

PANAMA ESTABLISHES RULES ON ACCOUNTING RECORDS TO CERTAIN COMPANIES

By María Elena Moreno



The new rule establishes as well legal entities can keep their accounting records and supporting documentation within or outside of Panama...



On September 13th, 2018, Executive Decree No. 258 regulated the obligation to keep accounting records and supporting documentation for all legal entities even if they do not carry out operations that are improved, consumed or have its effects within the Republic of Panama.

Off-shore legal entities have the obligation to provide their Resident Agent with the information of their accounting records in the following manner:

- In the case of legal persons exclusively holding assets, regardless of the type of assets, they must provide information that demonstrates the value of the assets that are held and the income derived from those assets.
- In the case of legal entities that carry out acts of commerce outside the Republic of Panama, they must keep a Journal and General Ledger.

Likewise, the new rule establishes as well legal entities can keep their accounting records and supporting documentation within or outside the Republic of Panama, in accordance with the following parameters:

- When they are kept within the Republic of Panama, they must be prepared on the basis of the International Financial Reporting Standards (IFRS) and those issued by the International Accounting Standards Board (IASB) and prepared and endorsed by an Authorized Public Accountant.
- When they are kept out of the Republic of Panama, they must be prepared in accordance with the applicable accounting standards in the jurisdiction where the accounting records are kept, based on the IFRS and prepared and endorsed by an Authorized Public Accountant of the jurisdiction where records are kept.

Do not hesitate to contact us for more information about accounting records and supporting documentation applicable to legal entities not carrying operations that are improved, consumed or have its effects within the Republic of Panama.



María Elena Moreno
Associate

maria.moreno@ariaslaw.com