projects will not be exempt from the application of the withholding provided for in Law 4 of 1994 and its regulations.”*

.../...

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For the relevant purposes, you may consult the text of Law 179 dated 16 November 2020 through the following URL address: https://www.gacetaoficial.gob.pa/pdfTemp/29155_A/81750.pdf (in Spanish).

Best regards,

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Amauri A. Castillo
Superintendent

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