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PANAMA ENACTS NEW LAW TO PROMOTE SOLAR ENERGY PLANTS

The National Assembly has recently approved Law 37 of 10 June 2013, whereby an incentive regime for the construction, operation and maintenance of solar plants and/or facilities in Panamanian territory is approved.

Any persons that construct or operate solar equipment, plants or facilities in Panama are subject to the new law.

The National Authority of Public Services is the regulator in charge of granting licenses for the construction and exploitation of solar plants destined to the public service of electricity, prior fulfillment of applicable requirements in connection with environmental protection, safety and industrial hygiene, among others.

Law 37 grants the following incentives:

- Exemption from income tax, duties, levies, contributions and liens, as well as the asset transfer tax and services (ITBMS) that may be caused on the importation and/or purchases in the national market of equipment, machines, materials, spare parts and others required for the construction, operation and maintenance of the solar plants.
- A tax credit applicable to the income tax liquidated in the activity in a determined fiscal period, for a maximum of 5% of the total direct investment amount for works on the plants and/or facilities that are converted into public use infrastructure, such as roads, ways, bridges, sewers, schools, health centers and others of similar nature.
- The use of the method of accelerated depreciation of the equipment destined for the use of solar generation, so that the net income of the person using this energy for commercial use is less affected.

The list of equipment, parts and systems that are subject to the initial custom exemption is the following:

1. Solar water heaters or heat producing equipment;
2. Parts and components necessary to assemble the solar collectors to heat water and/or solar drying equipment;
3. Solar panels and individual solar cells;
4. Stationary accumulators of long duration;
5. Inverters and/or solar inverters;

6. Other accessories, equipment, software and other items that due to their nature are destined to the use and/or development of solar energy.

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