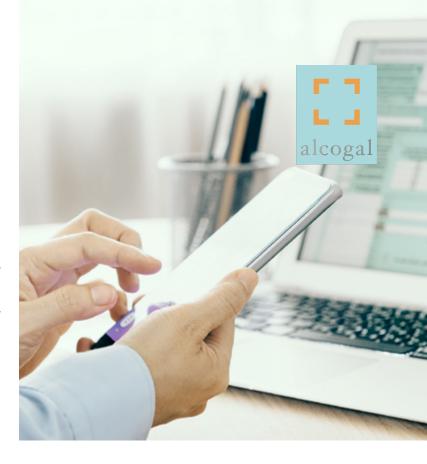
Four changes to the RUC updating process at the DGI

Resolution No. 201-4984 of July 12, 2022, dictates new rules of procedure to update the Single Taxpayer Registry (RUC), a mandatory process for all taxpayers and which expires on August 31, 2022.

When carrying out this procedure, keep in mind four changes that are being introduced:

1.The taxpayer is now classified, depending on their activities, into one of the following types:

- Financial leasing of real estate.
- Non-profit associations.
- Consortium.
- Co-ops.
- Government entity.
- Trusts.
- Private Interest Foundation.
- Board of co-owners of Horizontal Property.
- Political party.
- Limited Liability Company.
- Labor Union.
- Accidental corporation.
- Corporation.
- Limited Partnership.
- General Partnership.
- Partnership by shares.
- Limited Partnership by shares.
- Foreign corporation (not registered in the Public Registry).
- Stock company.
- Branch or agency of foreign companies.
- Entrepreneurship Limited Liability Company.
- Company for the benefit of collective interest.
- 2. From now on, the taxpayer's income source shall be classified for tax purposes. These can be:
- Panamanian source: They will be obliged to submit income tax returns and any other tax that applies to them, according to the line of business declared when they are registered in the RUC. They must also submit a final declaration at the time of their dissolution. However, minimal legal entities with a percentage of income from Panamanian sources will need to file an income tax return.
- Foreign source: includes income from those activities described in paragraph 2 of article 694 of the Tax Code and article 10 of Executive Decree 170 of 1993.



 Exempt and non-taxable source: income obtained from the product of activities described in the Tax Code and Executive Decree 170 of 1993. Also, those legal entities constituted only for asset ownership, which will not generate taxable income for regular management or commercial or civil operations in Panama, may be registered in this category.

3.Taxpayers receiving income from Panamanian sources must correctly identify the authorized public accountant (CPA) who signed the income tax return and other returns. Taxpayers

4. Classified as foreign source and exempt and non-taxable sources are not required to identify the CPA. This new identification obligation extends to the Resident Agent in the case of legal entities.

Initially, the deadline for this update was July 31, 2022. However, an extension was granted that expires on August 31, 2022. If the information is not updated before this date, the taxpayer will not be able to access all the information in their account, obtain good standing certificates online, verify account statements, follow up procedures, create electronic tickets, and make online payments, among other benefits.

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