

IFRS® STANDARDS—APPLICATION AROUND THE WORLD



JURISDICTIONAL PROFILE: **Panama**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Panama. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact permissions@ifrs.org.

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RELEVANT JURISDICTIONAL AUTHORITY

Organisation	<ol style="list-style-type: none"> 1. The Technical Accounting Board (Junta Técnica de Contabilidad) 2. Superintendency of Banks (Superintendencia de Bancos de Panama) 3. Superintendency of Insurance and Reinsurance of Panama (Superintendencia de Seguros y Reaseguros de Panama) 4. Superintendency of Capital Markets of Panama (Superintendencia del Mercado de Valores de Panamá)
Role of the organisation	<ol style="list-style-type: none"> 1. The Technical Accounting Board, incorporated to the Ministry of Commerce and Industry, is the body empowered to regulate the accounting profession in Panama.

2. The Superintendence of Banks of Panama (Superintendencia de Bancos de Panamá, SBP), founded in 1998 in the City of Panama, is an independent state body, with administrative and financial autonomy, which is responsible for maintaining the stability, reliability, and competitiveness of Panama's financial system.
3. By means of Law 12 dated 3 April 2012 regulating Insurance activities and stipulating other provisions, the Superintendency of Insurance and Reinsurance of Panama is provided full legal status as an autonomous institution of the State, with its own equity and administrative, budgetary and financial independence.
4. The SMV of Panama is the regulatory body responsible for the implementation and enforcement of Decree Law No. 1 of 8 July 1999, as amended to date (Securities Act) and the supervision and regulation of issuers of securities, brokers, dealers, among others of the industry.

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Email contact	jiturriaga@mici.gob.pa acastillo@superbancos.gob.pa info@superseguros.gob.pa dlabastida@supervalores.gob.pa

COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	<p>Yes. See the answer to the next question.</p>
Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?	<p>Yes.</p> <p>In Article 16 of Law No. 6 of 2 February 2005, Panama added paragraph 3 to Article 699 of the Fiscal Code:</p> <p><i>From 1 January 2006, the General Revenue Directorate will only accept income tax returns prepared according to accounting records that use the accrual-basis system based on IFRS. In exceptional circumstances, it will be possible to use the cash-basis system with previous permission from the General Revenue Directorate, according to the taxpayer's economic activity.</i></p> <p>Secondly, the following paragraphs have been added to the Article 22 of Law No. 280 of December 2021 (the law that regulates the accounting profession in Panama):</p> <p><i>Article 22: The following are the powers of the Technical Accounting Board:</i></p> <p>...</p>

Paragraph 1: Are adopted as proper and applicable in the Republic of Panama:

1. The International Financial Reporting Standards and the International Financial Reporting Standard for Small and Medium Enterprises (SMEs) issued by the International Accounting Standards Board, a body established to promulgate accounting standards of global application.

...

Paragraph 2:

The Financial Accounting Standards Commission is empowered to recommend to the Technical Accounting Board, the regulatory actions that are required, applicable to International Accounting Standards, International Auditing Standards or Guides issued by international organizations.

Article 2 of Agreement No. 6-2012 of 18 December 2012, issued by the Superintendence of Banks of Panama—‘By means of which a new Agreement is issued that modifies the provisions on technical accounting standards applicable to banks established in Panama’—provides that technical accounting standards used in the preparation of accounting records and presentation of financial statements of the regulated subjects will be exclusively the International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB), except for what is expressed in Article 3.

By means of Law No. 12 of 3 April 2012, all insurance companies are required to use IFRS Accounting Standards starting in year 2014. The Superintendency of Insurance of Panama has delayed the adoption of IFRS 17 *Insurance Contracts* until 1 January 2024, instead of 1 January 2023. Therefore, the 2023 financial statements for insurance companies will not be prepared in accordance with IFRS Accounting Standards; they will be prepared in accordance with IFRS 4 *Insurance Contracts* and IFRS Accounting Standards.

What is the jurisdiction's status of adoption?	Panama has adopted IFRS Accounting Standards and the <i>IFRS for SMEs</i> Accounting Standard.
Additional comments provided on the adoption status?	<p>IAS Standards (now called IFRS Accounting Standards) were adopted and required for all domestic and foreign companies listed on the Stock Exchange in Panama starting from 2000, by means of a resolution issued by the National Securities Commission (now known as the Superintendence of the Stock Market).</p> <p>Also, IAS Standards (now called IFRS Accounting Standards) were adopted starting from 2000 by Agreement 4 issued by the Superintendence of Banking (now known as the Superintendence of Banks of Panama).</p>
If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.	Not applicable.

EXTENT OF IFRS APPLICATION

For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?

Required. All domestic (Panamanian) companies listed on the Stock Exchange are required to use IFRS Accounting Standards.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?

Yes. All companies listed on the Stock Exchange are required to use IFRS Accounting Standards.

For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?

Required.

For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?

Permitted.

If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?

Not applicable.

For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?

Required.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies?	IFRS Accounting Standards as issued by the IASB.
The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:	IFRS Accounting Standards as issued by the IASB.
Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?	No, reports on banks' individual financial statements for regulatory purposes refer to the use of IFRS Accounting Standards.
Are IFRS Accounting Standards incorporated into law or regulations?	Yes.
If yes, how does that process work?	See the 'Commitment to Global Financial Reporting Standards' section of this profile.
If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?	Not applicable.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?	No. Adoption is usually automatic. The only exception is the adoption of IFRS 17—due to its complexity the Superintendence of Insurance and Reinsurance has approved a one-year delay in adopting this Standard.
If yes, what is the process?	Not applicable.
If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?	The securities and banking laws require IFRS Accounting Standards without the need to endorse individual new or revised IFRS Accounting Standards.
Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?	No.
If yes, what are the changes?	Not applicable.
Other comments regarding the use of IFRS Accounting Standards in the jurisdiction?	None.

TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language?	The IFRS Foundation develops and publishes a Spanish translation of IFRS Accounting Standards.
If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards?	The translation follows the official IFRS Foundation translation process.

APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the <i>IFRS for SMEs</i> Accounting Standard for at least some SMEs?	Yes. The <i>IFRS for SMEs</i> Accounting Standard was adopted by the Accounting Technical Board through Resolution 03-2010 of 28 October 2010 issued by the Ministry of Commerce and Industry. The law that regulates the accounting profession in Panama was subsequently updated in December 2021, which also included incorporation of this resolution.
If no, is the adoption of the <i>IFRS for SMEs</i> Accounting Standard under consideration?	Not applicable.
Did the jurisdiction make any modifications to the <i>IFRS for SMEs</i> Accounting Standard?	No.
If the jurisdiction has made any modifications, what are those modifications?	Not applicable.
Which SMEs use the <i>IFRS for SMEs</i> Accounting Standard in the jurisdiction, and are they required or permitted to do so?	All SMEs (as defined by the standard) are permitted, not required, to use the <i>IFRS for SMEs</i> Accounting Standard.
For those SMEs that are not required to use the <i>IFRS for SMEs</i> Accounting Standard, what other accounting framework do they use?	SMEs are also permitted to use full IFRS Accounting Standards.
Other comments regarding use of the <i>IFRS for SMEs</i> Accounting Standard?	None.