

SUGGESTIONS FOR THE REVIEW AND SUCCESS OF THE PANAMA INVOICE AND ELECTRONIC DOCUMENTS PROJECT

BY PUBLIO CORTÉS



The Remote Cause^[1]

On November 2015, the writer of this note held the public office as General Director of Revenues (DGI for its acronym in Spanish), which is the tax administration entity that collects national taxes in Panama. I had only been in office for one year and among so many long-term projects that I considered could be implemented to improve the technical capacity of the DGI, I had contact with recommendations from national and foreign experts who informed me about the high development of the systems of Electronic Invoice in Latin America.

In several regional events, I had already heard about the progress of the developments that other countries had and had learned that the issuance of the Invoice and Electronic Documents is highly favorable for the private and public sectors of Panama, especially for the following:

(1) It reduces the expenses of digitizing paper invoices from companies, to enter them into the systems, facilitating the automation of the accounting of acquisitions.

[1] Any resemblance to a section of a Borges story is not pure coincidence

(2) It reduces the costs of transporting paper invoices from companies.

(3) It reduces the costs of storing invoices and equivalent documents while waiting for future tax audits from companies.

(4) It reduces the expenses of reporting informative forms to the DGI from companies, since much of that information will already be available to the DGI and should not be reported.

(5) It re-boosts the market for private outsourcing services. This factor must occur as a consequence of the new reality and not due to the obligation of a mandate from the authority.

(6) Facilitates compliance of companies in non-taxing areas.

(7) Promotes and provides security to commercial transactions that have invoices as their underlying document, especially Factoring.

(8) Promotes electronic commerce in the country, technological capacity and standardization of electronic relationships between companies.

(9) It is a step forward in towards of a more compatible economic growth with the environment, because it reduces the use of paper and, consequently, the felling of trees and the consumption of printing equipment and chemical elements used in the printing processes.

(10) Greater reliability and timeliness of information for the DGI, facilitates tax control, which reduces tax evasion.

(11) It is a previous fundamental step, on towards the moment in which the DGI itself prepares the drafts of the Income Tax Returns and ITBMS (VAT), facilitating the life of the taxpayer and reducing litigation, which is not science fiction, but it is something that already



happens in other Latin American countries.

(12) Provides information for the management of tax statistics, which allows making better and faster fiscal policy decisions.

All the studies reviewed indicated that, within the reality of Panama, the cost reduction for companies would be that of many millions of dollars. Seen from the point of view of the current pandemic economy, this cost reduction is especially necessary.

It is important to say that when we refer to an Electronic Invoice, we are referring to a document where the three actors: issuer, buyer and the tax administration, share the same electronic document, validated by a certified electronic signature, which supports the transaction and said document, for all commercial, financial, fiscal and legal purposes, is the invoice that contains all the information about the transaction.^[2] That definition should be transferred to other tax documents that can also be handled in the same way as credit or debit notes. That is why it is more accurate to speak of Invoice and Electronic Documents.

[2] Supported by information that is found in: *ICT as a Strategic Tool to Leapfrog the Efficiency of Tax Administrations*, Bill & Melinda Gates Foundation, Seattle, WA. U.S.A./ Inter-American Center of Tax Administrations- CIAT, Panama City, Panama. 2020.

Let us return to the background of all this. It is relevant to mention that all Panamanians, especially in the private sector, must bare in mind, that when we began thinking about placing our chips on the Electronic Invoice for Panama, on November 2015, we had the following context in mind:

The terrible experience that the private sector in Panama had due to the fact that in the administration before ours, the government had imposed an authoritarian tax system equipment, that was totally outdated, expensive, surrounded by suspicions of irregularities and that - even worse— it did not meet the objective for which it had been justified, since I myself, am aware that the DGI could never (nor was it efficient to even try), use the information for tax control, since both taxpayers and the tax administration would have to incur additional costs to try to collect information from those fiscal teams, which were already highly obsolete.

The also shameful experience lived throughout the country, as a result of the decision of the administration prior to ours, which created an entire scheme for private collection of taxes, where the DGI, flagrantly violating the Tax Secret, shared with a commercial company, private financial information of the taxpayers, having the DGI renouncing much of its core business, to pay commissions to said company for the management of tax collections. The corruption investigations of this matter are known to all.

Faced with this serious scenario



described above, which had deeply pierced the relationship of respect that should prevail between the Treasury and the taxpayer at all times, we made the decision that we would only propose to the higher levels of the Government, an initial project plan for Electronic Invoicing that met, among others, two fundamental characteristics:

- (1) That the Tax Secrecy be respected and NOT to be allowed, under any circumstances, that any part of the taxpayers' tax information could go to third parties, other than the taxpayer and the Treasury.
- (2) That each step of the project be proceeded calmly, through dialogue and consensus with the private sector. We understood then and still to this day, that this matter could not move forward if the invoice issuers were not on the ship, completely convinced.

With all of the above in mind, and after having seen the various advances in Latin America, on November 2015, we decided to make a work visit to a specific country that would serve as a reference, so we could see the operation in practice; not only through videos or "Power Point" presentations.



The question arose: Which country to visit? And in that decision process we came to understand that there is no a single model of Electronic Invoicing system, but that –although they share common elements– each system model of each country is adapting it to its reality. All in all, there is a characteristic that would allow the systems to be classified into two types:

(1) Those in which the Tax Administration, through technology and online, validate that each invoice meets the technical standards previously established for it to be considered a valid electronic document.

(2) Those in which the aforementioned certification would be carried out by private companies, in some places called "qualified authorization providers", from which their acronym PAC (in Spanish), derives. These companies would be delegated by the DGI to certify the viability of each invoice, in exchange for fees payable by the invoice issuing companies.

Upon learning of the previous classification, all the alarms immediately went off because I felt that, given the recent experience of the private collection, neither myself nor the private sector nor the majority of Panamanians, we would agree to incorporate the role of outsourced private companies in the equation of the Electronic Invoice and Documents, which would benefit from this work and that, consequently, **would have access to taxpayer invoicing information.**

Based on that, the country we selected to visit was the sister Republic of Chile, not only because it is the pioneer of Electronic Invoicing in Latin America and, consequently, in the world, but especially because the model of Chile had the following characteristics that would very well fit within the context of Panama:

(1) The Chilean Internal Revenue Service (SII) validates invoices, as it is also the case of Brazil. Each issuing company develops its systems and issues invoices. It is a private decision of the companies to hire suppliers that offer the invoicing service. **The Tax Administration does not obligate issuing companies to hire anyone.** Just like what happens today in Panama with companies that provide accounting outsourcing services, it is a voluntary and private agreement, not imposed. In any case, digital documents must meet parameters established by the Tax Administration and it is the Tax Administration who validates them.

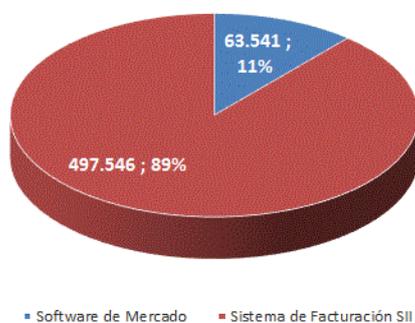
(2) In addition to the above, the Tax Administration offers a **free** electronic



invoicing system “online” that was initially for small businesses, but later expanded **and is available to all taxpayers.**

(3) Taxpayers can choose to change from one system to another without any commitment, except that they must comply with the technical specifications of the Tax Administration. According to figures from 2017, 89% of users have chosen to bill through the free system offered by the Chilean Internal Revenue Service.

Type of Application used in Electronic Invoicing in Chile in 2017



In 2017, most of the companies that issued electronic invoices in Chile, used the Free System of the SII

Source: http://www.sii.cl/factura_electronica/factura_mercado/estadistic.htm

The trip to Chile

Given this context, we traveled to Chile in November 2015, thanks to the courtesy of FERNANDO BARRAZA, Director of the SII, who from the beginning of our appointment request, showed all of his willingness to support us. Only the DGI Chief of Technology and an Advisor to the Minister of Economy and Finance accompanied me.

The visit to the SII was more than helpful. Not only because of the kindness and courtesy shown by the Chilean team, but also because of their technical ability. Director BARRAZA organized work sessions with various sections of the Service, where highly qualified professionals explained the processes from all angles. Not only did they present the keys to the success of their system, but they also devoted space to analyzing the learning errors they had to experience, based on which they gave us recommendations.

In addition to the feedback from the authorities, we were received by

taxpayers that invoiced electronically, who told us and showed us their experiences, even shared observations of certain issues, where they thought the system could be improved. Seen from the current perspective of 2021, I am fully satisfied with the decision to have sought the example of Chile from the start. It was the right thing to do. Evidence of this is that, to this day, Chile continues to be the leader in this area, alongside with Brazil.

Chile is the first country in Latin America where the tax returns of the Value Added Tax (VAT) (called ITBMS in Panama) are prepared in draft, so that the taxpayer only reviews them, they also have a very dynamic management that uses the information received from Electronic tax documents to make life easier for Income Tax payers, including, as in Brazil, the possibility that many tax returns are already pre-prepared. For example, in the year 2020, Chile added that, the Affidavit No.1879 of Withholding of Fees, is available for the

so-called First Category Taxpayers (capital income), that is: 500,000 companies, which will have the option to review it and modify it.

In Chile, during fiscal year 2019, 556 million Electronic Tax Documents were issued and the participation of the electronic invoice corresponds to practically 100% of the total invoices issued in the country.

Estadísticas factura electrónica

En esta página podrá acceder a gráficos sobre el estado y evolución de la Factura Electrónica.
 Datos: 30.06.2020.

Datos Informativos

- Durante el año 2019, se inscribieron en Factura Electrónica 133.975 empresas.
- De los contribuyentes inscritos durante el año 2019, el 97,2% lo hizo a través del Sistema de Facturación Gratuito del SII.
- Durante el año 2019, se emitieron más de 556 Millones de Documentos Tributarios Electrónicos.
- La participación de la factura electrónica corresponde prácticamente a un 100% del total de las facturas emitidas en el país.
- En 2019 un total de 7.496 empresas fueron autorizadas como emisoras de boleta electrónica, alcanzando un total de 22.945 inscritos. Lo anterior representa un alza de un 25% respecto a los inscritos en 2018.

Noticias

Santiago, 18 de Febrero de 2020
 A través de un portal dedicado en sii.cl

Con toda la información necesaria para presentar Declaraciones Juradas comenzó primera etapa de Operación Renta 2020

- Portal disponible en sii.cl incluye entre sus novedades que la Declaración Jurada N° 1879 de Retención de Honorarios ya estará presentada para los contribuyentes de Primera Categoría, quienes tendrán la opción de revisarla y modificarla.

Ya se encuentra disponible en sii.cl toda la información relacionada con la presentación de Declaraciones Juradas y una mirada global sobre este proceso, dándose inicio a la primera etapa de la Operación Renta 2020; obligaciones que principalmente deben ser cumplidas por empresas durante febrero y marzo. Gradualmente, se irá incorporando nuevos contenidos asociados a las siguientes etapas: Declaración de Renta (Formulario N° 22), Devoluciones y Autocorrección.

La presentación de las Declaraciones Juradas es clave, ya que se recoge la información de rentas, créditos, beneficios tributarios, entre otros antecedentes, con los cuales el SII elabora la propuesta de Declaración de Renta a alrededor de 3 millones de contribuyentes y que sirve de base para el análisis del cumplimiento de las obligaciones tributarias.

Una de las principales novedades de esta parte del proceso, es que la Declaración Jurada N° 1879 de Retención de Honorarios ya estará presentada para los contribuyentes de Primera Categoría, a partir de la información de las Boletas de Honorarios Electrónicas recibidas por el contribuyente. Es decir, la obligación de presentación de la Declaración Jurada será considerada cumplida con el Registro de Boletas de Honorarios Electrónicas construido por el SII, pero el contribuyente tendrá la opción de revisarla y la obligación de modificarlo si corresponde. Los contribuyentes beneficiados con esta medida, que busca continuar simplificando el cumplimiento de las obligaciones tributarias, son más de 500.000 empresas.

El portal habilitado por el SII incluye información relativa a los plazos e instrucciones de cada uno de los formularios definidos para este año y también el Suplemento Tributario, en aspectos normativos. Además, pone a disposición herramientas de ayuda, como ejemplos de llenado y una guía de errores comunes en que incurren los contribuyentes al presentar las Declaraciones

www.sii.cl/noticias/2020/18022006017e7.htm 1/3

The Electronic Invoice Project for Panama is established

With the experience of the trip to Chile, the Electronic Invoice project for Panama was set up since 2016, a matter in which Panamanian professionals, first-level public officials, with international advice, also participated, with the support and leadership of the higher authorities of the Ministry of Economy and Finance (MEF).

Statement from the Chilean Internal Revenue Service

Complying with what we had previously mentioned, a decision-making system

for the project was designed which, not only contemplated the tax vision of the project, but also other approaches within the administration, which were reflected in the fact that in the structure of governance of the project, also included other entities such as the Ministry of Commerce and Industries, the Innovation Government Authority (AIG), the Public Registry of Panama (entity in charge of electronic signature by Law), the Customs Authority and the Comptroller General of the Republic.

Likewise, aiming to overcome the aforementioned tax team taxation experience, a space for coordination with the private sector was sought out, and it was taken into account in the technical design structure, represented by the Chamber of Commerce, Industries and Agriculture of Panama (CCIAP for its acronym in Spanish), a union entity that from the beginning had a very relevant participation, making observations and contributing the vision of the reality of business to the project.

Similarly, to remove the surprise imposition ghost at the scenario from power, a public execution schedule was established in stages. From the beginning, it was predicted that if the mandatory implementation stage coincided with the end of the last administration, it would not be executed so that the next government would take over and continue with the matter.

This is how the project progressed, sometimes on time, sometimes with delays, which is typical of our Public Administration.

At the end of the last government administration in 2019, the project was in the Pilot Plan stage with a diverse group of incorporated companies, of which several had passed to the productive phase in their invoicing systems applying Electronic Invoicing. The stage that followed was the voluntary massification and preparations were being made to start it.

It is very important to highlight here that, the proposed scheme was oriented mainly based on the Chilean model at all times, adapted of course, to the realities of Panama and also enriched with experiences from Brazil. Thus, it was welcomed by all sectors, both governmental and private.

From the beginning, the use of companies to outsource the invoice validation service was ruled out. Everything was thought for the DGI to carry out this technical work, bearing in mind respect for the Tax Secrecy.

To such an extent, that was the vision for the projections been made in order to begin the voluntary massification, given that the MEF already had the technical capacity to process the volume of invoices that were initially estimated and that could partially be issued, and later, gradually increase the technological capacity, based on the demands that the Electronic Invoice system would demand. In other words, it gave an opportunity to grow along with the project.



The Electronic Invoice project of the new administration

On July 2019, the current administration took office. In the final months of 2019, we did not hear any news about the Electronic Invoice, however, it is a fact made public that the new administration continued with the project, which we thought was very positive. Logically, the new authorities had to familiarize themselves with the matter and it remained to be expected what the approach to be given to the issue would be.

Well then, this approach was reflected the year 2020 through the issuance of Executive Decree 115 of January 2020, amended by Executive Decree 367 of July 2020 and by Executive Decree 766 of December 2020. Without intending to address the entire explanation of that regulation here, we are going to summarize its most relevant notes, which outline the new model of Electronic Invoicing that is now planned to be implemented, namely:

(1) Although the voluntary nature of the matter is stated in article 1, as it is indicated that this regulation only applies to people who request the use of electronic invoicing from the DGI, article 2, numeral 1, establishes that, the DGI is empowered to determine the group of taxpayers that "must" use Electronic Invoicing, taking into account the "nature of their operations" and the "volume of invoicing". That is, for taxpayers who enter this group, invoicing will be mandatory. For others it will be voluntary.

(2) As seen in articles 3 (11); 15; 18; 19 and 20, the use of Certified Authorization Providers (PAC) has been introduced in the Panamanian model, which are private companies authorized and delegated by the DGI, and whose fees are paid by the issuing company. The use of PACs is optional for companies that issue Electronic Invoices because they can also decide to use the free Electronic Invoicing scheme which is additionally regulated within the Decrees. Who opt to use PACs must connect their invoicing systems to the PACs through a "web service" and share all the information contained in their invoices, credit or debit notes. The PAC receives it, and validates that it complies with the Technical Sheet and then sends it to the DGI. According to article 19, numeral 2, among the functions of the PAC we have: "validate the tax data received" and "the calculation of taxes."

(3) According to article 3, numeral 20, the model contemplates also a free Electronic Invoicing scheme, applicable to all companies. DGI will establish the requirements for taxpayers to use this system. Rules that regulate the duties of the Electronic Invoice user come into effect in June 2021, everything indicates that the system is projected to go into operation, at least in the second semester of 2021. Now, it is a fact that there is still much pending issue up to date.



Suggestions for the review and success of the Panama Electronic Invoice project

As provided in the aforementioned antecedents, I am a defender of the need of this project for Panama. I would like it to be successful and therefore, fulfilling a civic responsibility, I make the following comments and suggestions for the current administration to review what is being done and make the necessary adjustments, for the good of the country:

(1) For at least 3 years, the Panama Electronic Invoice project was safely moving forward, with the support of the private sector, with the technical support that indicated that, the Republic of Panama, as our Chilean and Brazilian brothers, had the capacity to set up a system in which the DGI itself would carry out on-line validation of the compliance of each invoice issued, with the standards of the DGI Technical Sheet. It was understood that the use of PACs, no matter if mandatory or optional, was not necessary in Panama at all times, nor have they been necessary in Chile or Brazil. However, in January 2020 an Executive Decree is published totally changing the panorama. After a new Decree enacted in December 2020 PACs will be optional, but they are still an important pillar of the new system. I think there should have been more **prior**, public and transparent debate on the technical basis for the change in decision. We are talking that not only did the past administration have that approach, but that it was shared by the private sector.

(2) We are struck by the fact that a country like Chile, the pioneer of Electronic Invoicing, which by 2018 had a population of 18.8 million people and with an economy that in that same year generated a Gross Domestic Product of US \$ 298,180 Million, has had the technical capacity to get the majority of users to use the free invoicing system and to handle in 2019, the admirable amount of 556 million Invoices and Electronic Documents, whose validation was made by the Internal Revenue Service, **without the need for PACs**; and now, it turns out that Panama, with only 4.2 million people in 2018 and a more modest economy, with a GDP in that year of US \$ 65,055 million, does not have the technical capacity to get the DGI to validate all the electronics documents that this economy will generate. An equivalent comparison can be made with Brazil, which is more than a country a subcontinent, where **PACs are not used** either and have a spectacular advance in the matter.

		
PIB 2018	US\$298,180 Millones	US\$65,055 Millones
Población 2018	18.8 Millones	4.2 Millones
Documentos Tributarios Electrónicos 2019	556 Millones	?

Comparative table Chile - Panama

Source: EXPANSIÓN newspaper of Madrid, Spain and SII Chile

We are the same Panamanians who have the technical capacity to manage a highly technical Banking Center, we are the same who manage the Canal with state-of-the-art technology and manage the Colón port complex, which is the most important container transshipment center in the Caribbean and one of the most important in Latin America.

I think that, if it is handled in stages, the Panamanian State can perfectly ensure that all electronic invoices are validated by the DGI.

(3) We don't know when DGI will have its free invoicing system ready to use. In the meantime, the companies will necessarily have an additional cost with the scheme that includes the PACs in the equation. In fact, they had to incur into expenses to adapt their systems and to pay the Public Registry for the certification that allows electronic signature (which should be free). Now it is added that the companies that issue electronic invoices have to necessarily pay for the services of a PAC to validate the invoices, if the DGI is not ready with the free system. I think that, in this pandemic economy, the most reasonable thing to do is to avoid companies from incurring into this expense at all costs.

(4) I have had the experience of participating in some successful change management processes within the Public Administration, such as the transformation of the Tocumen International Airport management into a private format administration, but without the State ceasing to have control, also in the implementation of the VAT (ITBMS) withholding system through credit and debit cards. Both projects are realities that have been maintained over time. By learning from the strokes received through those experiences, I can say with confidence that, in a democratic society, it is not enough to pass a Law or issue a Decree for things to change, it is also necessary to be able to convince. Honestly, I am

sure that the National Government has not convinced the private sector that the use of PACs is necessary in Panama to invoice electronically. I recommend that this dialogue be initiated, especially now that we are in a pandemic economy where cost reduction is essential.

(5) The State's Digital Agenda should not be aimed at privatizing services, on the contrary, what citizens and companies need at this time, is for the State to modernize itself; to become completely digital, so that it becomes an ally in the aid of generating wealth and well-being instead of becoming a barrier. Although, even before, there were examples of efficiency in this sense, such as the issuance of passports or obtaining vehicle registration plates in the Municipality of Panama, it is a fact that the pandemic has caused a positive effect on government entities towards accelerating their digitization. Within that same renewed impulse, it is also necessary that Electronic Invoicing strengthen the DGI, giving it all the capabilities.

(6) As already explained, the only way to overcome the users' well-founded suspicion, after the sad experiences of private tax collection and outdated fiscal printers that the DGI once imposed, is by convincing with a new system that is clearly useful for everyone. The best way to achieve this is by creating a voluntary massive space, with a deadline. Although the regulation issued by the present administration speaks at the beginning of voluntariness, the reality is that it

creates a sector of companies for which the electronic invoicing is mandatory, provided that they are included by the DGI in a list, taking into account the "nature of their operations" and "volume of invoicing". A premature obligation and without prior conviction can generate rejection and is not suitable for the success of the project.

(7) The regulation that includes the PAC are unconstitutional and illegal, since they delegate functions to the PAC which, by Constitution and by Law, pertain to the State. This is true no matter if PACs are only an option that have to share its role with the free system of the DGI. As we have evidenced, according to article 19, numeral 2, of the 2020 Electronic Invoice Regulation, among the functions of the PACs we have: "validate the tax data received" and "the calculation of taxes." **These tasks are typical and inherent to the tasks of inspection and tax determination of the DGI and the MEF,** in accordance with Cabinet Decree 109 of 1970 and Article 1 (C) (3) of Law 97 of 1998. These tasks cannot be performed by a private company, on behalf of the DGI.



In 2014, the author of this document filed a lawsuit of unconstitutionality against the legal regulations that provided the basis for the existence of private tax collectors in Panama. On December 4, 2015, the Supreme Court of Justice of Panama, en Banc, issued a sentence, granting our claim and declaring said regulations as unconstitutional. That is the reason for which this figure has been discarded from the system. Among its legal ruling, the Court said: "It is thus unquestionable that the collection management by third parties outside the administration, even when they are supported by "suitable administrative acts" and are subject to compliance with the rules of contracting and reservation of information, constitutes an infringement of the constitutional postulate that assigns this task **privately and exclusively** to the President of the Republic in association with the respective Minister, read, the Minister of Economy and Finance, as required by the fact that it is a vital function for the adequate fulfillment of the purposes of the Panamanian State ..."

In ^[3]our particular case, the delegation that is made is of another nature, but undoubtedly it is also a delegation of functions of the MEF and the DGI, such as "validating the tax data received" and "calculating the taxes." By having made such a delegation, the decrees that regulate the Electronic Invoice issued in 2020 violate the Constitution of Panama.

(8) The regulations issued by this administration are also unconstitutional, because they violate the right of taxpayers to the Tax Secrecy, guaranteed by the Constitution as construed by the Supreme Court of Justice of Panama, in another section of the ruling quoted, in which the Court said:

"In essence, the secrecy in comment, as a direct consequence of the reservation and confidentiality with which the State must manage the information provided by taxpayers, becomes essential for them to comply with their tax obligations with the assurance that it will not be used for other purposes, while the **legal-tax relationship, that is, the one that exists between the taxpayer and the State regarding the application of taxes, is strictly of individual in nature**, hence the possibility of the administration providing information to a third party on the taxpayer of this relationship for the purposes of managing the collection of the taxes - the doctrine specifies - can be erected as an intrusion of their privacy and reaches the economic data of natural persons, in addition to the right that assists protection of personal data, which is also deduced from human dignity - value contained in the constitutional preamble - and that, in the case of the Panamanian Constitution, is developed under article 722 of the Fiscal Code...

[3] Supreme Court of Panama, en Banc, ruling dated December 4th, 2015, on the Lawsuit filed by PUBLIO RICARDO CORTÉS C., who argued Numeral 3 and its Paragraph of the Article 1 of the Cabinet Decree 109 of 1970 amended by Article 32 of Law 49 of 2009 are unconstitutional.

In summary, by allowing a natural legal person to carry out the collection management on behalf of the State, the confidentiality of the taxpayers' data is compromised, thereby exceeding the parameters established in the second paragraph of Article 42 of the Magna Carta, whereas it cannot be stated that there is consent from them, nor that whoever performs the aforementioned management collects this data by provision of the competent authority.” (The underlining is ours).

In the aforementioned case, the situation regarded that the DGI, by mandate of a Law, could share the tax data of taxpayers with private companies and the Court considered that this was unconstitutional, because it violated the Tax Secrecy. In the case of the current executive decrees of Electronic Invoicing of 2020, the situation is not the same but it is very similar.

Indeed, such decrees creates the conditions in which companies will be in the position to share their invoicing information with the PACs, otherwise they cannot bill electronically, especially if the DGI does not have ready its free system on time or if that system does not reach, as soon as possible, the technical capacity required for the companies to issue their invoices in a way compatible with the speed in which business are running today.



Final Comments

Mr. President: With all due respect and as a citizen concerned about the future of the country, I hereby share my thoughts: The Electronic Invoice scheme is a project that would help the economic reactivation in these difficult times for business, because, if done well, it reduces costs, boosts electronic commerce and honest tax collection. Let's make the adjustments and take it forward.

I suggest eliminating PACs, because they increase the expenses of a large number of companies, which, in a pandemic economy, is critical - every dollar counts. Besides, the inclusion of PACs in the Electronic Invoicing system of Panama is unconstitutional, because it violates the Tax Secrecy, given that the DGI cannot assign to these private companies the fiscal verification and the calculation of taxes.

Let us return to the total voluntary nature of the program, for a prudent time so that it is consolidated. When the facts already show that the system is accepted and works, only then aspire to making it mandatory. A premature obligation can damage the project, even if it is partial.

Let's make a serious commitment on the technical capacity of the DGI, the MEF and the AIG. The pandemic economy has shown us that public offices can adapt. Let's aspire to have ready and on time a robust free and optional system for everyone, as it is in Chile, **which does not include PACs**. In Panama there is the technical capacity and the resources to do it. I'm sure of it.

The regulations that have been issued in 2020 on Electronic Invoicing are Executive Decrees that have not yet been implemented. We are on time. It is enough to rethink things and issue a new Executive Decree that improves the scheme, that does not violate either the Law or the Constitution and that seem appealing to the private sector.

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M: +507 6679-4646 E: CORTES@LEGALADVISORPANAMA.COM

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