

ACT NO. 114 OF NOVEMBER 18, 2019

BY MEANS OF WHICH PANAMA HAS CREATED THE ACTION PLAN TO IMPROVE HEALTH AND ESTABLISHES OTHER PROVISIONS FOR THE SELECTIVE CONSUMPTION TAX ON SUGARY DRINKS AND THE CRITERIA FOR THEIR USE



RELEVANT ASPECTS:

This Act creates the Action Plan to Improve Health, as well as modifies the rates of the Selective Consumption Tax (hereinafter ISC, for its initials in Spanish) on sugary beverages, to cooperate with the State in compliance with the constitutional provision that consists of ensuring health and the welfare of the population.

The Action Plan to Improve Health consists of a: "Mechanism of collaboration articulated between the competent authorities, private companies, consumers and organized groups of society, who work together and harmoniously in a permanent dialogue on health, in order to develop programs focused on a healthy lifestyle".

This Action Plan to Improve Health will have among its main objectives:

1. Promote a healthy lifestyle based on healthy eating.
2. Raise public awareness about the consequences of excessive sugar consumption and its impact on health deterioration.
3. Encourage and promote corporate responsibility.
4. Promote healthy environments.
5. Establish a national prevention program.

In order to verify the appropriate use of the funds raised by this Act, as well as to supervise and execute the Health Improvement Action Plan, the Health Improvement Commission is created.

Amendments to Act No. 45 of 1995¹

Article 9 is amended, which includes the ISC rates for sugary drinks:

Sugary Drinks	Rate
Soft drinks	7%*
Rest of sugary drinks (national and imported)	5%
Syrup and concentrates for the production of sugary drinks	10%

(*) This rate will also be applied to tariff item 22.02, which includes water, including mineral and gaseous water, with the addition of sugar or other sweetener or flavored, and other non-alcoholic beverages, except fruit juices or other fruits or vegetables of item 20.09.

¹ Which creates the Selective Consumption Tax for soft drinks, alcoholic beverages and cigarettes.

SHALL BE EXEMPTED FROM THE ISC

1. Dairy-based drinkable foods
2. Grains or cereals
3. Nectars
4. Fruit juices
5. Vegetables with natural fruit concentrates and their concentrates
6. Those products in general whose weight is less than 7.5 grams of sugar, for every 100 ml of sugary drink.

The collection of the ISC in soft drinks and syrups and concentrates for the production of soft drinks shall be used for the purposes established in Act No. 51 of 2005, which amends the Organic Act of the Social Security Fund and establishes other provisions.

ENTRY INTO FORCE OF ISC RATES – ARTICLE 9

1. Soft drinks and products of tariff item 22.02 (7%), as of November 19, 2019.
2. Syrups and concentrates for the production of soft drinks (10%), as of November 19, 2019.
3. Rest of sugary drinks (5%), from the fiscal period after the entry into force of this Act, it means: 2020.

END OF COLLECTION OF ISC IN SUGARY DRINKS

With the exception of what is collected in the tax on soft drinks, they shall be used for the purposes of the Health Improvement Action Plan, distributed as follows:

1. 35%, Ministry of Health
2. 25%, Oncology Institute
3. 15%, programs of the Diabetic Patient Clinics of the public health sector nationwide.
4. 15%, Ministry of Education
5. 5%, Ministry of Agricultural Development
6. 5%, Ministry of Commerce and Industries

OBLIGATION TO ISSUE AN ANNUAL REPORT

The State institutions that act as agents of administration and management of the funds collected from the ISC on sugary beverages, for the operation of the Action Plan to Improve Health, will have the obligation to issue an annual report to the Commission for the Improvement of Health.

A period of 90 business days is established for the sugary beverage industries to include within their national and imported products, the nutritional content on their labeling, which must be in Spanish.

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