

Tourism Incentives

TABLE A

Exemptions					
Activity	Minimum Investment Required		Income Tax	Dividend Tax	Complementary Tax
	Metropolitan US\$	Rest of the Country US\$			
Public Tourist Lodging (1)	300,000*	50,000*			
Investment in Historic Landmarks	100,000*	100,000*	First Five Years (2)		
Operate Exclusively Receptive Tourism					
Service of Collective Tourist Transportation in Airports, Docks and Hotels					
International Motion Picture Enterprises; Artistic, Sports or International Events broadcast abroad			(6)		
Tourism Promotional Material					
Construction of Convention Centers, Theme Parks, Zoos, Marinas, Centers for the investigation of the natural and cultural patrimony					
Tourist Development Zones (10)			15 years		
Tourist Yachts					

* Excludes the value of land

- (1) In the case of Inns and Family Hostels the minimum investment will be stated by IPAT.
- (2) Special regime of three years for the carry forward of losses as of the sixth year.
- (3) Exemption of one time only for equipment and material used in the construction, remodeling and equipping as long as they are not produced in the Country of the same amount or quality.
- (4) Total exemption from the payment of Import tax over land and water vehicles used exclusively in the tourist activity and declared indispensable by IPAT. Except when the tax paid in Panama is considered as a tax credit in the company's country of origin. Full exemption in favor of national and foreign Sportsman and Artists who participate in the event. Full exemption from any national tax that regulates the event.
- (5) Total exemption from the payment of Import tax over vehicles used exclusively in the tourist activity and declared indispensable by IPAT.
- (6) Total exemption from real state tax derived from the profits of the event, except when the tax paid in Panama is considered as a tax credit in the company's country of origin. Full exemption in favor of national and foreign Sportsman and Artists who participate in the event. Full exemption from any national tax that regulates the event.

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Import Tax	Real Estate Tax	Movable Property Transfer Tax (ITBM)	Tax on Capital	Tax on Docks, Airports or Heliports built by the Company	Income Tax on Interest yielded	Accelerated Depreciation Rate of Real Estate
20 years	20 years		X	X	X	10% per year*
(3)	Real Estate 10 years Improvements 30 years					
(4)						
(5)						
(7)						
(8)						
3 years (9)	Improvements 20 years					For a term of 10 years
20 years	Land and Improvements 20 years	20 years (11)		20 years	20 years	

- (7) Temporary exemption from import tax, contribution, liens and rights of any kind on the introduction of equipment, utilities, spare parts, material, etc. which must be exported when the activity is finished.
- (8) As long as the distribution is free, previous verification from IPAT.
- (9) As long as the merchandise is not for sale, is not produced in the Country or they are not the same quality and price and are considered by IPAT as important for the development of the activity.
- (10) By Cabinet resolution, areas that meet special conditions but do not have basic structure can be declared National Tourist Development Zones. Tax incentives for areas that have been declared National Tourist Development Zones will be valid until December 31, 205 and until December 31, 2015 for those areas that have not been declared National Tourist Development Zones.
- (11) On the importation of materials, equipment, furniture, accessories and spares used in the construction, rehabilitation and equipping of the establishment, as long as they are not produced in the same amount and quality in Panama.
- (12) Total exemption on the payment of any tax, duty or levy on arrival or anchorage.