

Panama Expands Tax Incentives for Historic District Projects

Panama has enacted Law No. 519 of April 27, 2026, renewing and broadening tax incentives for tourism, development, and restoration projects in the country's most iconic historic districts. The law now covers three key areas: the Conjunto Monumental Histórico del Casco Antiguo, the Corregimiento of Santa Ana, and the Casco Antiguo of the City of Colón.

Eligible property owners, developers, and tenants in these areas can take advantage of several powerful incentives:

Income Tax Exemption. A 10-year income tax exemption on profits from commercial activities conducted on the property and from the sale of all or part of the property, starting from the date the occupancy permit is issued.

Real Estate Transfer Tax Exemption. Applies to:

(a) Transfers of unimproved land completed within two years of the law's effective date; and

(b) The first transfer of a constructed, reconstructed, or restored property, subject to a minimum investment of US\$50,000.00.

Rent Payment Deduction. Tenants of qualifying residential properties may deduct lease payments from gross income for five years following the date of the occupancy permit.

Import Duty Exemption. No import duties on equipment and materials for construction, reconstruction, or restoration, provided they are not available domestically and are not intended for resale.

Law No. 519 underscores Panama's commitment to historic preservation, urban renewal, and attracting private investment into key redevelopment zones. To be entitled to these tax incentives and benefits for the period stipulated for each one, eligible parties must undertake qualifying activities within 20 years from the effective date of Law 136 of 2013.

ARIAS, FÁBREGA & FÁBREGA established Panama's first legal practice dedicated to hospitality and real estate. The firm advises national and international clients on the development and financing of landmark projects across the country.

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