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Global Tax Alert

News from EY Americas Tax

Panama publishes rules on use of e-invoicing in Panama

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Panama published, in the *Official Gazette*, Executive Decree No. 115 of 2020 (the Decree), which establishes the regulatory framework for the issuance and use of electronic invoices by companies exempt from the use of fiscal equipment (i.e., devices that collect tax data to submit to the General Directorate of Revenue (DGI for its Spanish acronym)).

Background

Resolution No. 201-5784 of 2018, issued by the DGI, established provisions to regulate the use of electronic invoices for companies that voluntarily participated in a pilot plan. The pilot plan was available to companies based on their volume or nature of business.

The Decree

The Decree applies to all individuals and entities exempt from the use of fiscal equipment to document their operations, transfers, sales of goods or the provision of services. The DGI will determine the groups of taxpayers that, due to the nature of their operations or billing volume, could use electronic invoices instead of fiscal equipment.

Individuals or entities that want to use electronic invoices may submit a request to the DGI, which will evaluate the requests and determine whether the individual or entity should be exempt from the fiscal equipment requirement and allowed to use electronic invoices. Depending on the nature or volume of an individual or entity's operations, the DGI may exempt the individual or entity from the electronic invoice requirement.

Individuals or entities issuing electronic invoices must comply with the following requirements: (i) have a document issued by the DGI showing they are exempt from the use of fiscal equipment; (ii) have an electronic certificate issued by the National Directorate of Electronic Signature; (iii) register with the Electronic Invoice System of Panama; and (iv) contract the services of a qualified authorized provider that would grant authorization for using electronic invoices to taxpayers that use their services; among others.

The Decree establishes that electronic invoices would have the same validity as invoices issued by fiscal equipment. In addition, the validity of the electronic invoice will be guaranteed by the issuer's electronic signature and backed up by a certificate registered before the DGI.

Individuals or entities could begin issuing electronic invoices on 30 June 2020, provided they have received authorization from the DGI. The DGI's resolution with the regulations to implement the electronic invoice program, however, is pending publication.

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