

Laws N° 31, 69, and 8, that modify Law N° 41 of July 2004 on the Panama-Pacific Special Economic Area and dictate other dispositions.



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Law 31 of June 22nd, 2009

Which modifies and adds articles to Law 41 of 2004, on the Panama-Pacifico Special Economic Area, and dictates another disposition.

**THE NATIONAL ASSEMBLY
DECREES:**

Article 1. The article 2 of Law 41 of 2004 reads as follows:

Article 2. The tax regime on the Panama-Pacifico Area, according to this Law, will be limited to Lots 233284, 233287, 233292, 233295, 233296 and 233297 duly recorded in the Public Registry on the Redi Document 595632, whose area, measurements, and boundaries are described on Plans No. 80814-92872, 80814-92873, 80814-92870, 80814-92869, 80814-93072, 80814-92871, and 80814-92872, respectively. This tax regime will apply to its Developer and Operator and every natural or legal person established within said area, its residents and visitors, according to requirements, conditions, obligations, advantages, incentives, and other dispositions in this Law, and the rules and regulations dictated while carrying it out.

The tax regime on the Panama-Pacifico Area will apply to the lots resulting from segregations, incorporations, and/or modifications from any of the lots described in the aforementioned paragraph, as well as to the goods, rights, and titles that, by any properly legal means, may enter the estate of the Agency of the Panama-Pacifico Special Economic Area and/or any administration, custody, conservation, use, and disposition assigned or acquired by this entity.

Article 2. The first paragraph of article 8 of Law 41 of 2004 reads as follows:

Article 8. The State will provide the Agency with the necessary funds to function for a period of time starting from the passing of this Law which will not exceed five years, starting from the date of use of the Master Developer Contract for the Project named Panama-Pacifico Project starts being in force, or it may stop providing for the Agency before this deadline when its activities allow its own financing, according to which the Agency, through its income, will cover its operation expenses, goods maintenance, investments and reserves.

Article 3. Article 42-A will be added to Law 41 of 2004, as follows:

Article 42-A. In any contracts purchase and sale the Agency participates on, those should have a resolatory clause ipso jure for the contract in the case of noncompliance of obligations on behave of the Developers, Operators, or Companies within Panama-Pacifico Area, the declaration of the fulfillment of the resolatory condition will be done by the Board of Directors of the Agency, through a resolution.

If the resolution of the contract has an effect on the entries of the Public Registry, the final resolution from the Board of Directors of the Agency will be formalized, so it can be presented at the Public Registry for the rectification of the corresponding entries. This way, if a sale contract is terminated, whit only the

document of public record containing this resolution of the Board of Directors of the Agency will be enough to reenter the property under the Agency's name.

The agency, will be able to agree in each sales contract and according to the nature of said contract, the return of the entire or part of the sale price to the Developers, Operators, or the Companies of the Panama-Pacifico Area, in case of the termination ipso jure of the contract due to noncompliance on the part of the Developers, Operators, or the Companies of the Panama-Pacifico Area.

Article 4. Article 58 of Law 41 of 2004 reads as follows:

Article 58. The Panama-Pacifico Area is an area or zone free of any taxes imposed on the Companies of the Panama-Pacifico Area, the Operator, and the Developer, except for what is disposed of in article 60 of this law about Income Taxes, Dividend Taxes, Complementary Taxes, and Export Taxes, and about services inherent when exercising professions especially regulated by the national law in force. Therefore, all activities, businesses, services, operations, or transactions within the Panama-Pacifico Area will be one hundred percent free of direct or indirect national taxes, contributions, rates, rights, and liens including, but not limited to, the following exonerations:

1. Exonerations of every import tax, contribution, rate, lien, or right on any kind of merchandise, products, equipment, services, and other general goods introduced into the Panama-Pacifico Area, including, but not limited to, machinery, materials, containers, constructions, prefabricated matter or merchandise, raw materials, fuel and lubricants, components, final products, tow trucks, vehicles, automobiles, artifacts, supplies, and spare parts introduced into the Panama-Pacifico Area.
2. Exoneration of the Corporeal Personal Property Transfer and Service Rendition Tax on every kind or type of merchandise, products, equipment, goods, services, and other general goods introduced into the Panama-Pacifico area, as well as any tax, rate, or right to service rendition. This exoneration includes the financial leasing on any equipment or other personal property, as well as equipment, raw materials, and input.
3. Exoneration of every tax, right, rate, contribution, or charge, on the moving or storage of fuel or other hydrocarbons and its derivatives.
4. Exoneration any licensing right or commercial or industrial registration fee.
5. Exoneration of the Stamp Tax.
6. Exoneration on commercial and industrial improvements on Property Tax over the land and improvements, as well as Real Property Transfer Tax.

As far as the Real Property Transfer Tax is concerned, it should be clear, on the respective public deeds, that the real property being transferred is located within the Panama-Pacifico Area, and it will not be necessary to put down the respective exoneration on the payment of the tax and the data on the corresponding sworn statement, if the notaries public themselves can testify about the respective contract.

7. Exoneration on any export or re-export taxes on any type or kind of merchandise, products, equipment, property, or services.
8. Exoneration of every tax, rate, right, obligation, retention, or other charges of similar nature applied on payments to foreign creditors for interests, commissions, bonuses, and other financial charges generated by the financing or refinancing granted to the companies within the Panama-Pacifico Area, the Operator, and the Developer this Law refers to, and by the financial leasing of

the necessary equipment for the development of the activities, businesses, or operations carried on within the Panama-Pacific Area.

9. Exoneration of the payment on taxes applied to international phone calls.

The Developer, the Operator, or the Companies within the Panama-Pacific Area should display, before the Minister of Economy and Finance, the following statements, documents, and reports:

- a. The sworn statement for Income Taxes returns.
- b. The Corporeal Personal Property Transfer and Service Rendition Tax Return.
- c. The Real Property Transfer Tax Return.
- d. Other returns, reports, or documents established in this Law and/or its regulations.

The Ministry of Economy and Finance will be aware of all matters related to the administrative procedure and tax matters mentioned on Book VII of the Tax Code.

Article 5. Article 60 of Law 41 of 2004 reads as follows:

Article 60. The companies within the Panama-Pacific Area, the Developer, and the Operator, on their internal as well as their external or exporting operations, will be subject to payment, according to the legal tax regulations in force, of the following taxes:

1. Income tax on taxable net income obtained through activities, businesses, or operations made within the Panama-Pacific Area.
2. Dividend tax retained from utilities or dividends paid to their stockholders or partners, and the Complementary Tax.
3. Export taxes retained from commission payments, bonus payments, technical assistance service payments, or for any other circumstance.
4. Import Tax and Corporeal Personal Property Transfer and Service Rendition Tax, specifically for those companies that render services inherent when exercising professions especially regulated by the national law in force.

As far as this article is concerned, internal operations imply the transfer or alienation of any kind or class of merchandise, products, equipment, and goods, as well as the rendering of services, into the National Taxable Territory by the Developer, the Operator, or the Companies within the Panama-Pacific Area. External or Export operations imply the sale of every kind or class of merchandise, products, equipment, and goods made by the Developer, the Operator, or the Companies within the Panama-Pacific Area to natural or legal entities located outside the territory of the Republic of Panama.

Rents, utilities, or profits derived from the following activities are exempt from paying taxes referred to in numerals 1, 2, 3, and 4 in this article:

- a. Rendering of services to natural or legal entities located outside the territory of the Republic of Panama.
- b. The alienation or transfer of stocks from Companies within the Panama-Pacific Area, the Operator, and the Developer, be that this transfer is evident direct or indirectly through the selling of stock belonging to companies that own, at the same time, stock belonging to Companies within the Panama-Pacific Area, the Operator, or the Developer.
- c. The alienation or transfer of any kind or class of merchandise, products, equipment, and goods, as well as rendering of service, to the Companies of the Panama-Pacific Area, the Operator, and the Developer, or to companies established in other oil-free zones or harbor areas in the Republic of Panama, the latter being subject to the dispositions of articles 50 and 51.

- d. Activities carried out by the Developer, according to the Panama-Pacifico Area Developer Contract and to numeral 5 in article 42 of this Law.
- e. The sale of any kind or class of merchandise, products, equipment, and goods, as well as the rendering of services, to visitors, passengers, or crew members passing by or with destination in foreign countries, except in case the sale is done by the very manufacturer of the merchandise, products, equipment, and goods, or by a Company within the Panama-Pacifico Area which belongs to the same economic group as the manufacturer.
- f. The sale of any kind or class of merchandise, products, equipment, and goods, as well as the rendering of services, to any ship that goes through the Panama Canal with destination in foreign ports, or that sails in between any port available in the Republic of Panama and other foreign ports, except when the sale is done by the very manufacturer of the merchandise, products, equipment, and goods, or a company within the Panama-Pacifico Area which belongs to the same economic group as the manufacturer.
- g. The sale of any kind or class of merchandise, products, equipment, and goods, as well as the rendering of services, to airships that use the available airports in the Republic of Panama, with destination in foreign airports, except when the sale is done by the very manufacturer of the merchandise, products, equipment, and goods, or a Company within the Panama-Pacifico Area which belongs to the same economic group as the manufacturer.
- h. The rendering of services related with airfare and airports, including the transport, handling and storage of cargo in general; the repair, maintenance, conversion, and reconversion of airships; the distribution, maintenance, conversion, reconversion, and manufacture of parts and/or pieces of airships, either to import them into the National Taxable Territory, to export or alienate or transfer in between the Companies within the Panama-Pacifico Area, the Operator, and the Developer, or to companies established within other free zones, either oil-free or with the special taxable treatment of the Republic of Panama.
- i. The manufacture of high technology products, components, and parts, either to import them into the National Taxable Territory, to export or alienate or transfer in between the Companies within the Panama-Pacifico Area, the Operator, and the Developer, or to companies established within other free zones, either oil-free or with the special taxable treatment of the Republic of Panama. Also, the processing, manufacturing, assembling, or mass-producing of products, components, and parts on which high-technology processes are used.
- j. Multimodal and logistical services.
- k. The rendering of services of a call center for commercial usage (call centers); the collection, processing, storage, commutation, transmission, and retransmission of data and digital information; the linkage of radio, television, audio, video, and/or data signals; the office management for users within the Panama-Pacifico Area, the Developer, or the Operator, or established outside the territory of the Republic of Panama; the research and development of resources and digital applications for usage in Intranet and Internet networks.

The income derived from profit coming from the alienation or transfer of merchandise, products, equipment, and goods that do not suffer transformation in the Panama-Pacifico Area, that have been sold or transferred from said Area into companies established within other free or special treatment zones, and that are exported from said zones, will be subject to payment of Income Taxes, Dividend Taxes, and Complementary Taxes according to the legal taxable regulations in

force within the National Taxable Territory, except the income derived from the profit coming from the alienation or transfer of merchandise, products, equipment, and goods sold or transferred from the Panama-Pacifico Area to companies established in oil free zones and/or vice versa.

The Developer, the Operator, and the Companies within the Panama-Pacifico Area shall maintain accounting records and documents within Panama that reflect in a clear manner their operations that are tax-free and the ones that are not.

The aforementioned exceptions will not be in force whenever the favored income are taxable at the foreign home address of the holder and credit is granted for the tax payable for that income in Panama. When said credit is acknowledged for a lesser amount than the tax to be paid for in Panama, the respective income to the unacknowledged credit amount may be considered exempt itself. The taxpayers that use said benefits shall reliably prove, within the terms and conditions established by the regulations of this Law, that they adjust themselves to what this disposition foresees. The income entered as exempt, when they were not supposed to be so, shall be imputed to the tax year in which they should have been included as taxable for the dissolution of the tax amount, with no effect on charges and interests and of the respective sanctions.

Article 6. Article 117 of Law 41 of 2004 reads as follows:

Article 117. The companies that, before the validating of this Law, are established within the geographical area to which the Panama-Pacifico Area tax regime will be applied, and that are protected by laws or contracts that grant them special treatment within a determined tax, migratory, or other matters, shall choose between the special treatment contained in said special laws or contracts, and the one established in this Law, but in any case they shall be subject to the administrative and operative regulations that control the tax regime in force in the Panama-Pacifico Area, as well as the regulation, direction, control, authority, and supervision of the Agency, the Developer, or the Operator, as the case may be.

The work rules contained within this law will not be applied to those companies established before this Law is in force that are within the geographical area to which the Panama-Pacifico tax regime will be applied.

To the companies established or that will be established within the Panama-Pacifico Area that have a Multinational Company Headquarters License protected under the Special Tax regime created by Law 41 of 2007, and the ones that dedicate themselves to film and audiovisual activities, whose industry is promoted by Law 36 of 2007, the tax regimes and special treatments mentioned in the aforementioned laws are applied, respectively. In any case, the dispositions mentioned in this Law will only apply to these companies as far as administrative and operative regulations that rule the Panama-Pacifico Area, as well as the regulation, direction, control, authority, and supervision of the Agency.

Article 7. Article 752-A is added to the Tax Code, as follows:

Article 752-A. Any person is able to denounce, before the General Direction of Income of the Ministry of Economy and Finance, any evasion, omission, wrongful retention, misappropriation, tax fraud, and any other infraction sanctioned by the Tax Code and other tax laws, the person who reports receiving a reward equal to 25% of the amount collected as direct consequence of the report.

The person who reports shall file his or her report on writing and deliver enough information that leads to discovering the crime. The report shall elaborate on facts or situations that the Tax Administration is not aware of, and the person

who reports is able to participate in the process as coadjutant to it. The Tax Administration will have a thirty day deadline to receive or reject the report.

The established reward in this article will be ordered by the court-appointed General Direction of Income of the Ministry of Economy and Finance, or by its request, once the collected funds directly because of the report enter the National Treasury. Income received through a reward shall not be taxable.

No Ministry of Economy and Finance's employee or ex-employee will be entitled to the reward mentioned in this article based on information obtained while at work.

The person who reports, under penalty of losing the right to a reward, and the Tax Administration shall keep the identity of the defendant and other facts of the report reservedly.

Article 8. This Law modifies articles 2, 8, 58, 60, and 117, and adds article 42-A to Law 41 of July 2004, and adds article 752-A to the Tax Code.

Article 9. This Law will be in force the following day after its enactment.

Law No. 69 of November 6, 2009

Which prohibits the comparison in between contracts and other legal forms in which the State is involved, reforms public contracts dispositions, and dictates other dispositions.

Article 1. This Law prohibits changes, adjustments, modifications, or adaptations, under the concept of comparison, in rates, exemptions, terms, and conditions established in concessions, leasing, general investment contracts, and any other administrative legal category, through amendments and their similar, granted by the State, through any of its Governmental dependencies, that imply, in any way, detriment to the State and its associates.

Article 2. This Law will rule over the public contracts done by the Central Government, autonomous and semi-autonomous entities, municipalities, financial intermediaries, and mixed companies in which the State owns at least 51% of the stocks or patrimony, as well as the ones done with public funds or patrimonies as the budgets established in article 1 of Law 22 of 2006, on public contracting.

Article 3. Numeral 46 in article 2 of Law 22 of 2006 reads as follows:

Article 2. Glossary. For this Law, the following terms will be understood as follows:

46. Administrative Court of Public Contracting. It is the independent and impartial that will only be concerned with:

a. The challenge recourse against the act of adjudication, the declaration of desertion, or the act or resolution by which proposals issued by entities are rejected for the contractor selection procedures.

b. The recourse of appellation against the administrative resolution of the contract and the disqualification of the contractor.

c. The claiming actions unresolved by the General Direction of Public Contracting, within the term of five working days needed for a resolution to be processed.

Article 4. Numeral 49 will be added to article 2 in Law 22 of 2006, as follows:

Article 2. Glossary. For this Law, the following terms will be understood as follows:

49. Abbreviated tender. Contractor selection procedure in which the State selects and awards based on the lowest price, or best value acts, with the highest consideration, as far as all requirements and technical aspects demanded in the list of charges are complied with. It is acceptable for use when the amount of the contract is beyond thirty thousand balboas (B/. 30,000.00), the object of the contract responds to the need of satisfying social

interest, and it is required for use with shorter periods of time than the ones stipulated in other contracting modalities described in this Law.

Article 5. A final paragraph is added to article 11 in Law 22 of 2006, as follows:

Article 11. Rights of the contracting entities. The following are the rights of the contracting entities:

When talking about granting contracts, the contracting entities are empowered to run inspections on the areas, goods, or services mentioned in the contract in order to verify compliance with the acquired obligations by the grantees.

Article 6. Numeral 15 is added to article 12 in Law 22 of 2006, as follows:

Article 12. Obligations of the contracting entities. The following are the obligations of the contracting entities:

15. To watch over the strict compliance of the contract and to denounce every public contracting that harms the Nation's interest or patrimony.

Article 7. Article 14 in Law 22 of 2006 reads as follows:

Article 14. Obligations and duties of the contractor. The following are obligations of the contractor:

1. **To comply with the object of the contract and its conditions, within the agreed period of time.**
2. **To collaborate with the tendering entity with whatever is necessary for the object of the contract to be complied with and for it to be of the best quality possible.**
3. **To follow the instructions that are given throughout the development of the contract by the contracting entity, as long as they are covered within the contract relationship.**
4. **To act with loyalty and good will during the different stages of the contract, avoiding any delay that may come up.**
5. **To guarantee the quality of the work done, as well as the one for the goods and services contracted, and to answer for it according to the agreement.**
6. **To be legally responsible whenever proposals with economic and contracting conditions artificially undervalued are settled, trying to obtain the awarding of the contract.**
7. **To be legally responsible for having concealed, when contracting, incompetences, incompatibilities, or prohibitions, or for having delivered false information.**
8. **To allow free access to the facilities under contract for purposes stated in this article.**
9. **To answer exclusively for the obligations or claims that may come up from the contract relations acquired within the valid period of the contract, including the**

ones of administrative, civil, commercial, labor, or any other nature that implies any kind of responsibility concerning obligations.

In the case of numeral 8, the access of employees appointed and authorized by the corresponding organizations, institutions or state entities, as well as natural and legal entities appointed or contracted by the State to evaluate, supervise, and audit, as well as for any other purpose concerning the contract, shall be authorized. Also, original documents requested, including accounting books, shall be delivered, as long as they impact directly in payment determination to be done. Noncompliance with this disposition will result in administrative termination of the granting contract, or administrative recovery, whichever may apply, according to procedures established for that purpose in this Law.

When it is a legal entity, one hundred percent (100%) of the stocks shall be nominal.

Article 8. Article 20 in Law 22 of 2006 reads as follows:

Article 20. Contractual balance. In long term public contracting clauses and conditions may be agreed to for the purpose of maintaining, during the valid period of the contract, the contractual balance existing at the moment of the signing of the contract so that, if said conditions are altered by extraordinary, unforeseeable events, it can be modified to maintain balance.

Both parts may sign the agreements and pacts necessary to reestablish contractual balance, including amounts, conditions, payment arrangements for additional costs, acknowledgement of financial costs and interests, if there are any, in the preordained way by the modification of the contract, whose additional payment, if there is any, will be done in the way established by the modified contract and according to the dispositions on foreseen distributions in the State's General Budget on the valid time to carry out said distribution.

The contractual balance referred to in this article does not cover, in any instance, the modification of clauses of the contract signed along with the State to achieve the comparison of the terms and conditions of the contract. Therefore, any comparison done to guarantee competitiveness and development of building work and activities, as well as rendering of services through uniform, clear and transparent ruling in concordance with the contractual balance.

Paragraph. In working contracts, construction articles supply, or key in hand, when, due to facts or circumstances after the signing of the contract that could not be foreseen at that time, or due to a force majeure or an act of God, an alteration or substantial obstruction of the costs that hinders compliance with the object of the contract, the State may include in the contract a contractual balance clause, even though it was not agreed to, so that the corresponding addendum is allowed.

Article 9. Article 24-A is added to Law 22 of 2006, as follows:

Article 24-A. Participation requirements for legal entities. Every contractor selection act and direct contracting whose amount exceeds three million balboas (B/. 3,000,000.00) in which legal entities participates, the stocks to them need to be totally nominal.

No matter if the nominal stocks are issued in favor of another legal entity, the identity of every natural entity that is, direct or indirectly, the final beneficiary of at least five percent (5%) of the stock capital issued and in circulation shall be clearly known. Legal entities whose common stocks are quoted publicly in stock exchanges at a jurisdiction accepted by the National Securities Commission of Panama are exempt. Lack of pertinent documentation will obstruct the participation of the legal entity as proposer in the contractor selection act.

In the same way, any change in the stock composition of the contracting society, grantee, or investor that is not duly notified to the contracting entity or that impedes knowing who is the natural entity that is, finally, the beneficiary of those stocks, will be considered cause for noncompliance, taking into consideration that this entity may be the final beneficiary, directly or indirectly speaking, of at least five percent (5%) of the stock capital, both issued and in circulation.

In concordance with the transparency principle, the contractor, grantee, or investor is obligated to present and publish his or her financial statements, with the State reserving the right to publish them and to inform about them widely, as well as the list of natural entities that are stockholders of the legal entity. The State may require that, in the contractor selection acts aforementioned whose value does not exceed three million balboas (B/. 3,000,000.00), the same conditions are maintained as in this article.

Article 10. Article 31 in Law 22 of 2006 reads as follows:

Article 31. Publishing of summons. Depending on the amount and complexity of the work, goods, and services to be hired, the publishing of summons will be done taking into consideration the minimum deadlines detailed below:

1. No less than four working days, if the object of the contract falls on goods or services, and the amount is over thirty thousand balboas (B/. 30,000.00) and does not exceed one hundred seventy five thousand balboas (B/. 175,000.00).
2. No less than forty calendar days, if the object of the contract falls on goods or services, and the amount is over the one hundred seventy five thousand balboas (B/. 175,000.00).

However, the contracting entity may establish a deadline closer to what is established in this numeral which, in no case whatsoever, may be shorter than ten days calendar, under the following circumstances:

- a) When the contracting entity has published an announcement in the Electronic Public Contracting System "PanamaCompra" which contains a description of the public act, the approximate deadlines for offer presentation, and, when appropriate, the conditions for participation in said act.
- b) When an entity contracts merchandise or commercial services that are sold or offered for sale, and are regularly purchased and used by non-governmental buyers for non-governmental purposes.
- c) When a state of urgency, duly credited, is produced that makes it unfeasible or not viable to comply with the foreseen deadline. In this case, the contracting entity will issue a resolution about it, which will be published in the Electronic Public Contracting System "PanamaCompra".

When the object of the contract falls on building work, the publishing of the summons will be done taking into consideration the minimum deadlines detailed below:

1. No less than four working days, if the amount for the contract is over thirty thousand balboas (B/. 30,000.00) and does not exceed one hundred seventy five thousand balboas (B/. 175,000.00).
2. No less than eight working days, if the amount for the contract is over one hundred seventy five thousand balboas (B/. 175,000.00) and does not exceed five million balboas (B/. 5,000,000.00).
3. No less than forty calendar days, if the amount for the contract is over five million balboas (B/. 5,000,000.00).

However, the contracting entity may establish a deadline closer to what is established in this numeral which, in no case whatsoever, may be shorter than ten days calendar, under the following circumstances:

- a) When the contracting entity has published an announcement in the Electronic Public Contracting System "PanamaCompra" which contains a description of the public act, the approximate deadlines for offer presentation, and, when appropriate, the conditions for participation in said act.
- b) When a state of urgency, duly credited, is produced that makes it unfeasible or not viable to comply with the foreseen deadline. In this case, the contracting entity will issue a resolution about it, which will be published in the Electronic Public Contracting System "PanamaCompra".

The ruling on this Law will develop the material and be adopted through an executive decree.

Article 11. Article 38 of Law 22 of 2006 will read as follows:

Article 38. Contractor selection procedures. Procedures to select those who will have a contract with the State are the following:

1. Minor contracting.
2. Public bidding
3. Bidding for a better value
4. Frame agreement bidding
5. Reverse auction bidding
6. Short Form bidding
7. Public goods auction

Article 12. Article 39 in Law 22 of 2006 reads as follows:

Article 39. Minor contracting. The procedure for minor contracting will allow, expeditiously, for the acquisition of goods, work and services not to exceed thirty thousand balboas (B/. 30,000.00), complying with the minimum of formalities and subject to contracting principles disposed for in this Law. The minor contracting can be divided between ranks to guarantee speed in this procedure and the granting or no-show declaration will be done in the quoting frame, which shall contain the information that originated at the act and will be signed by the chief officer of the contracting entity or the employee this was delegated to, to which the documentation on every proposal received will be attached.

This procedure will be established by the General Direction of Public Contracting and its rules will be adopted through an executive decree.

Article 13. Numeral 14 and the last paragraph of article 40 in Law 22 of 2006 read as follows:

Article 40. Public bidding...

During the celebration of the public bidding, the following rules will be observed:

14. From the date of the publishing described in the previous numeral, the participants to this public act will be entitled to receive, from the bidding entity, a copy of the file, including proposals from the participants to the act, and will have three working days to make any observations to said report, which will be attached to the file. The costs associated to the reproduction of the files shall be paid by the interested parties.

The entities shall request the General Direction of Public Contracting for a contractor selection process to be done for products and services already included in the Electronic Products and Services Catalogue which, for founded reasons, will be more beneficial for them.

Article 14. Numeral 13 and the last paragraph to article 41 in Law 22 of 2006 read as follows:

Article 41. Better value bidding. During the celebration of the better value bidding, the following rules shall be observed:

13. From the date of the publishing described in the previous numeral, the participants to this public act will be entitled to receive, from the bidding entity, a copy of the file, including proposals from the participants to the act, and will have three working days to make any observations to said report, which will be attached to the file. The costs associated to the reproduction of the files shall be paid by the interested parties.

Depending on a particular need, entities shall request the General Direction of Public Contracting for a contractor selection process to be done for products and services already included in the Electronic Products and Services Catalogue which, for founded reasons, will be more beneficial for them.

Article 15. Article 43-A is added to Law 22 of 2006, as follows:

8. Article 43-A. Short Form bidding.. The Short Form bidding is the contractor selection procedure in which the State selects and grants based on the lowest

price or, in better value acts, the highest deliberation possible, as long as all requirements and technical aspects demanded on the list of charges are complied with. It is acceptable for use whenever the amount of the contract is over thirty thousand balboas (B/. 30,000.00), the object of the contract responds to the need to satisfy social interest, and it is required to be done in shorter time terms to the ones disposed in other contracting modalities described in this Law.

The Short Form bidding will be subject to the following rules:

1. It will be announced by publishing it in the Electronic Public Contracting System "PanamaCompra" and on the entity's bulletin board with a minimum deadline of five working days. The bidding entity is able to invite the natural or legal entities with aptitude and ability shown in the object of the contract, while simultaneously publishing it in the Electronic Public Contracting System "PanamaCompra".
2. The proposers will hand in their offers, which will include the offered price with the proposal bond and technical proposal adjusted to the demands of the list of charges.
3. The offer from the proposers will be delivered at the date, time, and place appointed in the list of charges.
4. Once the time for the delivery of proposals is overdue, according to what is established in the list of charges, no additional ones will be received and the proposals for each and every one of the proposers will be opened in the order they were received, which will be made public.
5. Whoever presides the act will plainly reject the proposals that are not accompanied by bonds with amounts or valid times below the established ones in the list of charges.

This disposition is a restrictive one; therefore in no case whatsoever shall the proposals be rejected for causes different to the aforementioned here.

The offended person will be able to file a claim against the act of rejection until the next working day before the General Direction of Public Contracting, which will have three working days maximum to resolve the claim.

6. Once the proposals are accounted for, whoever presides the act will prepare an Act that will be attached to the file, on which all admitted or rejected proposals are duly noted in the order they were presented, mentioning proposed price, names of the participants and of those rejected proposers that applied for reimbursement of the proposal bond, name and position of the officials that participated in the contractor selection act, as well as the individuals that intervened on behalf of the proposers, and the claims or instances that took place during the act. This Act will be made known immediately to the participants of the act and will be published in the Electronic Public Contracting System "PanamaCompra" and on the bulletin boards of the bidding entity.
7. Once the public act is finished, the presented proposals will be attached to the file, including the ones that were rejected, as well as the proposal bonds, unless the overdue or rejected proposers apply for their reimbursements, understanding that with this they renounce to any claiming right on the object of the contract.

8. Immediately after the filing of the act, the file, which contains the proposers' proposals, will be issued to a verifying or evaluating commission, which will have to be previously established by the bidding entity. The commission will be formed with qualified personnel on the object of the contract.

9. For the verification and evaluation of the proposals, the commission will apply the evaluation rules determined for the public or better value bidding disposed in this Law.

10. The deadline to emit the commission's report will not be greater than five working days, unless the complexity of the act merits a one-time extension that will not be greater than five additional working days.

11. Once the report is issued, it will be mandatorily published in the Electronic Public Contracting System "PanamaCompra", and, on that same day, a printed copy will be made available to all participants as soon as they request it. Likewise, the bidding entity will inform of the publication to the proposers that, in their proposal, included their e-mail address or fax number.

12. Beginning on the date of the publication described in the previous numeral, the participants of this public act will be entitled to receive, from the bidding entity, a copy of the file, including the proposals from the participants in the act, and they will have three working days to make observations to said report, which will be attached to the file. Costs associated to the reproduction of the files shall be paid for by the interested parties.

13. Once the deadline described in the previous numeral is over, the chief officer of the bidding entity or the delegated official will, through, resolution stating grounds proceed to grant the public act or to declare a no-show, during a period of time no greater than five working days.

In the case there is only one proposer and he complies with every requirement and demand of the list of charges, the recommendation of granting may befall on him as long as the offered price is convenient for the State, or meets an eighty percent (80%) of the total of points and the offered price is convenient for the State.

The State entities shall consult the Electronic Products and Services Catalogue before proceeding to call up a contractor selection act, as well as verify if the products and services required by the entity are included in said Catalogue or not.

If the products and services required by the bidding entity are found in the Electronic Products and Services Catalogue the entity is obligated to acquire them through said Catalogue.

The entities shall request the General Direction of Public Contracting for a contractor selection process to be done for products and services already included in the Electronic Products and Services Catalogue which, for founded reasons, will be more beneficial for them.

Article 16. Numeral 2 in article 44 of Law 22 of 2006 reads as follows:

Article 44. Public goods auction. The sale or leasing of real or personal property belonging to the State may be done through a public auction, and for that the following rules apply:

2. it will be announced, by publication, in the way and anticipation established in articles 30 and 31 of this Law, in agreement with the importance of the public act. Additionally, the goods to be sold or leased, their location, value, and the starting and ending time of the auction shall be included. The duration period of the auction shall not be longer than three hours.

Article 17. Article 58 of Law 22 of 2006 reads as follows:

Article 58. Contracts celebrated by the Social Investment Fund. The contracts celebrated by the Social Investment Fund will be exempt from the coverage of this Law.

Article 18. Article 72-A is added to Law 22 of 2006, as follows:

Article 72-A. Maximum deadline for the contracts. Contracts with the State shall be granted for a maximum period of time of twenty years and may be extended by request of the contractor for a period of time no longer than the one originally appointed by the contract.

Notwithstanding the previous information, it is not mandatory for the State to agree with the extension in granting contracts under the same terms and conditions foreseen for the original contract.

The State is entitled to include in the contracts any other clause or condition it feels convenient, so that its interests are covered, ensuring the transparency principle and contractual balance mentioned in this law are respected.

The State will not be able to grant grace periods, understanding that the payments contractors need to do will be demanded for the moment it is established in the respective contract, in accordance with the ruling in force, and at no point whatsoever shall they go beyond the starting date for operations that imply income.

Article 19. A paragraph will be added to article 75 in Law 22 of 2006, as follows:

Article 75. Start of the execution of work...

When the applicant to a public contract starts construction of any kind of infrastructure or conditioning of land, the rendering of services, or the provision of goods mentioned in the granted contract, without it being countersigned by the corresponding contract, and without the required authorizations, no grant will be awarded and he will be sanctioned with a penalty equal to double the damage caused or double the amount the State would receive through the grant contract during the time the awarded area was used without authorization, and he shall repair, out of his pocket, the affected area to its original condition. For the execution of said penalty as described in this article actions will be taken according to procedures established in Law 38 of 2000.

Article 20. Article 84 in Law 22 of 2006 reads as follows:

Article 84. Classification on key-in-hand contracts. It will be possible to celebrate key-on-hand complete or partial contracts.

Key-on-hand complete contracts are the ones the State celebrates with the contractor for the realization of building work that includes, in general, all inherent obligations to it, like supplies, design, construction and rendering of services.

Key-on-hand partial contracts are the ones that the contracting entity celebrates with the contractor, according to the fusion or combination of some obligations, like design and/or construction and/or equipment and/or rendering of services.

The main obligation the State assumes in key-on-hand contracts is the payment of the price of the work, previously negotiated with the proposers and regulated in the list of charges.

In these contracts, the amount of the compliance bond to be assigned to the contractor could be up to one hundred percent (100 %) of the value of the contract.

Article 21. Article 90 in Law 22 of 2006 reads as follows:

Article 90. Impugnation recourse bond. The impugnation recourse bond is the warranty the proposer must attach to the impugnation recourse, when he considers that his rights have been violated in a contractor selection procedure.

This warranty will be for an amount equivalent to ten percent (10 %) of the value of the challenger's proposal not exceeding two hundred fifty thousand balboas (B/. 250,000.00) for public acts related with acquisition of goods and services, and not exceeding the sum of one million balboas (B/. 1,000,000,00) for acts related with the realization of works. The warranty will be for one hundred thousand balboas (B/.100,000,00) when impugnation befalls the decision in a frame agreement bidding.

General Direction of Public Contracting will prepare the bases for the ruling of aspects concerning this warranty, which shall be approved by means of executive decree.

Article 22. Article 99-A is added to Law 22 of 2006, as follows:

Article 99-A. Administrative Rescue. Whenever we are dealing with granting contracts, the contracting entity is authorized, on the grounds of public interest, to order the administrative rescue of the goods and works granted, having been previously authorized by the Council Of Ministers.

Regardless of what's stipulated in the respective granting contract, the amounts the grantee owes for taxes, rates, fines, recharges, or any pending debt with any State or Municipal institution will be deducted by the privative granting entity, and automatically from the payment for administrative rescuing the grantee should receive and applied to the taxes, rates, fines, recharges, or pending accounts, as appropriate.

In the event the goods that must revert to the granting entity according to the respective granting contract are taxed, the granting entity will retain, as indemnification or compensation by way of administrative rescue, the grantee is entitled to receive an equivalent amount to the pending payment amounts for the secured obligations, as is certified by his respective creditors, so that the respective guarantees are released and the granting entity receives tax-free rescued goods. These withheld amounts corresponding to the secured obligations of the grantee will be canceled directly with the mortgage creditors, as soon as the resolution by which the State is empowered to declare the administrative rescue of the grant is in force. Once the described retentions have been complied with, the

payment of any surplus of indemnification will be given to the grantee. In no case shall the State pay off amounts for secured obligations that cannot be exclusively satisfied with indemnification or compensation acknowledged to the grantee.

Article 23. Article 103-A is added to Law 22 of 2006, as follows:

Article 103-A. Noncompliance of purchase orders in frame agreements. In the event of noncompliance of purchase protected by a frame agreement, the contracting entity will apply the procedure of administrative decision and the corresponding sanction will be established by the General Direction of Public Contracting. The decision ordering the administrative decision of the contract may be appealed before the Administrative Court of Public Contracting.

Once the resolution is exercised, the General Direction of Public Contracting will proceed to sanction the contractor with the temporary withdrawal from the Electronic Products and Services Catalogue the first time, for a period of three months, of all of the products or services included in the frame agreement.

If the General Direction of Public Contracting receives a second administrative decision for noncompliance of the contract duly exercised, against the same contractor, the sanction will correspond with incapacitation for a minimal period of six months and a peak of three years.

Article 24. Article 104 of Law 22 of 2006 reads as follows:

Article 104. Creation. The Administrative Court of Public Contracting is created as an independent and impartial entity that will have jurisdiction all over the territory of the Republic. This Court will have privative competence, due to the nature of the issue, so it is only concerned with:

1. The recourse of impugnation against the act of adjudication, the decree of desertion, or the act by which proposals issued by the entities during the contractor selection procedures.
2. The recourse of appeal against the administrative termination of the contract and the contractor's disqualification.
3. The unresolved claiming actions by the General Direction of Public Contracting, within the five working days deadline it has to issue a resolution.

Article 25. The third paragraph of article 113 in the Law 22 of 2006 reads as follows:

Article 113. Notification...

After two working days have passed by, following the publication of the aforementioned resolutions in this article in the Electronic Public Contracting System "PanamaCompra" and on the bulletin boards by the contracting entity, they will be considered as notified and the interested party, if feeling offended by the aforementioned decision, is able to present a recourse of contestation established by this Law, or the recourse of appeal against the administrative termination of the contract. When dealing with minor contracting the notifications will take place on the first working day after the publication in in the Electronic Public Contracting System "PanamaCompra" and on the bulletin board of the quote chart.

Article 26. Article 114 in Law 22 of 2006 reads as follows:

Article 114. Resource of contestation. All proposers that consider themselves offended by a resolution that grants, declares as no-show a contractor selection act, or a resolution by which proposals are rejected and where they consider illegal or arbitrary actions or omissions have happened, can present recourses of contestation before the Administrative Court of Public Contracting, attaching proof or announcing them at the moment of formalizing the contestation, if there were any.

The aforementioned recourse shall be filed within a five working days period, starting with the notification to the resolution that is being contested, which will result in a suspensive effect. When dealing with a short form bidding, and with working contracts for sums not exceeding five million balboas (B/.5,000,000.00), the recourse of contestation will result in a devolutive effect.

Once the recourse is admitted, the Administrative Court of Public Contracting will transfer the corresponding entity, which shall issue a conduct report accompanied by all corresponding documentation on the contested act within a five working day period. Within the same period of time, any person will give transfer to the correspondent entity, which will have to remit a report of conduct accompanied of all the documentation corresponding to the act impugned, in a term not bigger of five working days. Within the same term, anyone concerning the law or a special interest is able to plead on the presented contestation. Those who appear in this way will be considered as an entity only and exclusively in this stage.

If the object of the contestation deals strictly with legal items, the Court will decide to resolve it within a ten working day period. Otherwise, it will open up a period of time to practice on the evidence of up until ten working days. In both cases, the Court is able to appoint the evidence deemed necessary or convenient.

Once the term of evidence is over, statements can be presented by the parts within a common period of three days, and once it is over the Court will have a period of ten working days to issue a resolution.

In case of minor dealings, the proponents that consider themselves affected will have a period of two working days to present a recourse of contestation, starting as from the notification of the decision on the object of contestation, which will result in a suspensive effect.

All recourses of contestation must be accompanied by the contestation recourse bond foreseen in article 90.

Article 27. Article 80 is added to the Tax Laws, as follows:

Article 80-A. If the hidden goods that are duly recognized and recovered for the National Treasury, including intangible assets, are originated or product of a grant, leasing, investment, or any other are judicial modality hired with the State, the reward the invested informer is entitled to will be met by the defendant, with no damage whatsoever to the amounts determined for recovery.

In any case, the defendant is obligated to pay, on account of damages, a compensation in favor of the State of the fifteen percent (15 %) of the amounts determined to be recovered or recover.

In the event that damage happened to a hidden good is due to sums of money paid by the National Treasury, the amounts to be recovered, the reward, and the compensation may be retained by means of compensation on future payments that the defendant may be indebted on.

Article 28. The fifth paragraph of letter d in article 701 in the Tax Law reads as follows:

Article 701. ...

d. ...

The income originating from commissions received for services rendered to natural or legal entities located inside Colon's Free Zone and other free zones that exist or may be created in the future, such as storage and warehouse, leases and subleases, internal movements of goods and load, billing services, repackaging and the likes, is considered as local operations and, in consequence, will pay Income Tax in accordance with articles 699 or 700 in this Code. With the exception of leases and subleases, the services described in this paragraph that have effect abroad will be considered exterior or exporting operations. They are excluded from the application of the dispositions in this paragraph, on income resulting from the aforementioned activities in letters b, d, h, i, j and k in article 60 of Law 41 of 2004, modified by Law 31 of 2009.

Article 29. Article 733 of the Tax Law reads as follows:

Article 733. Every legal entity that requires the Operation Announcement mentioned in Law 5 of 2007 is hereby obligated to retain dividend taxes or a participation fee of ten percent (10 %) of the amounts distributed to his shareholders or associates they are headquartered in Panama and of five percent (5 %) when the income comes from:

1. Foreign source.
2. Exterior or export operations.
3. Local income exempt from paying Income Taxes mentioned in letters c, f, l, and n in article 708 in the Tax Laws.

Every time a legal entity distributes dividends or participation fees, he or she shall exhaust Panama based income before distributing dividends or participation fees on foreign based income, external or export income, and local income established by numeral 3 in this article.

On companies established or to be established in any free zone within the Republic of Panama, they shall pay dividend tax or participation fee at a fixed rate of five percent (5 %) of the utilities, them being distributed independently of their origin.

When considering dividend distribution or participation fees, the tax regime foreseen in treaties and agreements to avoid double tax imposition that the Republic of Panama enters into with any country will prevail; if there are no such treaties or agreements to avoid double tax imposition, it would have to retain dividend taxes or participation fees by five percent (5 %) of the utilities, them being distributed independently of their origin.

In the event there is no dividend distribution or the total amount distributed as dividend or participation fee is below forty percent (40%) of the net income amount from the respective tax period, less the taxes paid by the legal entity, it would cover ten percent (10 %) of the difference. In the case of an established or to be established company on any free zone of the Republic, that do not distribute dividends or that the total sum distributed as a dividend or participation fee, may be smaller than twenty percent (20 %) of the amount of the net profits of the correspondent fiscal period, ten percent (10 %) of the difference will have to be covered up. Sums retained this way will be reversed to the tax collecting official within the next ten to the date of retention. Such deduction and retentions will be definitive.

The branches for foreign legal entities will pay ten percent (10 %) as taxes over the one hundred percent (100 %) of their taxable income obtained in Panama, minus tax paid for that same income in the country. This retention will be definitive and will be paid jointly with the presentation of the corresponding sworn statement.

The legal entities will not be required to do the retention this article deals with on the amount of income coming from dividends, as long as the legal entities that distribute such dividends have paid the corresponding tax and have done the retention dealt with in this article.

The legal entities will not be required to do the retention dealt with in this article on the amount income coming from dividends either, as long as the legal entities that distribute such dividends have also been exempt from being obligated to comply with the retention.

Every natural or legal entity that should forward amounts coming from income of any kind produced within Panamanian soil to a natural or legal entity not residing in the Republic of Panama, shall deduct and retain, at the moment of forwarding said amounts in any way, the amount established in article 699 or 700 in this Code, and shall deliver what is retained this way to the tax collecting official within the following ten days to the date of retention.

In order to calculate the amount of the retention, the amounts that should have been paid, drawn, credited, or paid forward to the taxpayer during that year shall be added to the amount to be paid, drawn or credited, and the rate mentioned in article 699 or 700 of this Code shall be applied to fifty percent (50 %) of that total. Out of the contribution established this way the retentions already made during the taxable year are done.

Paragraph. Regardless of what's disposed in this article, the holders of the bearer shares will pay this tax with a rate of twenty percent (20 %).

The legal entity distributing such dividends will practice the retention, which will be definitive. In case the society distributing the dividends has different classes of stock, the tax will be paid in accordance with the rates hereby established and according to the kind of stock.

When distribution is below forty percent (40 %) of the net profits, or if there is no distribution whatsoever, the dispositions on complementary taxes will apply, independently of which kind of stock the society has issued.

The natural or legal entities established in the area Panama-Pacifico Special Economic Area are subject to obligation disposed for in this article, except the stated activities in the lettered items in article 60 of law 41 of 2004, modified by Law 31 of 2009.

Article 30. Numeral 7 in article 13 of Law 5 of 1988 reads as follows:

Article 13. The grantees are obligated to pay the following:

7. Do not go beyond, dispose of, or tax the improvements built by the grantee without previous authorization from National Economic Council for amounts of up to three million balboas (B/.3,000,000.00) and of the Council Of Ministers for amounts higher than this amount.

Article 31. Numeral 2 in article 2 of the Law 4 of 1994 reads as follows:

Article 2....

2. The interbank loans, the guaranteed loans with bank deposits, the external loans, the financing through bond and stock issuing, duly registered before the National Exchange Commission, as well as the loans granted to financial entities regulated by Law 42 of 2001. This Law has an effect over guaranteed credits with bank deposits generated before Law 49 of 2009 becomes in force, and banking institutions are ordered to return the FECI rate that has been applied from September 18, 2009 on the guaranteed credits with bank deposits.

Article 32. Article 28 in Law 45 of 1995 reads as follows:

Article 28. The selective tax rate on cigarette consumption will be of a hundred percent (100 %) of the sales price to the consumer pronounced by the national producer or the importer to the Ministry of Economy and Finance, being the minimum amount one balboa with fifty cents (B/. 1.50) per packet.

The selective tax rate on tobacco, cigars, and other tobacco-derived product consumption will be of one hundred percent (100 %) of the sales price to the consumer pronounced by the national producer or the importer to the Ministry of Economy and Finance.

Fifty percent (50 %) of the collected amount for taxes established in this article will be destined and directly distributed as follows:

1. Forty percent (40 %) to the National Oncological Institute
2. Forty percent (40 %) to the Ministry of Health so it is invested in preventive activities and treatment of disease caused by tobacco consumption, through cessation clinics.
3. Twenty percent (20 %) to the National Customs Authority so it is invested in activities destined to prevent and prosecute the smuggling of tobacco-derived products.

Article 33. Numeral (4) of letter (f) in article 41 in Law-Decree 71 of 1998 reads as follows:

Article 71. Every person that requests an Operations and Management Contract to the Game Control Committee shall:

(f). Supply information that may be required by the Game Control Committee, including but not limited to the following:

(4). The names of all the shareholders of the operating administrator, given that in no case whatsoever shall the bearer issued stock will be accepted by the operating administrator nor the possible legal entities that own stock of the operating administrator, no matter if they are minor stockholders.

Article 34. Article 5 in the Law-Decree 7 of 1998 reads as follows:

Article 5. The following are considered as patrimony of the Authority:

1. All personal and real property that, to this date, belong to all public administration dependencies which, because of this Decree-Law, become a part of the Authority.
2. Inheritances, donations, and legacies transmitted to it, which will be received to benefit the inventory.
3. The product of actions, obligations, titles, and other stock in its possession.
4. Any subsidies received by the State.
5. The rates, tariffs, rights, and contributions perceived as a result of services rendered and income due to direct management or grants issued.

Paragraph. The rates, tariffs, rights, and contributions, fixed or determined by the Maritime Authority of Panama, due to collection or retention of public or national services, and the rights to the grants issued will be administered, gathered, and collected exclusively by the Maritime Authority of Panama.

In consequence, any rule, regulation, agreement, or administrative action against this disposition is left null, except the contract-laws subscribed by the State.

1. The product of pecuniary sanctions imposed by the Authority.
2. Any other goods or assets authorized by legal dispositions, regulations, or the Board of Directors.

Article 35. Letter c in article 60 in Law 41 of 2004, modified by Law 31 of 2009, is annulled.

Article 36. Numeral 32 in article 5 in Law 56 of 2008 reads as follows:

Article 5. The following definitions are established as far as the application of this Law and its regulations is concerned:

32. *Movement.* The transfer of a load unit that involves crossing over the ship's lateral borders, either during loading or unloading, both on the dock's side as well as on the water's side, regardless of the load having the Republic of Panama or foreign commerce as destination.

Article 37. Two definitions are added to article 5 in Law 56 of 2008, as follows:

Article 5. The following definitions are established as far as the application of this Law and its regulations is concerned:

Affiliate. Affiliate company of the granting company is understood to be the one that, even though its individual personality is maintained, it devotes itself, within the project's area, to the same activities as the granting company, or to complementary activities related to the operation of the terminal, as long as the affiliate is a legal entity directed or economically, financially, or administratively controlled, either direct or indirectly, by the granting company.

Subsidiary. Subsidiary company of the granting company is understood to be the one that, even though its individual personality is maintained, it devotes itself, within the project's area, to the same activities as the granting company, or to complementary activities related to the operation of the terminal, as long as the affiliate is a legal entity directed or economically, financially, or administratively controlled, either direct or indirectly, by the granting company.

Article 38. Article 64 in Law 56 of 2008 reads as follows:

Article 64. The Maritime Authority of Panama will consider, among others, the following fixed or variable rates by its right to the use of the grant, right to the use of dock installation property and Operation Licenses:

1. Movement rate.
2. Bulk load handling rate
3. Maritime service rendering rate, depending on authorized service.
4. Service rendering rates to ships, such as use of the navigation canal, anchoring in maritime areas, lighthouses, and buoys, as long as these services are not being paid to other State entities.
5. Dockage rates
6. Inspection or supervision rate for areas to be incorporated in the grant
7. Arrival rate for containerized local cargo destined to the territory of the Republic of Panama.

Paragraph. Port operators, be that they are private license holders or state entities, will charge the arrival rate for containerized local cargo destined to the territory of the Republic of Panama, for the use of dock installations, as a service rendered by the State. This rate will be covered by the containerized local cargo consignees, and the port operators will forward the corresponding charge to the Maritime Authority of Panama.

Article 39. Article 64-A is added to Law 56 of 2008, as follows:

Article 64-A. The rates, tariffs, rights, and contributions, fixed or determined by the Maritime Authority of Panama, due to collection or retention of public or national services, and the rights to the grants issued will be administered, gathered, and collected exclusively by the Maritime Authority of Panama.

In consequence, any rule, regulation, agreement, or administrative action against this disposition is left null, except the contract-laws subscribed by the State.

Article 40. Article 65 of Law 56 of 2008 reads as follows:

Article 65. For the billing method required, license holders and service providers will forward clear and well-based reports to the Maritime Authority of Panama, indicating the amount of loading and unloading movements, as well as the services rendered during the respective period.

The Maritime Authority of Panama will provide the billing format and will indicate the frequency with which to supply said information and, based on conducted inspections, in conformity with what is established in numeral 4 in article 23 in this Law and in forwarded reports, elaborate the corresponding bill, which will be forwarded to the license holder or service provider.

The port operators shall submit themselves for audits, capacities, and inspections by external auditors, to verify the movement report being paid to the Maritime Authority of Panama. This review will be done at least once a year by an external audit firm, hired by the port operators and approved by the Maritime Authority of Panama, which will verify the number of movements done and paid to the State. Likewise, the Authority will be able to verify this information through the Internal Audit and Investigation Direction in the institution or by comparing the information handled by the Integrated System of Foreign Trade, the Panama Canal Authority, the National Customs Authority, or any other State institution.

Article 41. Article 66 in Law 56 of 2008 reads as follows:

Article 66. On payments to the Maritime Authority of Panama, whenever the load is transhipped or transferred from a container during the unloading and loading cycle, from one ship to another within the same port facility, the movements done while unloading a ship and the further loading into another will be billed as one movement alone, as long as the load does not have the territory of the Republic of Panama as final destination.

Article 42. Article 120 in Law 56 of 2008 is repealed.

Article 43. This Law is of social interest and will have retroactive effects over contracts granted by the State, whose rates, exemptions, terms, and conditions have been modified based on the concept of comparison, to the detriment of the State.

These contracts shall be subject to a review process according to the procedure that has been established for these cases by an executive decree. The application of this article to Law 56 of 2008 is excluded.

Article 44. This Law modifies numeral 46 in article 2, articles 14, 20, 31, 38, and 39, numeral 14 and the last paragraph in article 40, numeral 13 and the last paragraph in article 41, numeral 2 in article 44, articles 58, 84, 90 and 104, the third paragraph in article 113 and article 114 in Law 22 of June 27, 2006; the fifth paragraph in letter d in article 701

and the article 733 of the Tax Law; numeral 7 in article 13 in Law 5 of April 15 1988, numeral 2 in article 2 of Law 4 of May 17, 1994, article 28 in Law 45 of November 14 1995, numeral 4 in letter f in article 71 of the Decree-Law 2 of February 10, 1998, the article 5 of the Decree-Law7 of February 10, 1998, and numeral 32 in article 5 and articles 64, 65 and 66 in Law 56 of August 6, 2008.

It adds numeral 49 to article 2, a final paragraph to article 11, numeral 15 to article 12, article 24-A, articles 43-A and 72-A, a paragraph to article 75 and articles 99-A and 103-A to Law 22 of December 28, 2006, article 80-A to the Tax Code, as well as two definitions to article 5 and article 64-A to Law 56 of August 6, 2008.

It repeals letter c in article 60 in Law 41 of November 21, 2004, modified by Law 31 of June 22 2009, and article 120 in Law 56 of August 5, 2008.

Article 45. This Law will be in force on the following day after its enactment.

Law 69 of November 6, 2009

Which prohibits the comparison in between contracts and other legal forms in which the State is involved, reforms public contracts dispositions, and dictates other dispositions.

Article 1. This Law prohibits changes, adjustments, modifications, or adaptations, under the concept of comparison, in rates, exemptions, terms, and conditions established in concessions, leases, general investment contracts, and any other administrative legal category, through amendments and their similar, granted by the State, through any of its Governmental dependencies, that imply, in any way, detriment to the State and its associates.

Article 2. This Law will rule over the public contracts done by the Central Government, autonomous and semi-autonomous entities, municipalities, financial intermediaries, and mixed companies in which the State owns at least 51% of the stocks or patrimony, as well as the ones done with public funds or patrimonies as the budgets established in article 1 of Law 22 of 2006, on public contracting.

Article 3. Numeral 46 in article 2 of Law 22 of 2006 reads as follows:

Article 2. Glossary. For this Law, the following terms will be understood as follows:

46. *Administrative Court of Public Contracting.* It is the independent and impartial that will only be concerned with:

- a. The challenge recourse against the act of adjudication, the declaration of desertion, or the act or resolution by which proposals issued by entities are rejected for the contractor selection procedures.
- b. The recourse of appellation against the administrative resolution of the contract and the disqualification of the contractor.
- c. The claiming actions unresolved by the General Direction of Public Contracting, within the term of five working days needed for a resolution to be processed.

Article 4. Numeral 49 will be added to article 2 in Law 22 of 2006, as follows:

Article 2. Glossary. For this Law, the following terms will be understood as follows:

49. *Abbreviated tender.* Contractor selection procedure in which the State selects and awards based on the lowest price, or best value acts, with the highest consideration, as far as all requirements and technical aspects demanded in the list of charges are complied with. It is acceptable for use when the amount of the contract is beyond thirty thousand balboas (B/. 30,000.00), the object of the contract responds to the need of satisfying social interest, and it is required for use with shorter periods of time than the ones stipulated in other contracting modalities described in this Law.

Article 5. A final paragraph is added to article 11 in Law 22 of 2006, as follows:

Article 11. Rights of the contracting entities. The following are the rights of the contracting entities:

When talking about granting contracts, the contracting entities are empowered to run inspections on the areas, goods, or services mentioned in the contract in order to verify compliance with the acquired obligations by the grantees.

Article 6. Numeral 15 is added to article 12 in Law 22 of 2006, as follows:

Article 12. Obligations of the contracting entities. The following are the obligations of the contracting entities:

15. To watch over the strict compliance of the contract and to denounce every public contracting that harms the Nation's interest or patrimony.

Article 7. Article 14 in Law 22 of 2006 reads as follows:

Article 14. Obligations and duties of the contractor. The following are obligations of the contractor:

1. To comply with the object of the contract and its conditions, within the agreed period of time.

2. To collaborate with the tendering entity with whatever is necessary for the object of the contract to be complied with and for it to be of the best quality possible.
3. To follow the instructions that are given throughout the development of the contract by the contracting entity, as long as they are covered within the contract relationship.
4. To act with loyalty and good will during the different stages of the contract, avoiding any delay that may come up.
5. To guarantee the quality of the work done, as well as the one for the goods and services contracted, and to answer for it according to the agreement.
6. To be legally responsible whenever proposals with economic and contracting conditions artificially undervalued are settled, trying to obtain the awarding of the contract.
7. To be legally responsible for having concealed, when contracting, incompetence, incompatibilities, or prohibitions, or for having delivered false information.
8. To allow free access to the facilities under contract for purposes stated in this article.
9. To answer exclusively for the obligations or claims that may come up from the contract relations acquired within the valid period of the contract, including the ones of administrative, civil, commercial, labor, or any other nature that implies any kind of responsibility concerning obligations.

In the case of numeral 8, the access of employees appointed and authorized by the corresponding organizations, institutions or state entities, as well as natural and legal entities appointed or contracted by the State to evaluate, supervise, and audit, as well as for any other purpose concerning the contract, shall be authorized. Also, original documents requested, including accounting books, shall be delivered, as long as they impact directly in payment determination to be done. Noncompliance with this disposition will result in administrative termination of the granting contract, or administrative recovery, whichever may apply, according to procedures established for that purpose in this Law.

When it is a legal entity, one hundred percent (100%) of the stocks shall be nominal.

Article 8. Article 20 in Law 22 of 2006 reads as follows:

Article 20. Contractual balance. In long term public contracting clauses and conditions may be agreed to for the purpose of maintaining, during the valid period of the contract, the contractual balance existing at the moment of the signing of the contract so that, if said conditions are altered by extraordinary, unforeseeable events, it can be modified to maintain balance.

Both parts may sign the agreements and pacts necessary to reestablish contractual balance, including amounts, conditions, payment arrangements for additional costs, acknowledgement of financial costs and interests, if there are any, in the preordained way by the modification of the contract, whose additional payment, if there is any, will be done in the way established by the modified contract and according to the dispositions on foreseen distributions in the State's General Budget on the valid time to carry out said distribution.

The contractual balance referred to in this article does not cover, in any instance, the modification of clauses of the contract signed along with the State to achieve the comparison of the terms and conditions of the contract. Therefore, any comparison done to guarantee competitiveness and development of building work and activities, as well as rendering of services through uniform, clear and transparent ruling in concordance with the contractual balance.

Paragraph. In working contracts, construction articles supply, or key in hand, when, due to facts or circumstances after the signing of the contract that could not be foreseen at that time, or due to a force majeure or an act of God, an alteration or substantial obstruction of the costs that hinders compliance with the object of the contract, the State may include in the contract a contractual balance clause, even though it was not agreed to, so that the corresponding addendum is allowed.

Article 9. Article 24-A is added to Law 22 of 2006, as follows:

Article 24-A. Participation requirements for legal entities. Every contractor selection act and direct contracting whose amount exceeds three million balboas (B/. 3,000,000.00) in which legal entities participates, the stocks to them need to be totally nominal.

No matter if the nominal stocks are issued in favor of another legal entity, the identity of every natural entity that is, direct or indirectly, the final beneficiary of

at least five percent (5%) of the stock capital issued and in circulation shall be clearly known. Legal entities whose common stocks are quoted publicly in stock exchanges at a jurisdiction accepted by the National Securities Commission of Panama are exempt. Lack of pertinent documentation will obstruct the participation of the legal entity as proposer in the contractor selection act.

In the same way, any change in the stock composition of the contracting society, grantee, or investor that is not duly notified to the contracting entity or that impedes knowing who is the natural entity that is, finally, the beneficiary of those stocks, will be considered cause for noncompliance, taking into consideration that this entity may be the final beneficiary, directly or indirectly speaking, of at least five percent (5%) of the stock capital, both issued and in circulation.

In concordance with the transparency principle, the contractor, grantee, or investor is obligated to present and publish his or her financial statements, with the State reserving the right to publish them and to inform about them widely, as well as the list of natural entities that are stockholders of the legal entity. The State may require that, in the contractor selection acts aforementioned whose value does not exceed three million balboas (B/. 3,000,000.00), the same conditions are maintained as in this article.

Article 10. Article 31 in Law 22 of 2006 reads as follows:

Article 31. Publishing of summons. Depending on the amount and complexity of the work, goods, and services to be hired, the publishing of summons will be done taking into consideration the minimum deadlines detailed below:

1. No less than four working days, if the object of the contract falls on goods or services, and the amount is over thirty thousand balboas (B/. 30,000.00) and does not exceed one hundred seventy five thousand balboas (B/. 175,000.00).
2. No less than forty calendar days, if the object of the contract falls on goods or services, and the amount is over the one hundred seventy five thousand balboas (B/. 175,000.00).

However, the contracting entity may establish a deadline closer to what is established in this numeral which, in no case whatsoever, may be shorter than ten days calendar, under the following circumstances:

- a) When the contracting entity has published an announcement in the Electronic Public Contracting System "PanamaCompra" which contains a description of the public act, the approximate deadlines for offer presentation, and, when appropriate, the conditions for participation in said act.
- b) When an entity contracts merchandise or commercial services that are sold or offered for sale, and are regularly purchased and used by non-governmental buyers for non-governmental purposes.
- c) When a state of urgency, duly credited, is produced that makes it unfeasible or not viable to comply with the foreseen deadline. In this case, the contracting entity will issue a resolution about it, which will be published in the Electronic Public Contracting System "PanamaCompra".

When the object of the contract falls on building work, the publishing of the summons will be done taking into consideration the minimum deadlines detailed below:

1. No less than four working days, if the amount for the contract is over thirty thousand balboas (B/. 30,000.00) and does not exceed one hundred seventy five thousand balboas (B/. 175,000.00).
2. No less than eight working days, if the amount for the contract is over one hundred seventy five thousand balboas (B/. 175,000.00) and does not exceed five million balboas (B/. 5,000,000.00).
3. No less than forty calendar days, if the amount for the contract is over five million balboas (B/. 5,000,000.00).

However, the contracting entity may establish a deadline closer to what is established in this numeral which, in no case whatsoever, may be shorter than ten days calendar, under the following circumstances:

- a) When the contracting entity has published an announcement in the Electronic Public Contracting System "PanamaCompra" which contains a description of the public act, the approximate deadlines for offer presentation, and, when appropriate, the conditions for participation in said act.
- b) When a state of urgency, duly credited, is produced that makes it unfeasible or not viable to comply with the foreseen deadline. In this case, the

contracting entity will issue a resolution about it, which will be published in the Electronic Public Contracting System "PanamaCompra".

The ruling on this Law will develop the material and be adopted through an executive decree.

Article 11. Article 38 of Law 22 of 2006 will read as follows:

Article 38. Contractor selection procedures. Procedures to select those who will have a contract with the State are the following:

1. Minor contracting.
2. Public bidding
3. Bidding for a better value
4. Frame agreement bidding
5. Reverse auction bidding
6. Short Form bidding
7. Public goods auction

Article 12. Article 39 in Law 22 of 2006 reads as follows:

Article 39. Minor contracting. The procedure for minor contracting will allow, expeditiously, for the acquisition of goods, work and services not to exceed thirty thousand balboas (B/. 30,000.00), complying with the minimum of formalities and subject to contracting principles disposed for in this Law. The minor contracting can be divided between ranks to guarantee speed in this procedure and the granting or no-show declaration will be done in the quoting frame, which shall contain the information that originated at the act and will be signed by the chief officer of the contracting entity or the employee this was delegated to, to which the documentation on every proposal received will be attached.

This procedure will be established by the General Direction of Public Contracting and its rules will be adopted through an executive decree.

Article 13. Numeral 14 and the last paragraph of article 40 in Law 22 of 2006 read as follows:

Article 40. Public bidding...

During the celebration of the public bidding, the following rules will be observed:

14. From the date of the publishing described in the previous numeral, the participants to this public act will be entitled to receive, from the bidding entity, a copy of the file, including proposals from the participants to the act, and will have three working days to make any observations to said report, which will be attached to the file. The costs associated to the reproduction of the files shall be paid by the interested parties.

The entities shall request the General Direction of Public Contracting for a contractor selection process to be done for products and services already included in the Electronic Products and Services Catalogue which, for founded reasons, will be more beneficial for them.

Article 14. Numeral 13 and the last paragraph to article 41 in Law 22 of 2006 read as follows:

Article 41. Better value bidding. During the celebration of the better value bidding, the following rules shall be observed:

13. From the date of the publishing described in the previous numeral, the participants to this public act will be entitled to receive, from the bidding entity, a copy of the file, including proposals from the participants to the act, and will have three working days to make any observations to said report, which will be attached to the file. The costs associated to the reproduction of the files shall be paid by the interested parties.

Depending on a particular need, entities shall request the General Direction of Public Contracting for a contractor selection process to be done for products and services already included in the Electronic Products and Services Catalogue which, for founded reasons, will be more beneficial for them.

Article 15. Article 43-A is added to Law 22 of 2006, as follows:

8. **Article 43-A.** Short Form bidding. The Short Form bidding is the contractor selection procedure in which the State selects and grants based on the

lowest price or, in better value acts, the highest deliberation possible, as long as all requirements and technical aspects demanded on the list of charges are complied with. It is acceptable for use whenever the amount of the contract is over thirty thousand balboas (B/. 30,000.00), the object of the contract responds to the need to satisfy social interest, and it is required to be done in shorter time terms to the ones disposed in other contracting modalities described in this Law.

The Short Form bidding will be subject to the following rules:

1. It will be announced by publishing it in the Electronic Public Contracting System "PanamaCompra" and on the entity's bulletin board with a minimum deadline of five working days. The bidding entity is able to invite the natural or legal entities with aptitude and ability shown in the object of the contract, while simultaneously publishing it in the Electronic Public Contracting System "PanamaCompra".
2. The proposers will hand in their offers, which will include the offered price with the proposal bond and technical proposal adjusted to the demands of the list of charges.
3. The offer from the proposers will be delivered at the date, time, and place appointed in the list of charges.
4. Once the time for the delivery of proposals is overdue, according to what is established in the list of charges, no additional ones will be received and the proposals for each and every one of the proposers will be opened in the order they were received, which will be made public.
5. Whoever presides the act will plainly reject the proposals that are not accompanied by bonds with amounts or valid times below the established ones in the list of charges.

This disposition is a restrictive one, therefore in no case whatsoever shall the proposals be rejected for causes different to the aforementioned here.

The offended person will be able to file a claim against the act of rejection until the next working day before the General Direction of Public Contracting, which will have three working days maximum to resolve the claim.

6. Once the proposals are accounted for, whoever presides the act will prepare an Act that will be attached to the file, on which all admitted or rejected proposals are duly noted in the order they were presented, mentioning proposed price, names of the participants and of those rejected proposers that applied for reimbursement of the proposal bond, name and position of the officials that participated in the contractor selection act, as well as the individuals that intervened on behalf of the proposers, and the claims or instances that took place during the act. This Act will be made known immediately to the participants of the act and will be published in the Electronic Public Contracting System "PanamaCompra" and on the bulletin boards of the bidding entity.
7. Once the public act is finished, the presented proposals will be attached to the file, including the ones that were rejected, as well as the proposal bonds, unless the overdue or rejected proposers apply for their reimbursements, understanding that with this they renounce to any claiming right on the object of the contract.
8. Immediately after the filing of the act, the file, which contains the proposers' proposals, will be issued to a verifying or evaluating commission, which will have to be previously established by the bidding entity. The commission will be formed with qualified personnel on the object of the contract.
9. For the verification and evaluation of the proposals, the commission will apply the evaluation rules determined for the public or better value bidding disposed in this Law.
10. The deadline to emit the commission's report will not be greater than five working days, unless the complexity of the act merits a one-time extension that will not be greater than five additional working days.
11. Once the report is issued, it will be mandatorily published in the Electronic Public Contracting System "PanamaCompra", and, on that same day, a printed copy will be made available to all participants as soon as they request it. Likewise, the bidding entity will inform of the publication to the proposers that, in their proposal, included their e-mail address or fax number.
12. Beginning on the date of the publication described in the previous numeral, the participants of this public act will be entitled to receive, from the bidding entity, a copy of the file, including the proposals from the participants in the

act, and they will have three working days to make observations to said report, which will be attached to the file. Costs associated to the reproduction of the files shall be paid for by the interested parties.

13. Once the deadline described in the previous numeral is over, the chief officer of the bidding entity or the delegated official will, through resolution stating grounds, proceed to grant the public act or to declare a no-show, during a period of time no greater than five working days.

In the case there is only one proposer and he complies with every requirement and demand of the list of charges, the recommendation of granting may befall on him as long as the offered price is convenient for the State, or meets an eighty percent (80%) of the total of points and the offered price is convenient for the State.

The State entities shall consult the Electronic Products and Services Catalogue before proceeding to call up a contractor selection act, as well as verify if the products and services required by the entity are included in said Catalogue or not.

If the products and services required by the bidding entity are found in the Electronic Products and Services Catalogue the entity is obligated to acquire them through said Catalogue.

The entities shall request the General Direction of Public Contracting for a contractor selection process to be done for products and services already included in the Electronic Products and Services Catalogue which, for founded reasons, will be more beneficial for them.

Article 16. Numeral 2 in article 44 of Law 22 of 2006 reads as follows:

Article 44. Public goods auction. The sale or leasing of real or personal property belonging to the State may be done through a public auction, and for that the following rules apply:

2. It will be announced, by publication, in the way and anticipation established in articles 30 and 31 of this Law, in agreement with the importance of the public act. Additionally, the goods to be sold or leased, their location, value, and the starting and ending time of the auction shall be included. The duration period of the auction shall not be longer than three hours.

Article 17. Article 58 of Law 22 of 2006 reads as follows:

Article 58. Contracts celebrated by the Social Investment Fund. The contracts celebrated by the Social Investment Fund will be exempt from the coverage of this Law.

Article 18. Article 72-A is added to Law 22 of 2006, as follows:

Article 72-A. Maximum deadline for the contracts. Contracts with the State shall be granted for a maximum period of time of twenty years and may be extended by request of the contractor for a period of time no longer than the one originally appointed by the contract.

Notwithstanding the previous information, it is not mandatory for the State to agree with the extension in granting contracts under the same terms and conditions foreseen for the original contract.

The State is entitled to include in the contracts any other clause or condition it feels convenient, so that its interests are covered, ensuring the transparency principle and contractual balance mentioned in this law are respected.

The State will not be able to grant grace periods, understanding that the payments contractors need to do will be demanded for the moment it is established in the respective contract, in accordance with the ruling in force, and at no point whatsoever shall they go beyond the starting date for operations that imply income.

Article 19. A paragraph will be added to article 75 in Law 22 of 2006, as follows:

Article 75. Start of the execution of work...

When the applicant to a public contract starts construction of any kind of infrastructure or conditioning of land, the rendering of services, or the provision of goods mentioned in the granted contract, without it being countersigned by the corresponding contract, and without the required authorizations, no grant will be awarded and he will be sanctioned with a penalty equal to double the damage caused or double the amount the State would receive through the grant contract during the time the awarded area was used without authorization, and he shall repair, out of his pocket, the affected area to its original condition. For the execution

of said penalty as described in this article actions will be taken according to procedures established in Law 38 of 2000.

Article 20. Article 84 in Law 22 of 2006 reads as follows:

Article 84. Classification on key-in-hand contracts. It will be possible to celebrate key-on-hand complete or partial contracts.

Key-on-hand complete contracts are the ones the State celebrates with the contractor for the realization of building work that includes, in general, all inherent obligations to it, like supplies, design, construction and rendering of services.

Key-on-hand partial contracts are the ones that the contracting entity celebrates with the contractor, according to the fusion or combination of some obligations, like design and/or construction and/or equipment and/or rendering of services.

The main obligation the State assumes in key-on-hand contracts is the payment of the price of the work, previously negotiated with the proposers and regulated in the list of charges.

In these contracts, the amount of the compliance bond to be assigned to the contractor could be up to one hundred percent (100 %) of the value of the contract.

Article 21. Article 90 in Law 22 of 2006 reads as follows:

Article 90. Impugnation recourse bond. The impugnation recourse bond is the warranty the proposer must attach to the impugnation recourse, when he considers that his rights have been violated in a contractor selection procedure.

This warranty will be for an amount equivalent to ten percent (10 %) of the value of the challenger's proposal not exceeding two hundred fifty thousand balboas (B/. 250,000.00) for public acts related with acquisition of goods and services, and not exceeding the sum of one million balboas (B/. 1,000,000,00) for acts related with the realization of works. The warranty will be for one hundred thousand balboas (B/.100,000,00) when impugnation befalls the decision in a frame agreement bidding.

General Direction of Public Contracting will prepare the bases for the ruling of aspects concerning this warranty, which shall be approved by means of executive decree.

Article 22. Article 99-A is added to Law 22 of 2006, as follows:

Article 99-A. Administrative Rescue. Whenever we are dealing with granting contracts, the contracting entity is authorized, on the grounds of public interest, to order the administrative rescue of the goods and works granted, having been previously authorized by the Council Of Ministers.

Regardless of what's stipulated in the respective granting contract, the amounts the grantee owes for taxes, rates, fines, recharges, or any pending debt with any State or Municipal institution will be deducted by the privative granting entity, and automatically from the payment for administrative rescuing the grantee should receive and applied to the taxes, rates, fines, recharges, or pending accounts, as appropriate.

In the event the goods that must revert to the granting entity according to the respective granting contract are taxed, the granting entity will retain, as indemnification or compensation by way of administrative rescue, the grantee is entitled to receive an equivalent amount to the pending payment amounts for the secured obligations, as is certified by his respective creditors, so that the respective guarantees are released and the granting entity receives tax-free rescued goods. These withheld amounts corresponding to the secured obligations of the grantee will be canceled directly with the mortgage creditors, as soon as the resolution by which the State is empowered to declare the administrative rescue of the grant is in force. Once the described retentions have been complied with, the payment of any surplus of indemnification will be given to the grantee. In no case shall the State pay off amounts for secured obligations that cannot be exclusively satisfied with indemnification or compensation acknowledged to the grantee.

Article 23. Article 103-A is added to Law 22 of 2006, as follows:

Article 103-A. Noncompliance of purchase orders in frame agreements. In the event of noncompliance of purchase protected by a frame agreement, the contracting entity will apply the procedure of administrative decision and the corresponding sanction will be established by the General Direction of Public

Contracting. The decision ordering the administrative decision of the contract may be appealed before the Administrative Court of Public Contracting.

Once the resolution is exercised, the General Direction of Public Contracting will proceed to sanction the contractor with the temporary withdrawal from the Electronic Products and Services Catalogue the first time, for a period of three months, of all of the products or services included in the frame agreement.

If the General Direction of Public Contracting receives a second administrative decision for noncompliance of the contract duly exercised, against the same contractor, the sanction will correspond with incapacitation for a minimal period of six months and a peak of three years.

Article 24. Article 104 of Law 22 of 2006 reads as follows:

Article 104. Creation. The Administrative Court of Public Contracting is created as an independent and impartial entity that will have jurisdiction all over the territory of the Republic. This Court will have privative competence, due to the nature of the issue, so it is only concerned with:

1. The recourse of impugnation against the act of adjudication, the decree of desertion, or the act by which proposals issued by the entities during the contractor selection procedures.
2. The recourse of appeal against the administrative termination of the contract and the contractor's disqualification.
3. The unresolved claiming actions by the General Direction of Public Contracting, within the five working days deadline it has to issue a resolution.

Article 25. The third paragraph of article 113 in the Law 22 of 2006 reads as follows:

Article 113. Notification....

After two working days have passed by, following the publication of the aforementioned resolutions in this article in the Electronic Public Contracting

System "PanamaCompra" and on the bulletin boards by the contracting entity, they will be considered as notified and the interested party, if feeling offended by the aforementioned decision, is able to present a recourse of contestation established by this Law, or the recourse of appeal against the administrative termination of the contract. When dealing with minor contracting the notifications will take place on the first working day after the publication in in the Electronic Public Contracting System "PanamaCompra" and on the bulletin board of the quote chart.

Article 26. Article 114 in Law 22 of 2006 reads as follows:

Article 114. Resource of contestation. All proposers that consider themselves offended by a resolution that grants, declares as no-show a contractor selection act, or a resolution by which proposals are rejected and where they consider illegal or arbitrary actions or omissions have happened, can present recourses of contestation before the Administrative Court of Public Contracting, attaching proof or announcing them at the moment of formalizing the contestation, if there were any.

The aforementioned recourse shall be filed within a five working days period, starting with the notification to the resolution that is being contested, which will result in a suspensive effect. When dealing with a brief bidding, and with working contracts for sums not exceeding five million balboas (B/.5,000,000.00), the recourse of contestation will result in a devolutive effect.

Once the recourse is admitted, the Administrative Court of Public Contracting will transfer the corresponding entity, which shall issue a conduct report accompanied by all corresponding documentation on the contested act within a five working day period. Within the same period of time, any person will give transfer to the correspondent entity, which will have to remit a report of conduct accompanied of all the documentation corresponding to the act impugned, in a term not bigger of five working days. Within the same term, anyone concerning the law or a special interest is able to plead on the presented contestation. Those

who appear in this way will be considered as an entity only and exclusively in this stage.

If the object of the contestation deals strictly with legal items, the Court will decide to resolve it within a ten working day period. Otherwise, it will open up a period of time to practice on the evidence of up until ten working days. In both cases, the Court is able to appoint the evidence deemed necessary or convenient.

Once the term of evidence is over, statements can be presented by the parts within a common period of three days, and once it is over the Court will have a period of ten working days to issue a resolution.

In case of minor dealings, the proponents that consider themselves affected will have a period of two working days to present a recourse of contestation, starting as from the notification of the decision on the object of contestation, which will result in a suspensive effect.

All recourses of contestation must be accompanied by the contestation recourse bond foreseen in article 90.

Article 27. Article 80 is added to the Tax Laws, as follows:

Article 80-A. If the hidden goods that are duly recognized and recovered for the National Treasury, including intangible assets, are originated or product of a grant, leasing, investment, or any other are judicial modality hired with the State, the reward the invested informer is entitled to will be met by the defendant, with no damage whatsoever to the amounts determined for recovery.

In any case, the defendant is obligated to pay, on account of damages, a compensation in favor of the State of the fifteen percent (15 %) of the amounts determined to be recovered or recover.

In the event that damage happened to a hidden good is due to sums of money paid by the National Treasury, the amounts to be recovered, the reward, and the compensation may be retained by means of compensation on future payments that the defendant may be indebted on.

Article 28. The fifth paragraph of letter d in article 701 in the Tax Law reads as follows:

Article 701. ...

d. ...

The income originating from commissions received for services rendered to natural or legal entities located inside Colon's Free Zone and other free zones that exist or may be created in the future, such as storage and warehouse, leases and subleases, internal movements of goods and load, billing services, repackaging and the likes, is considered as local operations and, in consequence, will pay Income Tax in accordance with articles 699 or 700 in this Code. With the exception of leases and subleases, the services described in this paragraph that have effect abroad will be considered exterior or exporting operations. They are excluded from the application of the dispositions in this paragraph, on income resulting from the aforementioned activities in letters b, d, h, i, j and k in article 60 of Law 41 of 2004, modified by Law 31 of 2009.

Article 29. Article 733 of the Tax Law reads as follows:

Article 733. Every legal entity that requires the Operation Announcement mentioned in Law 5 of 2007 is hereby obligated to retain dividend taxes or a participation fee of ten percent (10 %) of the amounts distributed to his shareholders or associates they are headquartered in Panama and of five percent (5 %) when the income comes from:

1. Foreign source.
2. Exterior or export operations.
3. Local income exempt from paying Income Taxes mentioned in letters c, f, l, and n in article 708 in the Tax Laws.

Every time a legal entity distributes dividends or participation fees, he or she shall exhaust Panama based income before distributing dividends or participation fees on foreign based income, external or export income, and local income established by numeral 3 in this article.

On companies established or to be established in any free zone within the Republic of Panama, they shall pay dividend tax or participation fee at a fixed rate of five percent (5 %) of the utilities, them being distributed independently of their origin.

When considering dividend distribution or participation fees, the tax regime foreseen in treaties and agreements to avoid double tax imposition that the Republic of Panama enters into with any country will prevail; if there are no such treaties or agreements to avoid double tax imposition, it would have to retain dividend taxes or participation fees by five percent (5 %) of the utilities, them being distributed independently of their origin.

In the event there is no dividend distribution or the total amount distributed as dividend or participation fee is below forty percent (40%) of the net income amount from the respective tax period, less the taxes paid by the legal entity, it would cover ten percent (10 %) of the difference. In the case of an established or to be established company on any free zone of the Republic, that do not distribute dividends or that the total sum distributed as a dividend or participation fee, may be smaller than twenty percent (20 %) of the amount of the net profits of the correspondent fiscal period, ten percent (10 %) of the difference will have to be covered up. Sums retained this way will be reversed to the tax collecting official within the next ten to the date of retention. Such deduction and retentions will be definitive.

The branches for foreign legal entities will pay ten percent (10 %) as taxes over the one hundred percent (100 %) of their taxable income obtained in Panama, minus tax paid for that same income in the country. This retention will be definitive and will be paid jointly with the presentation of the corresponding sworn statement.

The legal entities will not be required to do the retention this article deals with on the amount of income coming from dividends, as long as the legal entities that distribute such dividends have paid the corresponding tax and have done the retention dealt with in this article.

The legal entities will not be required to do the retention dealt with in this article on the amount income coming from dividends either, as long as the legal

entities that distribute such dividends have also been exempt from being obligated to comply with the retention.

Every natural or legal entity that should forward amounts coming from income of any kind produced within Panamanian soil to a natural or legal entity not residing in the Republic of Panama, shall deduct and retain, at the moment of forwarding said amounts in any way, the amount established in article 699 or 700 in this Code, and shall deliver what is retained this way to the tax collecting official within the following ten days to the date of retention.

In order to calculate the amount of the retention, the amounts that should have been paid, drawn, credited, or paid forward to the taxpayer during that year shall be added to the amount to be paid, drawn or credited, and the rate mentioned in article 699 or 700 of this Code shall be applied to fifty percent (50 %) of that total. Out of the contribution established this way the retentions already made during the taxable year are done.

Paragraph. Regardless of what's disposed in this article, the holders of the bearer shares will pay this tax with a rate of twenty percent (20 %).

The legal entity distributing such dividends will practice the retention, which will be definitive. In case the society distributing the dividends have different classes of stock, the tax will be paid in accordance with the rates hereby established and according to the kind of stock.

When distribution is below forty percent (40 %) of the net profits, or if there is no distribution whatsoever, the dispositions on complementary taxes will apply, independently of which kind of stock the society has issued.

The natural or legal entities established in the area Panama-Pacifico Special Economic Area are subject to obligation disposed for in this article, except the stated activities in the lettered items in article 60 of law 41 of 2004, modified by Law 31 of 2009.

Article 30. Numeral 7 in article 13 of Law 5 of 1988 reads as follows:

Article 13. The grantees are obligated to pay the following:

7. Do not go beyond, dispose of, or tax the improvements built by the grantee without previous authorization from National Economic Council for amounts of up to three million balboas (B/.3,000,000.00) and of the Council Of Ministers for amounts higher than this amount.

Article 31. Numeral 2 in article 2 of the Law 4 of 1994 reads as follows:

Article 2....

2. The interbank loans, the guaranteed loans with bank deposits, the external loans, the financing through bond and stock issuing, duly registered before the National Exchange Commission, as well as the loans granted to financial entities regulated by Law 42 of 2001. This Law has an effect over guaranteed credits with bank deposits generated before Law 49 of 2009 becomes in force, and banking institutions are ordered to return the FECI rate that has been applied from September 18, 2009 on the guaranteed credits with bank deposits.

Article 32. Article 28 in Law 45 of 1995 reads as follows:

Article 28. The selective tax rate on cigarette consumption will be of a hundred percent (100 %) of the sales price to the consumer pronounced by the national producer or the importer to the Ministry of Economy and Finance, being the minimum amount one balboa with fifty cents (B/. 1.50) per packet.

The selective tax rate on tobacco, cigars, and other tobacco-derived product consumption will be of one hundred percent (100 %) of the sales price to the consumer pronounced by the national producer or the importer to the Ministry of Economy and Finance.

Fifty percent (50 %) of the collected amount for taxes established in this article will be destined and directly distributed as follows:

4. Forty percent (40 %) to the National Oncological Institute

5. Forty percent (40 %) to the Ministry of Health so it is invested in preventive activities and treatment of disease caused by tobacco consumption, through cessation clinics.
6. Twenty percent (20 %) to the National Customs Authority so it is invested in activities destined to prevent and prosecute the smuggling of tobacco-derived products.

Article 33. Numeral (4) of letter (f) in article 41 in Law-Decree 71 of 1998 reads as follows:

Article 71. Every person that requests an Operations and Management Contract to the Game Control Committee shall:

- (f). Supply information that may be required by the Game Control Committee, including but not limited to the following:

- (4). The names of all the shareholders of the operating administrator, given that in no case whatsoever shall the bearer issued stock will be accepted by the operating administrator nor the possible legal entities that own stock of the operating administrator, no matter if they are minor stockholders.

Article 34. Article 5 in the Law-Decree 7 of 1998 reads as follows:

Article 5. The following are considered as patrimony of the Authority:

1. All personal and real property that, to this date, belong to all public administration dependencies which, because of this Decree-Law, become a part of the Authority.
2. Inheritances, donations, and legacies transmitted to it, which will be received to benefit the inventory.
3. The product of actions, obligations, titles, and other stock in its possession.
4. Any subsidies received by the State.

5. The rates, tariffs, rights, and contributions perceived as a result of services rendered and income due to direct management or grants issued.

Paragraph. The rates, tariffs, rights, and contributions, fixed or determined by the Maritime Authority of Panama, due to collection or retention of public or national services, and the rights to the grants issued will be administered, gathered, and collected exclusively by the Maritime Authority of Panama.

In consequence, any rule, regulation, agreement, or administrative action against this disposition is left null, except the contract-laws subscribed by the State.

6. The product of pecuniary sanctions imposed by the Authority.
7. Any other goods or assets authorized by legal dispositions, regulations, or the Board of Directors.

Article 35. Letter c in article 60 in Law 41 of 2004, modified by Law 31 of 2009, is annulled.

Article 36. Numeral 32 in article 5 in Law 56 of 2008 reads as follows:

Article 5. The following definitions are established as far as the application of this Law and its regulations is concerned:

32. *Movement.* The transfer of a load unit that involves crossing over the ship's lateral borders, either during loading or unloading, both on the dock's side as well as on the water's side, regardless of the load having the Republic of Panama or foreign commerce as destination.

Article 37. Two definitions are added to article 5 in Law 56 of 2008, as follows:

Article 5. The following definitions are established as far as the application of this Law and its regulations is concerned:

Affiliate. Affiliate company of the granting company is understood to be the one that, even though its individual personality is maintained, it devotes itself, within the project's area, to the same activities as the granting company, or to complementary activities related to the operation of the terminal, as long as the affiliate is a legal entity directed or economically, financially, or administratively controlled, either direct or indirectly, by the granting company.

Subsidiary. Subsidiary company of the granting company is understood to be the one that, even though its individual personality is maintained, it devotes itself, within the project's area, to the same activities as the granting company, or to complementary activities related to the operation of the terminal, as long as the affiliate is a legal entity directed or economically, financially, or administratively controlled, either direct or indirectly, by the granting company.

Article 38. Article 64 in Law 56 of 2008 reads as follows:

Article 64. The Maritime Authority of Panama will consider, among others, the following fixed or variable rates by its right to the use of the grant, right to the use of dock installation property and Operation Licenses:

8. Movement rate.
9. Bulk load handling rate
10. Maritime service rendering rate, depending on authorized service.
11. Service rendering rates to ships, such as use of the navigation canal, anchoring in maritime areas, lighthouses, and buoys, as long as these services are not being paid to other State entities.
12. Dockage rates
13. Inspection or supervision rate for areas to be incorporated in the grant
14. Arrival rate for containerized local cargo destined to the territory of the Republic of Panama.

Paragraph. Port operators, be that they are private license holders or state entities, will charge the arrival rate for containerized local cargo destined to the territory of the Republic of Panama, for the use of dock installations, as a service rendered by the State. This rate will be covered by the containerized local cargo

consignees, and the port operators will forward the corresponding charge to the Maritime Authority of Panama.

Article 39. Article 64-A is added to Law 56 of 2008, as follows:

Article 64-A. The rates, tariffs, rights, and contributions, fixed or determined by the Maritime Authority of Panama, due to collection or retention of public or national services, and the rights to the grants issued will be administered, gathered, and collected exclusively by the Maritime Authority of Panama.

In consequence, any rule, regulation, agreement, or administrative action against this disposition is left null, except the contract-laws subscribed by the State.

Article 40. Article 65 of Law 56 of 2008 reads as follows:

Article 65. For the billing method required, license holders and service providers will forward clear and well-based reports to the Maritime Authority of Panama, indicating the amount of loading and unloading movements, as well as the services rendered during the respective period.

The Maritime Authority of Panama will provide the billing format and will indicate the frequency with which to supply said information and, based on conducted inspections, in conformity with what is established in numeral 4 in article 23 in this Law and in forwarded reports, elaborate the corresponding bill, which will be forwarded to the license holder or service provider.

The port operators shall submit themselves for audits, capacities, and inspections by external auditors, to verify the movement report being paid to the Maritime Authority of Panama. This review will be done at least once a year by an external audit firm, hired by the port operators and approved by the Maritime Authority of Panama, which will verify the number of movements done and paid to the State. Likewise, the Authority will be able to verify this information through the Internal Audit and Investigation Direction in the institution or by comparing the

information handled by the Integrated System of Foreign Trade, the Panama Canal Authority, the National Customs Authority, or any other State institution.

Article 41. Article 66 in Law 56 of 2008 reads as follows:

Article 66. On payments to the Maritime Authority of Panama, whenever the load is transshipped or transferred from a container during the unloading and loading cycle, from one ship to another within the same port facility, the movements done while unloading a ship and the further loading into another will be billed as one movement alone, as long as the load does not have the territory of the Republic of Panama as final destination.

Article 42. Article 120 in Law 56 of 2008 is repealed.

Article 43. This Law is of social interest and will have retroactive effects over contracts granted by the State, whose rates, exemptions, terms, and conditions have been modified based on the concept of comparison, to the detriment of the State.

These contracts shall be subject to a review process according to the procedure that has been established for this cases by an executive decree. The application of this article to Law 56 of 2008 is excluded.

Article 44. This Law modifies numeral 46 in article 2, articles 14, 20, 31, 38, and 39, numeral 14 and the last paragraph in article 40, numeral 13 and the last paragraph in article 41, numeral 2 in article 44, articles 58, 84, 90 and 104, the third paragraph in article 113 and article 114 in Law 22 of June 27, 2006; the fifth paragraph in letter d in article 701 and the article 733 of the Tax Law; numeral 7 in article 13 in Law 5 of April 15 1988, numeral 2 in article 2 of Law 4 of May 17, 1994, article 28 in Law 45 of November 14 1995, numeral 4 in letter f in article 71 of the Decree-Law 2 of February 10, 1998, the article 5 of the Decree-Law7 of February 10, 1998, and numeral 32 in article 5 and articles 64, 65 and 66 in Law 56 of August 6, 2008.

It adds numeral 49 to article 2, a final paragraph to article 11, numeral 15 to article 12, article 24-A, articles 43-A and 72-A, a paragraph to article 75 and articles 99-A and 103-A to Law 22 of December 28, 2006, article 80-A to the Tax Code, as well as two definitions to article 5 and article 64-A to Law 56 of August 6, 2008.

It repeals letter c in article 60 in Law 41 of November 21, 2004, modified by Law 31 of June 22 2009, and article 120 in Law 56 of August 5, 2008.

Article 45. This Law will be in force on the following day after its enactment.

Article 147. Article 72 in Law 41 of 2004, modified by Law 31 of 2009, reads as follows:

Article 72. The Companies in the Panama-Pacifico area, the Developer, and the Operator may import any kind of vehicle exempt of any tax, contribution, burden, rate, or right, for their exclusive use in operations associated with their activities in the Panama-Pacifico Area.

The Executive Body will regulate everything concerning the use of vehicles within the Panama-Pacifico Area, as well as the entrance, transit and exit of people and particular and commercial transporting vehicles.

Article 148. Numeral 8 is added to article 4 in Law 5 of 2007, as follows:

Article 4. Excluded activities. Natural or legal entities that devote themselves exclusively to the following activities shall not need any Operation Notice:

8. The ones established or establishing themselves within the free international commercial areas that possesses or operates at Colon's Free Zone or any other free zone or area established or that may be created in the future without damages to what other special laws may establish.

Article 149. Numeral 7 is added in article 50 in Law 41 of 2004, modified by Law 31 of 2009, as follows:

Article 50....

7. The ones that make up multinational companies or branches, affiliates, subsidiaries or companies within the same economic group as the aforementioned multinational companies.

Article 150. Article 58 of Law 41 of 2004 reads as follows:

Article 58. The Panama-Pacifico Area is an area or zone free of any taxes imposed on the Companies of the Panama-Pacifico Area, the Operator, and the Developer, except for what is disposed of in article 60,72, and 77 of this law about: (a) Income Taxes, Dividend Taxes, Complementary Taxes, and Export Taxes; (b) applicable taxes on companies devoted to render fuel-selling services for land-transport vehicles, which would be subject to applicable taxes according to the law in force within the national tax territory; (c) importing tax in the case of services included when delivering professional services specially regulated by the national law in force, and (d) Corporeal Personal Property Transfer and Service Rendition when selling retail furniture to the customers and visitors from the Panama-Pacifico Area, except for what is disposed of in letter (d) in article 60 of this Law. Therefore and except the cases already discussed, all activity, business, service, operation or transaction of the Panama-Pacifico Area Companies, the Developer, or the Operator will be a hundred percent free of direct and indirect national taxes, contributions, rates, rights, and taxes including, but not limiting themselves to the following:

Article 151. Letter j in article 60 in Law 41 of 2004, modified by Law 31 of 2009, reads as follows:

Article 60.

- j. The multi-modal and logistic services, as well as the selling transactions of merchandise not manufactured within the Panama-Pacifico Area, with a foreign destination, as long as said selling transactions are done by a multinational company or any of its branches, affiliates, subsidiaries, or companies within the same economic group.

Article 152. A paragraph is added to article 114 in Law 41 of 2004, as follows:

Article 114. ...

The Civil Aeronautical Authority will have the responsibility and competence to control, regulate, and supervise the functioning and operating conditions at Howard airport, as well as the stopover services rendered in it, so that, in consequence, it is empowered to authorize and regulate its functioning, certify it, suspend it, close it, and administer it when it is suitable, and, in general, control and regulate air operations done in and from said airport.

Article 153. Paragraph 2 in article 1 in Law 5 of 2007 is repealed.

Article 154. For all legal purposes, multimodal and logistic activities are the ones that facilitate the arrival of goods in general to the various clients, which includes transport, distribution, storage, handling, manipulation, and repackaging of goods, information handling, billing services, and logistic and foreign commerce consulting.

Article 155. The following are rights of the party liable for tax payments, among others:

1. Right to be processed with all due respect and consideration on the part of all of the Tax Administration officials.
2. Right to be considered and treated as a taxpayer compliant with his obligations as long as not proved otherwise.
3. Right for the Tax Administration actions to take place so that it is less grievous and distorting of the usual transaction of the taxpayer, without impacting the primary power of the General Direction of Income when auditing and the resulting tax payment guarantee if they apply.
4. Right to be assisted by his or her trusted advisors from the beginning of the review or audit process initiated by the Tax Administration and for all of its duration, including while enforcing the corresponding tests.
5. Right to know that you are being revised or audited by the Tax Administration and to know the identity of the officials in charge of the review or audit process, as well as to know the identity of his or her hierarchic immediate superiors.
6. Right to have access to the reports and updates done in the review or audit file of which the taxpayer is object.
7. Right for the information supplied to the Tax Administration to be kept reserved for the entire duration of the administrative and legal process, except on situation expressly established in the law.
8. Right not to be reviewed or audited twice (2 times) for the same tax in the same period. Exceptions are taxes where the taxpayer acts as retaining agent.
9. Right to not have computer equipment or computer equipment parts confiscated during the review or audit process, when it is easy to provide the General Direction of Income with the necessary information. The Tax Administration will only be able to copy tax relevant electronic documentation.

It must be guaranteed that the electronic information copied will not suffer further alterations or modifications under penalty of annulling the process.

The rights collected in this article do not damage other rights of the taxpayers

acknowledged by the legal ordinance in force.

Law 8 of March 15 2010

“WHICH REFORMS THE TAX CODE, ADOPTS TAX MEASURES AND CREATES THE TAX ADMINISTRATIVE COURT”, published in the Official Gazette 26489-A on March 15 2010

Article 12. Reforms the fifth paragraph in letter d in article 701 in the Tax Code, about the calculation of Income Tax. This way, the application of what is disposed in this paragraph is excluded, income from the activities mentioned in letters in article 60 and in the final paragraph in article 117 in Law 41 of 2004, modified by Law 31 of 2009, which are subject to what is established in the aforementioned laws, including the times when the activities are done in between companies mentioned in the rules and other ones in dock facilities and oil free zones.

Article 37, modifying article 733 of the Tax Code (on dividend tax). It is established on letter d that the companies established in the Panama-Pacifico Area are subject to pay dividend tax, according to the rate mentioned in letter b of said rule (for Colon's Free Zone). Exceptions to this tax are the activities mentioned in the letters contained in article 60 and the final paragraph in article 117 in Law 41 of 2004, which will be kept free from the dividend tax.

Article 147, modifying article 72 in Law 41 of 2004. The rule refers to the cars able to be imported free of tax. The change consists in the elimination of the “commercial plate”. The commercial plate existed according to the rule from the Transit and Terrestrial Transport Authority in force when Law 41 of 2004 was approved, and when the new, currently applicable Transit rule was issued the aforementioned plate was eliminated.

Article 149, adds a new numeral (7) to article 50 in Law 41 of 2004. In article 50 in Law 41 the activities (6) are mentioned that, exceptionally, can be developed in the Panama-Pacifico Area about the import and reexport in bulk, of finished products. The seventh exception to the established rule in the aforementioned article 50 is added, so that this activity is allowed when developed by the multinational companies.

Article 150, modifying article 58 in Law 41 of 2004. The change allowed the modification of the first paragraph to correct mistakes in the text.

Article 151, modifying letter j in article 60 in Law 41 of 2004, reformed by Laws 31 and 69 of 2009. This articles details the activities free of profit tax and, as part of the reformation, the exterior sales done by multinational companies, its affiliates, subsidiaries, and branches are added, as long as the merchandise is not manufactured within the Panama-Pacifico Area.

Article 152, adding a paragraph to article 114 in Law 41 of 2004. Because of this, it is added that the Civil Aeronautics Authority has the responsibility and privative competence of control, regulate and supervise the functioning and operation conditions of the Howard Airport, as well as the stopover services they render.

Article 154 in Law 8 of 2010, enunciating in a wide way the concept already defined in article 3 of Law 41 of 2004. “For all legal purposes, multimodal and logistic activities are the ones that facilitate the arrival of goods in general to the various clients, which includes transport, distribution, storage, handling, manipulation, and repackaging of goods, information handling, billing services, and logistic and foreign commerce consulting.” (We emboldened the text)

