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PANAMA CUSTOMS REGULATIONS 2009/10

HOUSEHOLD GOODS:

-PANAMANIAN

Panamanian Citizen returning to the country, after having lived abroad for a lapse of time of no less than two Years, can import free of tax all their **USED household goods and personal effects**.

All New household goods are Subject to import duties Aprx' 20% of the CIF value.

-FOREIGNERS:

Every foreigner coming to live in Panama has the same prerogative as Panamanian citizens. Nevertheless the law states that the head of the family has to have a residential visa before the arrival of his household effects.

No foreigner with a migratory or tourist visa can enjoy these benefits.

New articles are subject to import tax, and it is the Executive Power who determines the amount and kind of articles that in each case can be imported free of duty.

-DIPLOMATS:

All Diplomats and Public Officials entering the country with a diplomatic or official passport or those who come with a contract from the Panamanian Government have franchise privilege, and will not be subject to the usual inspection or examination of the household goods.

-SPECIAL PROVISIONAL VISA:

Businessmen whose source of income does not originate in the Republic of Panama, and who earn US\$1,000.00 or above per month, can apply for this visa, and he, as well as his family, can receive the following Benefits:

1. Exemption from tax on one shipment of household goods and personal effects up to the sum of US\$3,000.00.
2. Exoneration in the payment of taxes or migratory rights once visa has been granted.

The personal effects of business coming to reside in Panama should get there no later than six month after the date of the arrival, and cannot exceed two shipments. Panamanian laws state that all shipments must be inspected at the port of entry, but due to cargo congestion and to avoid

mishandling, this inspection is done at the shipper's residence at the time of delivery. This is a special service and is payable by shipper directly to the government (it is compulsory).

Contact Nobel Panama Relocation. For applying to this service.

-AUTOMOBILE REQUIREMENTS / RESTRICTIONS:

Panamanian customs laws state that all automobiles coming to Panama are subject to import tax except for those belonging to accredited diplomats, members of international organizations, or U.S. contractor.

Nevertheless, diplomats, members of international organizations or U.S. contractor can import free of duties

ONLY ONE automobile. The other auto will have to pay import duties.

***The documents that are needed to clear the auto are the following:**

1. Original OBL (not legalized). The OBL must specify the ocean freight charge for the auto.
2. Original certificate of ownership.
3. Original commercial invoice or purchase invoice.
4. Pollution certificate.

-HOW TO DETERMINE THE IMPORT DUTIES ON A USED AUTOMOBILE

Taxes are assessed depending on the C.I.F. value (Cost, Insurance & Freight). The actual value of the automobile is calculated according to the N.A.D.A. (National Automobile Dealers Association) booklet using the MSRP (Manufacturers Suggested Retail Price).

It doesn't matter what the invoice presented to customs says, they will proceed according to the N.A.D.A. booklet, also known as the "Blue Book".

FIRST STEP is to determine the MSRP value of your vehicle. www.digitalcars.com/ to get your MSRP value at DigitalCars.com. Once here, go to the "USED CARS" section and follow instructions. This page is a link, Nobel Panama Relocation **will not accept any responsibility** for the data, interpretation, contents or any difference in relation to the assessed duties.

SECOND STEP: Determining the actual (depreciated) price of your automobile.

Once the MSRP has been established customs depreciates all vehicles according to the following chart:

- * There is no discount (depreciation) for the first year (2005 models).
- * Year 2004 Models have a 15% discount (Actual Value = 85% of the MSRP).
- * Year 2003 Models have a 30% discount (Actual Value = 70% of the MSRP).
- * Year 2002 Models have a 45% discount (Actual Value = 55% of the MSRP).
- * Year 2001 Models have a 60% discount (Actual Value = 40% of the MSRP).

This is the greatest amount of depreciation that customs will accept and apply.

THIRD STEP. Import Duty.

Import duties are based on the C.I.F. (Cost, Insurance & Freight) value. At this point, to the actual (depreciated) price, add the freight & insurance listed in the Bill Of Lading. Customs authorities require the specific freight of the automobile and in the event there is no specific freight (cases where autos come by road or consolidated with other merchandise), customs will calculate the freight as 14% of the actual (depreciated) price, and insurance as 1% on same value.

Import Duty (Based on CIF value):

*If the CIF value is US\$12,000.00 (or less) = 15%

* If the CIF value ranges from US\$12,000.01 up to US\$14,500.00, = 18%

*If the CIF value is of US\$14,500.01 and over, = 20%

** Other charges: US\$75.00 (flat) for customs documentation.

** The customs brokers fee is of approximately \$150.00

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FOURTH STEP. 5% I.T.B.M. tax.

This local tax is applied to the actual (depreciated) price, plus the import duty. Both values must be added to calculate the 5% I.T.B.M..

If the CIF Value is over \$12,000.00 a 5% Selective Tax will be charged. It is calculated exactly as the FOURTH STEP.

Determining the taxes for importing vehicles to the Republic Of Panama is not simple for persons not familiar to this kind of transactions. We have elaborated an example to help clear any doubts that may have arise at this point.

-PANAMA NEW FUMIGATION POLICY

Please note that the Panamanian Authorities are enforcing a new fumigation control procedure on all household goods shipments. This fumigation is a pest control treatment. This means that all steam ship containers, land shipment and air freights coming into Panama are fumigated in the port of entry or terminal bond. This new fumigation procedure is incurring in additional charges and may delay the delivery of your shipments by one or two days. Therefore, the steam ship line or carrier seal is removed by the local authorities for fumigation.

-QUARANTINE IMPORT PERMIT

All household goods shipment having wood furniture or any wooden article is subject to a Quarantine Import Permit that must be requested before the shipment arrives to Panama. In order to

comply with this regulation, a copy of the Bill of Lading and Packing List is requested a week before the shipment date of arrival.

-WOOD PACKING MATERIALS ADVISORY

Please note that Panama will begin enforcing restriction on the import of wood packing materials (WPM), such as barrels, crates, lift vans, pallets and skids **EFFECTIVE SEPTEMBER 16, 2005**. This regulation requires that wood packing materials coming into Panama be treated and marked according to ISPM N° 15. The approved treatments are either heat treatment to a minimum wood core temperature of 56 degrees Celsius for a minimum of 30 minutes, or fumigation with methyl bromide (MB).

Any WPM not treated and appropriately marked may be subject to immediate export or local fumigation incurring in additional charges.

Effective September 16, 2005, paper certificates of treatment will no longer be acceptable.

PROHIBITED AND RESTRICTED GOODS-

Straw or hay packing in lift-vans, narcotics, drugs, food, beverage, live plants, ammunition, weapons, or firearm