

How do I get my certificate of tax residence?

Get a tax residence in Panama deserves a process with multiple factors to consider.

Tax residence is a concept described in the Tax Code and regulated by the Directorate of Revenue of Panama (DGI) that determinates the intention of a person (natural or legal) to stay in a territory or country.

In other words, it is a certification by which the DGI determines that a person is a tax resident, based on the fact that they have remained in Panama for a specific period of time, and that in that period they have established a center of vital and personal interests in Panama.

The tax residency was created to apply the benefits contained in the Agreements to avoid Double Taxation signed by Panama and in effect up to date.

The initial intention of the figure of tax residence was able to apply rates in Agreements that represent benefits applicable to specific transactions.



However, over time, the governments of other countries have required that individual persons have a certification that accredits them as tax residents in Panama and in any other country. Consequently, many people request tax residence to submit to the tax authorities of their country.

Aspects to take into account

The most important thing to know is that tax residence is totally independent from residence or immigration status. Tax residence is a concept contained in the Tax Code and regulated by the DGI in a decree and in multiple resolutions.

Tax residence can be requested by natural persons, individuals, regardless of their nationality and legal persons.

In the case of legal persons, it only applies if it operates in Panama, that is, those entities that carry out an activity, through an establishment and people who carry out activities for this company.

Tax residence for natural persons or individuals

Anyone can apply for a tax residence, as long as they meet the requirements detailed in the Tax Code to be considered a tax resident.

The first criterion evaluated by the DGI is the stay or permanence of the person for 183 days in Panama or fulfilled in alternate periods in a year or in two consecutive years.

Besides this permanence, it is a requirement that the person have interests in Panama, that is, a house, a bought or leased apartment, a beach house. It does not have to be in the city, but in these cases, you are required to have services in that house or residence and that they be in your name.

In addition, those services are required to have an expense, or represent an expense for the person.

Rigor plays a role

The DGI is very rigorous when granting tax residency certificates and in their analysis, subjectivity plays a role in the sense that it is an individual case-by-case evaluation; In other words, there is no checklist, rather each request is treated individually and has its own personality.

So, for each type of person, a lot will depend on whether the requirements are fully met.

Natural persons can request the tax residence in a personal capacity.

On the other hand, legal persons require a lawyer to sign a power of attorney through a memorial to request the tax residency.

Once the person has all the elements that make them a tax resident, then they must put together a package with enough consistency for the official who receives the client to conclude that the person is a tax resident.

If you bought a house, you must provide the Title Deed or, if you rented an apartment, a lease, the services or bills you pay on the apartment and those copies must be formalized, that is; they must be checked before a notary to verify their legal validity in the process.

Subsequently, an application is prepared, all the evidence is presented to the DGI, which in turn gives entry to the file and processes the tax residence request.

Currently, according to the DGI, this process can last approximately sixty days; however, in practice, depending on each case, this process could take slightly more time.

Permanent housing in the Panamanian territory

Having a permanent home in our country means that said residence is available to the person to live in continuously, and that it represents a center where they live with their family and where they have basic services to live.

Although it sounds obvious, this point is important, since we are talking about not having an empty house, but rather that there has to be a link with that property and be its center of vital interests.

**NATURAL
PERSONS CAN
REQUEST THE
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IN A PERSONAL
CAPACITY.**

What you need to know

Debe haber identificación del solicitante, clara y expresa, si es una persona extranjera el pasaporte completo con copia de todas las páginas será necesario; aunque estén en blanco, si es una persona extranjera con una cédula E o permiso permanente copia de esa cédula y si tiene licencia de conducir, copia de esa licencia.

Todas las identificaciones de esa persona. Si es panameña o naturalizada, copia de la cédula.

Junto con la identificación si es una persona jurídica, tiene que haber un poder de un abogado.

En caso de ser persona natural, lo puede hacer a través de abogados, pero también a título personal y junto con la solicitud e identificación.

Panama and Agreements to avoid Double Taxation

Currently our country has 17 agreements to avoid double taxation.

We have agreements in force with Barbados, Korea, United Arab Emirates, Spain, France, Holland, Ireland, Israel, Italy, Mexico, Luxembourg, Qatar, Portugal, Czech Republic, United Kingdom, Singapore and Vietnam.

Our recommendation

Our recommendation is to always go to an expert. With proper legal advice, any applicant who meets the basic requirements will have a greater chance of obtaining a certificate of tax residence.

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