

Industrial Development Certificate

To promote innovation and the development of the industrial and agro-industrial sectors at the national level, the Government of Panama established the Industrial Development Certification program, better known as "CIF." Its main goals are renewal and industrial innovation to diversify the productive apparatus, industrial triggering, and linking to international markets. Consequently, contributing to generating more jobs and boosting the national economy's development.

Legal Framework

Law 76 of 2009, which mandates the establishment of the CIF, determines that once the certificate is authorized, approved, and issued, it will provide the company making an industrial investment with a non-transferable tax credit, which does not earn interest and is exempt from any tax.

General Requirements of CIF

Among the main requirements to apply for the CIF is that he has made investments, among which are agricultural businesses and manufacturing companies that carry out the following activities:

- Invest in research and development;
- Invest in activities related to the implementation of quality management and assurance systems and environmental management;
- That they make a reinvestment of profits or investment in the improvement of productive processes in the creation of new products or expansion of production capacity;
- Invest in training activities and qualification of their human resources in the production area; and
- That they increase their production payroll.

The company will be able to apply for the CIF from the fiscal year in which the corresponding investment is made up to three years after such. Before applying for the CIF, companies must register with the National Industry Registry of the Ministry of Commerce and Industries (MICI).



Benefits of being part of CIF

If the CIF is granted, a tax credit of up to 40% of the investment cost will be recognized for eight years. This tax credit may be used to pay all your national taxes, fees, and own contributions. However, the CIF credit may not be used to:

- Pay taxes, fees, or contributions caused in fiscal periods before the issuance of the Resolution, except for the fiscal period that generated the right to the CIF; or
- Pay minimum complementary taxes or dividends; or
- Pay Consumption Tax on Fuel and Petroleum Derivatives; or
- Pay for taxes subject to the withholding system.

The CIF provides a tax benefit for those companies that carry out essential investments in the Republic of Panama within the applicable scope.