

June 8, 2026
SBP-DS-FECI-CIRCULAR-2026-0058

Mr./Ms.
General Manager

Reference: Modification of the FECI Commission's
Interpretive Criteria No. 43 regarding factoring.

Dear General Manager,

Pursuant to Article 3 of Executive Decree No. 29 of August 8, 1996, the FECI Commission is responsible for issuing the measures necessary for the execution of Law 4 of May 17, 1994, and its implementing regulations.

Therefore, in light of the amendment introduced to Article 2 of Law 4 of 1994 by Law 98 of October 9, 2019, now Article 3 of the Consolidated Text of Law 4 of 1994, regarding the application of the 1% FECI withholding to recourse and non-recourse factoring agreements, and given that inquiries have been received regarding this matter, the FECI Commission has deemed it appropriate to update Interpretive Criterion No. 43, which shall read as follows:

“Factoring is a financial activity consisting of a bilateral agreement or contract whereby a person (the factor) acquires commercial invoices, credits, or accounts receivable payable on demand or in the short term from another person (the assignor or client), a supplier of goods and/or services seeking to obtain liquidity prior to the maturity of such receivables.

Domestic recourse and non-recourse factoring agreements in excess of B/.5,000.00 shall be subject to the annual 1% FECI withholding.

When the amount agreed upon in the factoring agreement is equal to the aggregate amount of the assigned instruments (invoices, contracts, promissory notes, checks, bills of exchange, accounts receivable, among others), the annual 1% withholding shall be applied to the outstanding balance owed by the debtor of the assigned instrument, as this constitutes the amount agreed upon in the contract and the basis for the calculation and collection of interest.

When the amount agreed upon in the factoring agreement is less than the aggregate amount of the assigned instruments (invoices, contracts, promissory notes, checks, bills of exchange, accounts receivable, among others), the annual 1% withholding shall be

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applied based on the agreed amount, as this constitutes the basis for the calculation and collection of interest.

In both cases, the term used for calculating the FECI withholding shall be the same term used for the calculation and collection of interest.

A factoring agreement shall be deemed non-domestic, and therefore not subject to the 1% FECI withholding, when neither the assignor nor the debtor of the assigned invoices or accounts receivable conducts domestic operations, that is, when they do not generate taxable or exempt income in Panama, and the funds are used entirely outside Panama.”

We kindly request that the General Manager bring the contents of this Circular to the attention of the appropriate staff and provide any instructions deemed necessary.

Sincerely,
(Signed)
Milton Ayón Wong
Superintendent