



The Panama Company

General

The Republic of Panama covers some 75.517 km² and has a population of around 3 millions. It forms the land link between North and South America and the sea link between the Atlantic and the Pacific. It borders on Colombia to the East and Costa Rica to the West. Capital and economic center is Panama City.

Panama's fiscal system is based on the territorial tax principle, i.e. apart from an annual lump-sum duty amounting to USD 300.00, Panama companies and foundations which are operated off-shore need not pay any direct or indirect taxes for any activities performed outside of the Republic's fiscal territory. Only for profits originated in Panama, taxes are paid on a level of 30 %.

Up to this date, Panama has not entered into any tax aid or legal aid agreements on tax matters with any other countries. All-crime legislation excluding tax matters has been put in place at the beginning of this century, and judicial assistance agreements in criminal matters are being subscribed with different countries since then.

The laws of Panama provide for strict protection of confidential information in important sectors such as banking, trusts, foundations, attorneyship and telecommunications. Thus, attorney, bankers and fiduciaries are not required to give information except in criminal matters under Panamanian law.

1986 the first anti-money laundering article was introduced in the Penal Code. Since 1990, banks must document identity of beneficiaries and finally, in 2000, anti-money laundering became an "all-crime norm", excluding explicitly tax issues.





Characteristics of a Panama Company

Legal form	The „Sociedad Anonima“ (Corporation) is Panama’s best known corporate form.
Name of the Company	According to the law, you may register the company’s name in any language, as long as it is written in Latin letters. Such names must contain an indication as to the legal form such as S.A., Inc. or Corp. The use of certain words in the company’s name, like “trust”, “bank”, “funds” and “finance”, is permitted only under special license.
Authorized Capital	The law prescribes neither a maximum nor a minimum of authorized capital. Upon registration of the company’s capital an official fee is charged. Above USD 10’000, capital registration’s fee increases progressively. Therefore, Panama Companies are very often set up with a “standard capital” of USD 10’000.
Shareholders	Panamanian law requires neither a minimum nor a maximum number of shareholders. Also, shareholders need not to be incorporators or members of the board of directors.
Shares	The company may register shares with or without par value. The shares may be issued either in the name of the title holder (registered shares) or to the bearer (bearer shares). Further-more shares of various types (preferred shares, voting shares, etc.) may be authorized in the articles of incorporation.





Board of Directors

The law provides that at least three persons (natural or juridical) shall compose the board of directors. The members of the board may be citizens of any country and need not be residents of Panama.

Contrary to other jurisdictions, in Panama directors must be registered at the Commercial Register.

Annual Filing

There is no requirement to file annual returns or financial statements.

Annual General Meeting

There is no need to hold an Annual General Meeting of shareholders or directors.

Redomiciliation

A foreign company incorporated under the laws of any country other than Panama may apply to be registered as being continued in Panama.





Highlights of a Panama Company

- ✓ Since 1903 Panama is an independent country protecting offshore business
- ✓ Politically and economically very stable
- ✓ A liberal Corporation Law which has not been changed since 1927
- ✓ No taxes on offshore business of both natural and juridical persons (principle of territoriality)
- ✓ Legally protected banking and professional secrecy
- ✓ An efficient Commercial Registry
- ✓ No restrictions concerning nationality and domicile of directors and officers
- ✓ No limitations on amount of capital, which need not to be paid up previous to incorporation
- ✓ Flexible formation of share structure: Nominative or/and to the bearer, different classes
- ✓ No minimum or maximum number of shareholders
- ✓ All lawful activities can be developed by a Panamanian corporation even if they are not specified in the regulations
- ✓ No tax treaties with foreign countries

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