

# 10 Advantages of Registering a Company in Panamá Pacífico

The Special Economic Area of Panamá Pacífico (“APP”) was created by Law 41 on June 20, 2004, to raise the country’s competitiveness globally. The APP is a tax-free area with a special customs system, so companies operating in it are exempted from most taxes regarding their activities, businesses, services, operations, or transactions. These companies are exempted from paying the bulk of direct and indirect taxes, contributions, fees, duties, and national levies, with certain exceptions.

## Tax advantages of registering a company in Panama Pacifico:

1. Exemptions from any tax, contribution, levy, or import duty on any type or class of goods, products, equipment, services, and other goods generally introduced into the Area.
2. Exoneration from VAT tax in connection with:
  - a. All types or kinds of goods, products, equipment, and other goods in general;
  - b. The services provided by companies in the area to persons established inside or outside the Republic of Panama.
  - c. Benefits received by the companies in the area.
3. Exemption from any tax, duty, fee, contribution, or charge regarding the movement or storage of fuels or other hydrocarbons and their derivatives.
4. Exemption from stamp tax.
5. Exemption of Property Tax on commercial and industrial improvements as well as the land and its improvements, and exemption of Real Estate Transfer Tax.
6. Exemption from any export or re-export tax of any type or class of goods, products, equipment or services.
7. Exemption of any taxes, fees, duties, liens, withholding, or other similar charges applied on payments to foreign creditors for interest, commissions, royalties, and other financial expenses generated by the financing or refinancing granted to the companies of the APP and for the financial leasing of equipment necessary for the development of the activities, businesses or operations carried out in the Area.



## Migratory and labor advantages of registering a company in Panama Pacifico:

8. Special migratory visas for the benefit of investors and workers of different nationalities. These visas may be extended to immediate relatives.
9. The Panama Government has assigned these special visas with a central office for the expeditious management of these immigration and labor procedures.

## Legal advantages of registering a company in Panama Pacifico:

10. The registration of a company in the APP guarantees legal stability; that is, the acquired rights of the company will not be affected by legal changes adopted over the next ten years.

Stay tuned for the second installment of this series focused on the APP that we will publish next week in Alcogal’s Focus Blog.