

Tax changes for importing cars to Panama

Written by T. Rob Brown (aka Roberto Chocolate)

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▣ ***This was sent in by a reader from Western Canada. It was published in playacommunity.com newsletter. Roberto***

New Taxes on Importing Cars to Panama

Written by Panama-Gringo

As of March 15th, 2010 the new "Tax Reform Law" has been put into place in Panama and as a result the amount due for importing a car to Panama has changed. In the past retirees were able to bring cars into Panama tax free, but now they will be required to pay regular importation taxes on any vehicles brought into Panama. For retirees hoping to be able to bring over their car without any taxes, those days ended as of March 15th.

The new car import taxes are as follows:

- All passenger cars (Sedans, SUVs, etc) regardless of class must pay:

15% tax if they are valued under \$8,000

18% tax if they are valued between \$8,000 and \$20,000

23% tax if they are valued between \$20,000 and \$25,000

25% tax if they are valued at more than \$25,000

- Electric and hybrid cars are not required to pay any tax until December 31st, 2012, and 5% from then on.

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- Cargo vehicles pay 10% tax
- Commercial vehicles pay 12% tax
- Public transportation vehicles pay 10% tax
- Motorcycles greater than 125cc, boats, yachts, aquatic vehicles and outboard motors greater than 75cc pay 10% tax

There is also a minimum tax on all cars depending on the year of manufacture.

- Older than 12 months: \$750
- Older than 24 months: \$1,000
- Older than 36 months: \$1,500

On top of these new taxes there is the standard 7% ITBMS, which is the Goods and Services tax.

And if that wasn't enough, all of the percentages listed above are applied to the car per the value that Panama Customs applies to the car, not the Blue Book or any other reference value. In general customs tends to assign a higher value to vehicles than dictated by the market (as has been my experience in other countries), which can be a real pain when it pushes you into the next percentage bracket. The process of valuation by Panama Customs is long and tedious, as is pretty much everything having to do with Panamanian government.

These new taxes will eventually cause prices to rise at the dealer in Panama as well, as it is unlikely that they will just cover the additional costs of importation.

What has yet to be seen, or at least what I am unaware of, is if retirees who got their status before March 15th will be grandfathered in, or if they will have to pay the taxes as well.