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Panama and immigration changes to attract investment

The national government made a series of modifications to the Friendly Countries immigration program in order to attract investors.

The current economic environment demands new investments, job creation and the reactivation of the service sector and others that were most affected by the hardest stage of the pandemic. This is evident and is a task in which the Republic of Panama has been focused on.

However, out of all adversity, opportunities always arise that may be attractive to those companies or investors who see Panama as a possible destination for a new business venture, to expand their presence or even for those who wish to live comfortably in a tropical environment.

In view of this perspective, the Government of the Republic of Panama published in the Official Gazette Executive Decree 226 of July 20, 2021, a decree which aims to improve the Program of the Permanent Resident subcategory, as foreign nationals of specific countries that maintain friendly, professional, economic and investment relations with the Republic of Panama.

This decree amends Decree 416 of June 13, 2012. It establishes three manners for requesting the Provisional Resident permit for two years: Labor, investment in real estate and fixed-term deposit.



The genesis of a benefit for investors

In 2012, the Republic of Panama began to look for alternatives for high profile executives who came to Panama hired by companies but found the difficulty that their company already had a full payroll due to the maximum percentage of foreigners established by the Labor Code.

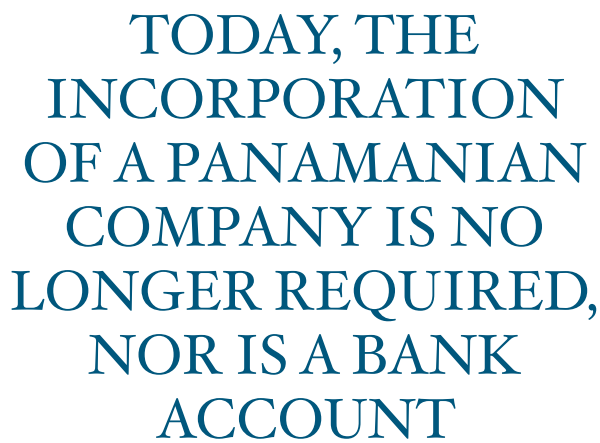
That is why in that year a list of "Friendly Countries" was created, which included England, Germany, Ireland, Belgium, France, United States, Brazil, Uruguay, Chile, Mexico, Costa Rica, among others, to open the doors to development and promote foreign investment in Panama.

Through this category of Friendly Countries, two options were given: The first consisted of the creation of a Panamanian company. The other option was for the person to demonstrate that he/she was working in Panama.

With the latter option, many companies began to hire foreign executives to work in Panama.

The primary objective was to attract investors to the country and to offer employment generating companies a comfortable environment for their businesses. At the same time it opened the doors to people coming to Panama for the first time to invest in the incorporation of a Panamanian company and the opening of a bank account for a minimum of B/. 5,000.00 [RdlG1] dollars.

This mechanism granted permanent residence to all these persons in a period that took approximately three months and granted a work permit for an indefinite period of time.



TODAY, THE INCORPORATION OF A PANAMANIAN COMPANY IS NO LONGER REQUIRED, NOR IS A BANK ACCOUNT

Modifications to Friendly Countries

As of August 2021, some modifications came into effect in which Peru was added to the list, secondly, the conditions were modified and, thirdly, the time of the process was also modified.

Regarding the conditions, the incorporation of a Panamanian company is no longer required, nor is a bank account of five thousand dollars [RdlG2] required. Currently the options to obtain the migratory status are: (i) to work in Panama, or (ii) make an investment in a real estate property or make a time deposit, for an amount of US\$ 200,000.00 dollars.

Regarding the time of the process, it is important to clarify to the interested parties that those who apply for such category will obtain a provisional residence of two years, after which they are eligible for a permanent residence.

For those interested, the general requirements remain the same, such as a criminal record certificate from the country of origin, apostilled, a valid passport with available pages and in good condition and, if you wish to include your family, it is important to prove the relationship with the marriage certificate and the birth certificate of the children, duly apostilled. t

Seek advice for immigration procedures

The most advisable thing for a company that wishes to hire new foreign labor or for an individual interested in moving to Panama, is to contact a law firm or a legal advisor with experience in immigration matters.

Oftentimes we receive calls or visits from people from different countries interested in investing in Panama and obtaining residency. In other occasions, the interest is to obtain the residence permit to move to Panama without being part of a company, but with businesses in their countries of origin. For each situation, professional advice gives them the opportunity to choose the immigration option that best suits their conditions.

The most important thing when choosing Panama as a destination for permanent residence is to analyze the final purpose of your application. Each case is different and sometimes the interests of an investor are not the same as those of a person seeking to live his or her retirement.

That is why it is important to analyze beforehand the purpose of your stay and to get advice from a good team of lawyers that offer enough alternatives to suit your needs.

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