



# PANAMA FACT SHEET

## GENERAL INFORMATION

Company type	Sociedade Anonima (S.A.)
Timeframe for company formation	3 to 4 days
Governing corporate legislation	The Panama Supreme Court of Justice is the governing authority and companies are regulated under the Law 32 of 1927.
Legislation	Modern offshore legislation
Legal system	Civil Law
Corporate taxation	No taxes of any sort. While the company may not be liable to pay taxes, please consult with a tax/legal advisor in your country of residence, to determine your own tax liability.
Accessibility of records	Upon registration, the company directors' name will appear in the register, available for public inspection.
Time zone	GMT -5
Currency	Panamanian balboa, United States dollar (PAB, USD)

## SHARE CAPITAL

Standard currency	USD
Standard authorised capital	USD 10,000
Minimum paid up	USD 1

## SHAREHOLDERS, DIRECTORS AND COMPANY OFFICERS

Minimum number of Shareholders	1
Minimum number of Directors	3
Locally-based requirement	No
Requirement to appoint Company Secretary	Yes

## ACCOUNTING REQUIREMENTS

Requirement to prepare accounts	
No, unless business operations are conducted in Panama.	
Requirement to appoint auditor	No
Requirement to file accounts	No
Accessibility of accounts	None
Requirement to file annual return	No

## DOCUMENT REQUIREMENTS

Certified copy of valid passport, Proof of address (issued within the last 3 months) in English or translated into English.

## INCORPORATION FEES

Initial set-up and first year	USD 1,360
Per year from second year	USD 1,000



## GOOD TO KNOW

Panama has the second largest economy in Central America and is also the fastest growing economy and largest per capita consumer in Central America. Since 2010, Panama remains the second most competitive economy in Latin America, according to the World Economic Forum's Global Competitiveness Index.

## COUNTRY INFORMATION

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Located in Central America between North and South America, the Republic of Panama is bordered by Costa Rica to the west, Colombia to the southeast, the Caribbean to the north, and the Pacific Ocean to the south. The country's capital and largest city is Panama City, home to the entrance of the Panama Canal. Once a Spanish colony, Panama broke away from Spain in 1821 and joined a union of Nueva Granada, Ecuador, and Venezuela named the Republic of Gran Colombia. When Gran Colombia dissolved in 1831, Panama and Nueva Granada remained joined, eventually becoming the Republic of Colombia. With US backing, Panama seceded from Colombia in 1903, allowing the Panama Canal to be built between 1904 and 1914. Today, Panama is one of the most well-known and recognised offshore jurisdictions worldwide thanks to its high level of confidentiality and highly efficient registry.

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## POLITICAL STRUCTURE

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Panama's politics take place in a framework of a presidential representative democratic republic, whereby the President of Panama is both head of state and head of government, and of a multi-party system. Executive power is exercised by the government. Legislative power is vested in both the government and the National Assembly. The judiciary is independent of the executive and the legislature. For all people national elections are universal and mandatory for all citizens 18 years and older. National elections for the executive and legislative branches take place every five years. Members of the judicial branch (justices) are appointed by the head of state. Panama's National Assembly is elected by proportional representation in fixed electoral districts, so many smaller parties are represented.

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## ECONOMY

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The economy of Panama is a fully dollarized free market economy with a history of low inflation. It is based mainly on a well-developed services sector that accounts for nearly 80% of its GDP. Services include the Panama Canal, banking, tourism, the Colón Free Trade Zone, insurance, container ports, and lagship registry, medical and health, and other business. The country's industry includes, manufacturing of aircraft spare parts, cements, drinks, adhesives, and textiles. Also the leading exports for Panama are bananas, shrimp, sugar, coffee, and clothing.

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## POPULATION

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According to a census conducted in July 2014, the population of Panama is approximately 4.1 million. More than half the population lives in the Panama City-Colón metropolitan corridor, which spans several cities. Panama's urban population exceeds 70%, making Panama's population the most urbanized in Central America. The culture, customs, and language of Panama are predominantly Caribbean Spanish and the population can be broken down into the following demographics: 65% Mestizo (mixed white, Native American), 9.2% Black/mulattoes, 6.7% White, and 12.3% Native Americans.

## LANGUAGE

Spanish is the official and dominant language of Panama with approximately 93% of the population speaking it as their first language. Many citizens, however, speak both English and Spanish, in addition to native languages, such as Ngäbere (a native language spoken by the indigenous Ngäbe people of Panama and Costa Rica).

### POPULATION

4.1 million (2014)

### LANGUAGE

Spanish

## COMPANY FORMATION INFORMATION

### Incorporation Procedure

Upon receipt of the client's KYC documents (passport copy and proof of address issued within the last 3 months) and description of the intended business activity, and after our legal department's due diligence checks, SFM will incorporate the Sociedad Anonima via our Panama-based solicitor as it is necessary for company formations in Panama to be processed by a local solicitor's office. The solicitor will present the proposed company's signed Articles of Incorporation before a Notary Public who creates a Public Deed for registration at the Public Registry.

### Incorporation Timeframe

Three to four days.

### Trading Restrictions

Panama Sociedades Anonimas cannot undertake the business of banking, trusteeship, trust administration, insurance, assurance, reinsurance, fund management, investment funds, collective investment schemes or any other activity that would suggest an association with the banking, finance, fiduciary, or insurance businesses.

### Name Restrictions

All Panamanian corporations must end with the suffix Corporation, Incorporated, Sociedad Anónima or the abbreviations Corp, Inc, or SA. They may not end with Limited or Ltd. Restricted names include those that are similar or identical to an existing company, as well as names of well-known companies incorporated elsewhere, or names that imply government patronage. Names including such words as the following or their derivatives require consent or a licence: "bank", "building society", "savings", "insurance", "assurance", "reinsurance", "fund management", "investment fund", and "trust" or their foreign language equivalents.

### Corporate Documents Language

Spanish and certified English translations.





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## NOTES

\* Subject to the constraints of the due diligence procedure.

\*\* Documents must be provided for every person related to the company.

**Disclaimer:** The fact sheet is provided for convenience only. Nothing on this fact sheet shall be construed as a contractual commitment or as a warranty. Services conditions are governed by the applicable terms and conditions.