

# Practical Guide for the Dissolution of a Corporation in Panama

For the dissolution of a corporation in Panama, a series of requirements must be met, as well as the provisions of the new Law 254, which introduces adjustments in fiscal transparency.

The dissolution or termination of a corporation in Panama is a process that entails the consensus of the corporation's shareholders, as well as the compliance with a series of requirements and obligations that are necessary to carry out said operation.

The process is quite simple. It should be noted that the dissolution of a corporation consists of the termination of the existence of the corporation, while the liquidation of the corporation entails the distribution of the corporation's assets to the shareholders as a result of its dissolution.

## Practical guide

The steps towards dissolution could be summarized as follows:

1. The dissolution and liquidation of the corporation must have the approval of all of the shareholders or the number that complies with the quorum stipulated in its articles of incorporation
2. The board of directors may liquidate or appoint a liquidator.
3. Once the dissolution is approved by the shareholders, the minutes of the shareholders' meeting are registered in the Public Registry in order to perfect the dissolution of the corporation.
4. A notice regarding the dissolution must be published in a newspaper of national circulation.



The liquidation of the corporation may be carried out before or after the dissolution of the corporation.

In the case in which liquidation is effected after the corporation's dissolution, [Law 32 of February 26, 1927, "On Corporations,"](#) grants a term of 3 years after dissolution to conclude the liquidation process. To this effect, Article 85 of said law stipulates that: "Any corporation whose existence is terminated by expiration of the period fixed in the articles of incorporation or by dissolution, shall nevertheless continue for a term of three years from that date for the specific purposes of initiating such special proceedings as it may deem convenient to defend its interests as defendant, settle its affairs, transfer and dispose of its assets, and divide its capital stock, but in no case may it continue the business for which it was incorporated".

Once the liquidation is completed (which must be accomplished in the corresponding time period), a certification must be recorded in the Public Registry stating that the liquidation has been completed.

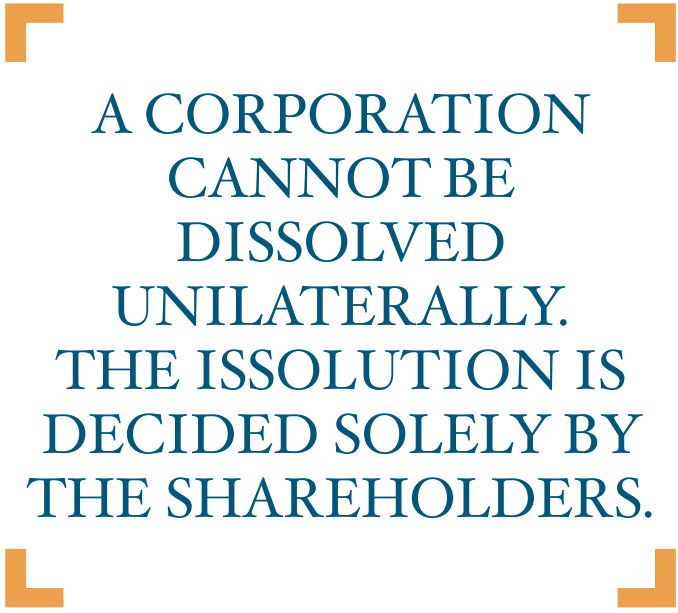
## Aspects to take into account

A corporation cannot be dissolved unilaterally. The dissolution is decided solely by the shareholders. The liquidation process may be carried out by the Board of Directors, or a liquidator may be appointed.

Another important aspect of this process is that the corporation must have complied with all of its payment obligations, i.e., it must be "in

good standing" with respect to the resident agent's annual maintenance payments, government tax annuities and, above all, it must send to the resident agent the relevant accounting records according to Law 254 of November 11, 2021, which introduces adjustments in matters of fiscal transparency and the prevention of money laundering, prior to the registration of the dissolution.

The Public Registry will only register the respective deed of dissolution, if it includes the express declaration of the Resident Agent, indicating that it maintains in its possession said accounting records.



A CORPORATION  
CANNOT BE  
DISSOLVED  
UNILATERALLY.  
THE DISSOLUTION IS  
DECIDED SOLELY BY  
THE SHAREHOLDERS.

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