

# Hiring and Regulations of Work and Immigration Permits for Foreign Personnel in Panama

Hiring foreign workers in Panama is a common strategy for companies looking to leverage specific talents, but it involves complying with legal requirements in the immigration and labor fields. This article explores key recommendations and precautions for companies wishing to hire foreign workers, covering everything from permit classifications to identifying necessary documents.

## 1. Recommendations and Precautions in Hiring Foreign Personnel Needs Assessment:

- **Knowledge of Legal Restrictions:** There are restrictions on hiring foreign workers, including the need for authorization from the Ministry of Labor and Labor Development, limits on the number of workers employed, and professions reserved for Panamanians. The company must conduct due diligence on these restrictions before offering the position to the foreign worker.
- **Compliance with Employment Contracts:** There are various types of employment contracts in Panama, and choosing the correct type is crucial to ensure that the obligations of both the employer and the foreign worker are met.

## 2. Types of Contracts and Labor Restrictions Fixed-Term and Indefinite Contracts

- Panamanian legislation establishes differences between **fixed-term contracts and indefinite contracts** that foreign workers can opt for, depending on their immigration status and work permit processing.
- **Contract Determination:** The determination of the employment contract is essential because, for foreign workers, restrictions generally apply regarding the duration of the employment relationship and its renewal.
- **Profession Restrictions:** Panama has a specific list of professions, such as law, accounting, medicine, and dentistry, reserved exclusively for Panamanians.
- **Timely Advice:** Timely advice on the types of contracts that can be established and the legal restrictions surrounding hiring a foreign worker is fundamental for developing the employment relationship.

## 3. Immigration and Labor Regulation in Panama Labor Regulation

- The Labor Code establishes the framework for hiring foreign workers, specifically the authorization that must be issued by the Ministry of Labor and Labor Development, the duration of the employment relationship, and limits on how many can be hired, which impacts their salaries. Employers must understand and comply with these regulations to avoid penalties.
- **Immigration Regulation:** Panama's immigration law regulates the categories and conditions a foreigner can reside under.

### Etapas del trámite

Within the residency application process, the interested party will go through a series of stages that are part of the immigration procedure.

1. The first step involves entering personal data into the internal system of the National Immigration Service; this process is known as Affiliation Registration.



2. Next, your lawyer will request residency permission on your behalf.
3. Once this step is completed, you must go to the Immigration office to obtain a migration card and a QR code on the back with the phrase "valid for travel."
  - The QR code currently replaces multiple visa stamping.
4. At any time, authorities may request document updates, replacements, or additional requirements beyond those previously established. Once the file is evaluated and everything is satisfactory, the National Immigration Service will grant a resolution approving provisional or permanent immigration permission.

## 4. Identification of Documents for Foreign Personnel

Companies must ensure that all foreign workers' documents, such as passports, are authenticated and updated. Document identification and validation help minimize risks and avoid complications during immigration inspections.

## 5. Classification of Work Permits in Panama Temporary and Permanent Permits

- **Permits are classified as temporary or permanent** depending on how long the worker will remain in Panama and their work activity. It is essential to know which fits the employee's and company's situations.
- **Special Permits for Executives and Technicians:** Panama offers specific permits for certain categories, such as executives from multinational companies and specialized technical personnel, based on their experience and work type.

Hiring foreign personnel in Panama is a strategic decision that requires compliance with a strict regulatory framework. Understanding regulations, permit classifications, and labor restrictions help companies comply with the law and optimizes the integration process for foreign workers. The Alcogal team in Panama is ready to assist you in hiring foreign resources.