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# Global Tax Alert

News from EY Americas Tax

## Panama's National Assembly approves bill with special social measures that temporarily suspend payment of public services

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Due to the COVID-19 pandemic and in response to the declaration of a national state of emergency in Panama, the National Assembly approved in third debate Bill No. 295 of 2020, which would establish measures to help mitigate the economic effects of COVID-19. The bill is awaiting publication in the *Official Gazette*.

Specifically, the bill suspends the payment for public utilities, such as energy, residential and mobile telephone and internet services, for four months starting from 1 March 2020. Individuals would have to pay for those services at the end of the four-month period and the amounts due for that period would be prorated over three years.

To be eligible for the suspension period, individuals must be economically affected by the measures taken due to the national state of emergency. They also must meet one of the following requirements:

- ▶ Have family income of less than US \$2,000 per month
- ▶ Have family income that is reduced
- ▶ Have an employment contract suspended
- ▶ Be dismissed from work or not working due to the declaration of the national state of emergency
- ▶ Be a retiree or pensioner (i.e., those who collect disability)

- ▶ Be terminated or suspended from work or have working hours reduced as of 1 March 2020
- ▶ Be a self-employed worker or a micro or small enterprise that has had its income reduced
- ▶ Be an owner of a restaurant, bar, casino, or public or private transportation service that has had its income reduced

Additionally, the bill establishes that the Government would assume the payment of a “solidarity bonus” (i.e., payments to employees affected by COVID-19) to each employee of individuals or entities engaged in commercial activities whose businesses have been temporarily closed and have opted for the provisional suspension of their employment contracts for 90 days.

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