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Asociados*
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PANAMA'S ECONOMIC ZONES

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Introduction

The Republic of Panama always has been performing as a strategic trading point in the global economy since its time as Spanish colony. However, today's world economy imposes new challenges to Panama. This country is constantly adapting its economy to new international commercial changes like a group of laws issued discussed in this article.

Colon Free Zone

Created in 1948 in the Atlantic Area of the Panama Canal, the Colon Free Zone (CFZ), counts with around 1,800 companies established and is considered the second largest free zone in the world only surpassed by Hong Kong. The Law Decree No. 18 of 1948 states that any person who is interested in Colon Free Zone must export at least 60% of the goods that it imports each year. Besides, the interested party must hire no less than five people. The advantages of CFZ go from the geographic position, access to commercial places in the Caribbean, to infrastructure in highways, railroad and airports. The Colon Free Zone allows some competitive advantages such as exemption in import taxes, a low rate of income tax of national activities and no income taxes from the export activity, and only a 5% tax on dividends.

Among its infrastructure and services, we can highlight:

- Center for collection and redistribution of load.
- More than 2000 companies for display, import, re-export, store, repack, assemble, process, design and create other activities, products or raw materials and other effects of trade.
- Modern showrooms, stores and warehouse.
- Network of high-tech communications.
- More than 25 international banks operating within the Free Zone.
- Security in and around the area.
- Multinational companies providing services of cargo within 24 hours.
- Commuter ports, railway terminal, road and airport.
- Luxury hotels 5 minutes from the shopping area.
- Cruise ports closest to the area.

Panama Pacific Economic Area

When most of the buildings and assets returned to Panama from United States in the 90's, the Republic of Panama, confronted the challenge to create a future plan for the Howard Air Force Base, located in the Pacific entrance of the Panama Canal. Through Law 41 of 2004 and with around 1,400 hectares of surface, the Panamanian government granted a concession to London & Regional Panama to create a master plan to develop this area.

The project is divided into industrial and commercial sector, including international business park and corporate center, which will have more than 300,000 square meters of warehouses. Also includes an airport and the residential area, which is the heart of this development, which include commercial, office and three hotels. Currently 2,700 people work at Howard and by 2015 that figure will rise to 9,500.

The studies made for the development of this sector clearly indicate that their location at the entrance and west shore of the Panama Canal is ideal for the establishment of a multimodal center for industry and the commerce. The existing airport infrastructure, and advance telecommunications facilities and the integration of the just in time manufacture with the multimodal transport will provide fast and flexible connections between users, suppliers and clients.

The purpose of Law 41 is the attraction of any investor who wants to develop technology and manufacture (specially the new ones), transport & logistic services, communications & technology, tourism, aircraft repair, maintenance & other related services to aviation, industries, construction, among others. The project has seven different zones according to the investment that you are interested.

The incentives to establish in this economic area go from exemption of taxes such as income, import, stamp, real estate, transfer of goods and services between ports to petroleum free zones to the companies that develop its activities from there.



In one single place through one simple express process, you may obtain all government licenses and authorizations avoiding the visit to 14 different government offices located all over Panama City.

The Panama Pacific Economic Area has a flexible labor and immigration program. With the Law 41 of 2004, the labor regime allows the possibility to work on Sundays, holidays, surcharges and extra shifts. Foreign workers have a special regime that allows them to obtain immigration and labor permission. The companies established in Panama Pacific Economic Area have the possibility to hire up to 10% of foreign workers and 15% in the case of specialized personnel. This percentage may increase in the case of foreign workers who are trainers of Panamanian personnel in areas where technical experts are not available in Panama.

In one place located in Panama Pacific Economic Area the foreign worker has the possibility to obtain both migratory and working permission, with a multiple entry and exits permission of Panama Territory during the visa, the possibility of obtain residence card after five years of working in the Panama Pacific Economic Area (for the 10% foreign personnel).

Foreign investors for USD 250,000.00 obtains a residence card for five years, multiple entry and exits permission of Panama Territory during the visa, the possibility of obtain residence card after these five years.

Some of the companies installed in the PPEA are:

- Dell Panama, S de RL
- Petrolera Nacional S.A.
- River Latinoamérica Industrial, S.A.
- I.P Leather Corp.
- Panama Aerospace Engineering INC (PAE)
- London & Regional (Panama), S.A.
- Naas Panama S.A.
- Howard Child Development Center, Corp
- Manantial Química, S.A.
- 3M Panama
- Cabo Drilling Panamá-Pacífico Corp
- Albacrome, S.A.
- Marine Engineers Corp. (Panama)
- Radio Holland
- Wilhemsem Ships Services
- Wartsila Panama Service
- Cable & Wirelles Panamá, S.A.
- Medico Express, S R.L.
- 3 PL Panama S.A.
- Barwill Agencies, S.A
- Transcanal Agency, S.A.
- C.Fernie & Co. S.A.
- Green Ivory International, INC
- Garal Bravetek, S.A.
- Caterpillar Panamá

Call Centers (BPO)

Communications and technology have a constant update and development. This particularity made Panama to issue the Law 54 of 2001, which offers a flexible instrument to investors. You may obtain several services in call centers such as: telemarketing, client service, technical support, sales assistance are only an example of services that call centers can provide to investors.

Many call centers are located in Panama Pacific Economic Area or Export Processing Zones. Among its main advantages is an autonomous labor and migratory regime, which allows the possibility to work on Sundays, holidays, surcharges and extra shift. Foreign workers have a special regime that permits to obtain immigration and labor permits.

The establishment of a call center allows the possibility to obtain: Exemption in income tax if the country of origin of the corporation does not permit the deduction of the sums paid in Panama, exemption of transfer the mobile assets and services, a small tax of 5% in dividends and exemption in the process of obtain all equipments where the call center will provide its services.

Up to date, call centers operating in Panama City, Colon and other locations employ more than 10,000 people and growing.



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PRIVATE CLIENT
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PANAMA MEANS BUSINESS

Corporate Headquarters for Multinationals

Panama is increasingly ranked on decision makers' shortlists when it comes to choosing the location of their international and regional headquarters. Panama provides access to the LatAm market of 400 million people. Offering a high quality of life, a central location and tax incentives, among other advantages, companies view Panama as a strategic location from where they can oversee investment in the developed and emerging countries of the region. Coupled with English-speaking staff and strong cultural ties, the country is gaining attention as an international management centre and an ideal hub to enter neighboring markets. More than 140 multinational corporations have located corporate management functions on the country, between them: Procter & Gamble, Heineken, Caterpillar, BMW and ArcelorMittal.

Gateway Country

What sets Panama apart from the rest of its regional neighbors is its privileged geographical position, located between the two Americas and minutes away from the Caribbean Sea and the Pacific Ocean. Five percent of the entire world's trade goes thru the Panama Canal. The US Dollar as currency, has a solid and competitive financial center. An enviable port and logistics system, the second largest free zone in the world, a service based economy and the region's best airport and cargo facilities. Panama also possess one of the best transport infrastructure in the region, its tourism industry is growing very rapidly, it enjoys a good climate the whole year round and the country enjoys political and social stability of a democratic country.

Panama is also a long established key intermediary for foreign investment. In fact, trade and investment are of vital importance to Panama's economy since the 15th century and, according to the 2017 Index of Economic Freedom, annual index and ranking created by The Heritage Foundation and The Wall Street Journal, Panama occupied the position #96 in the table of 181 nations. Some of the most highly respected names in financial services, manufacturing, shipping, petroleum, logistics, pharmaceuticals and many others have in turn chosen to establish operations in Panama and use the country's strategic location as a springboard for development in the LatAm region and beyond.



Based in Panama

Companies from all economic sectors have located regional headquarters or certain key functions on the country. The international trading arm of Procter & Gamble has its headquarters in Panama, and shipping company Maersk manages its LatAm operations from the country. Pfizer found the country to be a convenient location to establish a regional center as a result of the country's favorable situation in the region. Nestle set up a sales, services and support center in Panama in an effort to break down the barriers of distance, language and culture. Companies from the finance sector have also found Panama a profitable base. The oil and gas industry represented in Exxon, Chevron, Total, BP and others have also discovered Panama as a safe service center in the South & Central America and the Caribbean, while in the IT sector Panama has become a prime jurisdiction for gaming companies offering games to players worldwide.

The pharmaceutical industry is another prominent example of strategic investment in the country, with Pfizer, Hoffman-LaRoche and Sanofi Aventis operating a regional sales and marketing unit in the country, which is responsible for the LatAm region.

Corporate Location

Doing business in and from Panama is easy: as home to a major international financial services sector, the country has one of the most developed business infrastructures in the world, making it an ideal base for region-wide corporate coordination and central management functions, sales, marketing and customer service. A neutral, pro-business and economically stable country, Panama offers companies a perfect climate to successfully compete in the region. A fiscally efficient tax structure leads the way and is complemented by a network of multiple double-taxation treaties, facilitating international business and ensuring a smooth trading environment. Political stability and solid legal, banking and accounting systems make investing in Panama attractive and safe.

Opportunity Knocks

There is optimism in Panama that the country's importance as a management center is set to grow. The country believes it is particularly attractive as a location for US, European and Asian firms wishing to cover the LatAm markets. In its efforts to persuade growing numbers of foreign companies to use it as a base, Panama emphasizes that it is also a great place for small and medium-sized enterprises seeking growth opportunities outside their home countries. With operational costs being 20 to 30 per cent lower than in most US cities, Panama offers smaller companies a conducive business environment in which to build up LatAm, US, Asia Pacific networks.

An Eye on Asia

As growth opportunities continue to move away from the traditional markets, most multinationals want Asia to become part of their expanding global footprint. It is a continent ripe with potential; and an increasing number of corporates believe locating key business functions close to the growing number of Asian consumers is now more important than ever. Despite a number of challenges, China is undergoing a transformation that is difficult to ignore. The continent is seeking to accelerate its own economic growth and offers investment and trade opportunities across all sectors, including energy, retail, tourism, leisure, utilities, transport, telecoms, health and education. In this climate, Panama's profile as a safe and secure gateway to these developing markets is taking shape and the country is emerging as a preferred entry point for companies with operations across Asia.



Some of the first companies to take advantage of the huge market at its doorstep were Panama's retailers and distributors. Many of them have successfully expanded and now undertake the distribution management for a number of leading brands. Panama's business community believes the country is well suited to be a base for the sale and distribution of a vast range of consumer goods into LatAm markets. Believing in Panama's potential as a launch pad to nearby markets, and that includes LG, Samsung, Hyundai and others.

Decision Criteria

Besides geographical proximity to major markets, Panama also scores high on connectivity. The country has been labeled the "Hub of the Americas" and is connected by air to almost every major city in the North, Central & South America, the Caribbean, Europe and even Turkey, most being just a few hours' flight-time away. Located uniquely on the main shipping routes, the Panama Canal has also turn the country into a major transshipment hub connected to more than 100 ports worldwide.

The advantages of operating in, or from, Panama also include the county's flexible, highly trained and multilingual workforce, with wages below average. Foreign companies based in Panama comment favorably on their experiences with their local employees in terms of productivity, profitability, dependability and rapid response times. The country's low crime rate, tropical climate, competitive personal tax rates, as well as its good educational and healthcare systems also make Panama an easy sell for American, Asian, South American or European expatriate executives, particularly those with families.

Investment Opportunities

The Multinational Companies Law No. 41 of 2007 define a multinational company as a company that operates from Panama, aimed at offering services to its headquarters or its subsidiaries, sister companies or associated companies or sets its headquarters in Panama, Branches will always be part of multinational companies with international or regional operations in their country of origins.

Under this law, there are opportunities for investors to either established its headquarters or established branches, sister companies that can help carry out the operations of the Business Group. Services or activities that can carry out from Panama under this law are the following:

1. The administration of the Group
2. Logistics and / or storage of equipment or goods
3. Technical assistance to the Business Group
4. Back office, accounting
5. Advice, coordination and monitoring of advertising and marketing
6. Electronic Processing of the activities of the Business Group
7. Financial Management
8. Support for the D+1 Departments
9. Service Centers and any other activities that can help to the operation of the Business Group.

Incentives

Law No. 41 provides several tax benefits, both at corporate and personal level (for management).

At corporate level, the tax incentives are:

- Total exemption on Income Taxes. Since Panama has a territorial tax system, and since the Multinational Company will be operating providing services to its operations outside Panama, there is no taxable income. Given the case that the Multinational Company provides service to a local operation, such local operation will have to be provided through a separate legal entity (another company), and any transfers of funds from that entity to the Multinational Company will have to retain 12.5% as income tax.
- Possibility of negotiating a tax scheme. A Multinational Company will not pay taxes in Panama, if for reasons of global tax planning it wants to pay taxes, it can be done through an agreement with the local tax authorities. This agreement can include the tax rate, and any other provision that the Multinational Company deems necessary, provided that such provision is not against Panamanian public policy or morals.
- Exemption from sales tax for services rendered to relate corporations abroad. Multinational Company invoicing to offshore operations are not subject to the 7% sales tax.
- Foreign personnel of the company with a Multinational Headquarters License that is covered by a Permanent Employment Visa for a Multinational Company will not generate income taxes if payment is received from abroad. They are also exempted from Social Security contributions. However, for these employees and their dependents the company must provide private health insurance, which must be issued by an insurance company with license in the Republic of Panama.
- Additionally, holders of a Permanent Employee Visa for a Multinational Company may import their household goods free of import tax and may import a vehicle for its family use every two years. However, sales taxes must be paid.

These tax exonerations will not apply to Panamanian employees or other foreign employees that are the holders of a visa different than a Permanent Employee Visa for a Multinational Company, which will be subject to the tax norms and provisions in force in the Republic of Panama.



Visas. Please note that Law No. 41 creates three (3) visas specifically for foreign employees of the Multinational Company. These visas are processed before the Ministry of Trade and Industry. These visas are:

- Special Visas for Permanent Personnel of Multinational Company. These visas are issued to foreign personnel at a managerial or executive level, and to their dependents. The visas will be issued for a 5-year period.
- Special Visas for Temporary Personnel of Multinational Company. These visas are issued to any personnel of a Multinational Company that has to come to Panama for activities related to the Multinational Company. It has a maximum duration of 3 months. This type of visa also eliminates the requirement of obtaining a working permit or any other permit from any governmental authority.

• Special visas (permits) for special events. These visas are to be issued to personnel of the Multinational Company that come to Panama to attend a specific event. These visas are only for Multinational Company personnel that hold a nationality which requires a visa to enter the country. All other personnel will not need to apply for this visa if coming only for a specific event or short visits, such as meetings, planning, technical training, etc.

Please note that the Permanent Employee Visa for a Multinational Company shall be given for a term that may not be longer than the term established in the employment contract, which shall in no case be longer than five (5) years. Holders of these types of visas will not be required to obtain a work permit (usually required for all other types of visas).

Labor regulation incentives. Law No. 41 exempts Multinational Company from the application of labor quotas, in the case of holders of Special Permanent or Temporal Permits for Permanent or Temporal Personnel of Multinational Company. These means that the proportion of 10% foreigners to 90% Panamanians required by the Labor Code, does not apply when foreigners working with the Multinational Company are holders of these Special Residence Permits.

License requirement. In order to benefit from all of these incentives, a Multinational Company will have to apply for a license before the Licensing Commission for Multinational Headquarters.

In addition, special areas in and around Panama City are being developed with modern infrastructure, logistical systems, communications, schools and housing to cater to the amount of executives and personnel of Multinational Company that are moving to Panama.

Pull Factors

Panama has established itself as a magnet for foreign-owned companies and is improving its competitive position steadily. A stable business environment, favorable corporate tax regime, world-class infrastructure and excellent quality of life – these are just a few of the many reasons why companies relocate senior decision makers to perform strategic functions from Panama. In the long term, the prospects are good that Panama will benefit from the growth in the region and become an increasingly popular choice for the location of international and regional headquarters

Enterprise	Country	Activity
Maersk Central America S.A.	Denmark	Maritime
Procter & Gamble International Operations	USA	Goods
Inelectra Panama S.A.	Venezuela	Construction and Engineering
Sinopec International	China	Energy
LG Consulting Corp.	South Korea	Goods
Productos Roche Interamericana, S.A. (Prisa)	Switzerland	Pharmacy
Caterpillar	USA	Construction
Hyundai Heavy Industries Co. L.T.D.	South Korea	Construction and Maritime
AES Latin America	USA	Energy
Total America Latina y Caribe	France	Energy
Grupo Volconsa	Spain	Construction
Endress + Hauser Instruments International Ag	Switzerland	Measuring Instruments
Western Union	USA	Money Transfer
Thunderbird Entertainment S.A.	USA	Entertainment
Peugeot Panama S.A.	France	Automation
Halliburton International Inc.	USA	Energy
Pan American Life Global Services, S.A.	USA	Insurance
Cemex Caribe, S.A.	Mexico	Construction
Moffatt & Nichol Latinamerican Inc.	USA	Engineering
ABB	Switzerland	Technology
Dell Panama Inc.	USA	Technology and Telecommunications
W.W. Grainger, Inc.	USA	Industrial Supply
BASF S.E.	Germany	Chemical, Plastics and Technology
Samtec	USA	Electronic Interconnect Industry

Enterprise	Country	Activity
KLM	Netherlands	Air Transit
Pfizer, Inc.	USA	Pharmaceutical
Hoffman-La Roche	Switzerland	Pharmaceutical
We Simplify the Internet (WSI)	Canada	Technology and Telecommunications
William Wrigley Jr. Company (Wrigley)	USA	Food Processing
DHL Express	Germany	Express and Logistics
Safra J. Asset Management S.A.	USA	Advising
Kumho Tire Panama Co. Inc.	South Korea	Automation
Heineken	Holand	Goods
Sab Miller	England	Goods
Genzyme	USA	Health
Philips	Holland	Goods
BMW	Germany	Automation
Nestle	Switzerland	Goods
Mars	USA	Goods
Cargotec	USA	Logistics
Hyosung Corporation	South Korea	Industry
Sanofi Aventis	France	Pharmacy
Otis	USA	Elevators Manufacturing
Ericsson	Sweden	Telecommunications
Adidas	Germany	Textile Industry
Smartmatic	Venezuela	Technology
Vf Sourcing	Luxembourg	Textile Industry
Alfa Laval, S.A.	Sweden	Engineering and Services
BWSC	Denmark	Energy

Review the list of Multinational Companies in Panama, [here](#).

City of Knowledge

The government of Panama has a special interest in the development of knowledge in all areas. This motivation moved the government to create a place to have all kind of research and the legal instrument to do it

An old United States Army base, named Clayton was the right place designed by the Panamanian government to place basic knowledge centers such as Universities and high level training centers with a very competitive. The Maritime University, United Nations, research institutes, schools have decided to establish in the City of Knowledge located in the Pacific side of the Panama Canal.

According to Law Decree 6 of 1998, the City of Knowledge is managed by City of Knowledge Foundation, a non lucrative organization organized by the Government of Panama which main purpose is promotion of the knowledge in all areas in the Republic of Panama.

The corporations established in the City of Knowledge have benefits such as exemption in income tax, exemption in import of vehicles, equipment, machinery and other materials required for the research, scientist or technological activity. The exemption includes the transfer of real estate tax.

In this way of thinking, the City of Knowledge has its own migratory regime and a flexible labor regime for foreign specialists and scientist that provide services in the City of Knowledge.



Some of the institutions and companies established in the City of Knowledge are:

- Copa
- Core Laboratories
- E-Pago Internacional
- Forest Finance
- Fugro Panamá, S.A.
- EDS: Hewlett Packard Panama S.de R.L.
- High Sea Support
- Idea Internacional
- Janus Systems
- Logic Studio, S.A.
- Net People Panama S.A.
- OPUS, S.A.
- OTEPI Panama, S.A.
- Robinson International Panama S.A.
- SGS Panama Control Inc.
- Telecarrier
- Union Fenosa Redes de Telecomunicación
- Agencia Española de Cooperación
- Glaxosmithkline Panamá
- Instituto de Investigación Agropecuaria de Panamá-IDIAP
- Organización de las Naciones Unidas para la Agricultura y la Alimentación (FAO) - Oficina Sub-Regional
- Agencia Española de Cooperación Internacional para el Desarrollo
- Care Internacional
- Caterpillar LA
- Onu Panamá
- Olimpiadas Especiales
- OEA – Organización de Estados Americanos

Petroleum Free Zones

Introduction

When the original Petroleum Free Zones legislation was passed back in 1992, we said that Panama was poised to become a major oil and downstream products redistribution centre for two main reasons: one is the existence of the Panama Canal creating a natural bunkering market as well as a transshipment point and the other reason is pricing. During the last 20 years, Panama also privatized its container ports, which were substantially revamped into state-of-the art facilities, plus new modern container ports were built, moving Panama into the No.1 position in container movements since 2002 in Latin America.

The global oil industry has changed dramatically in the last 20 years, and in what relates to this part of the world, important factors in Panama also changed, forcing the restructuring of the industry and thus requiring a revised legislation.

Cabinet Decree No. 25 of September 29, 2008 was enacted to fulfill those industry changes, develop the ground rules for a national Petroleum policy and drive the development of the Petroleum free zones into the next stage. Law 52 of 2008 and Law 43 of 2011 were enacted as well with the main purpose of reorganization of all topics related to energy including the Hydrocarbons among others. The former Hydrocarbon Direction of the Ministry of Commerce passed all its legal competence to the National Energy Secretary which now knows all kinds of energy sources in Panama including Hydrocarbons.

Legal Aspects

Originally, Cabinet Decree 36 of September 17, 2003 (the "Decree"), while at the same time, embraced many provisions of the prior legislation, creating the legal framework necessary to establish a petroleum policy and the market liberalization of all products derived from Petroleum in the Republic of Panama, as one of the indispensable factors to achieve the modernization of the economy and offer new investment opportunities for local and foreign companies, who thereby could take advantage of the country's strategic geographical position, the installed storage capacity for petroleum by-products, the human resources that the country has, the legislation in force to develop the traditional activities, and the new opportunities offered by the changing industry in order to create an international processing, distribution and redistribution center for petroleum and its by-products in Panama. However, the Decree was amended several times between 2004 and 2005 with a considerable change in 2008 with Cabinet Decree 25 of September 29, 2008.

Scope of Operations

Within any Petroleum Free Zone, individuals or corporations, national or foreign, may perform multiple operations under a special tax regime, as follows:

- a) Introduce, storage, refine, transform, manufacture, mix, purify, bottle, market, transport, transfer, pump, sell for the domestic market, export, re-export, and, in general, manage and supply crude oil, semi processed or any of its by-products; Petroleum Free Zone Users Type B are only permitted to introduce, storage, dry, mix, export and re-export crude petroleum, semi processed or any of its by-products in or from a Petroleum Free Zone.
- b) Build, install and operate petroleum refineries and other transformation or processing means of crude oil or semi-processed, storage tanks, oil pipelines, gas pipelines and poly-pipelines, pumping installations and pipes, buildings for offices, warehouses, or workshops and any other installations; introduce machinery, equipment, spare parts, containers, bottles, vehicles, furniture, equipment for fire or spill prevention, construct buildings for offices, warehouses, workshops for the use of the beneficiaries of the contracts to operate in the Petroleum Free Zones in any of the activities mentioned in subsection (a) hereinbefore.
- c) Lease, acquire or in any other manner use lands, easements, right of way and other real or personal rights in regard to assets located in the areas designated as Petroleum Free Zones.
- d) Establish water services, electrical power, gas, energy, heat, refrigeration or any other kind of services, upon previous coordination and approval with the respective public entities
- e) Build ports, piers, dry docks, shipping and unloading places for ship and airplanes, railroad stations for loading and unloading on land or granting contracts for the construction and exploitation of such works.
- f) In general, all kinds of operations or activities proper or incidental to the establishment and operation of the Petroleum Free Zones for the introduction, storage, pumping, transference, distribution, marketing and/or crude refining and petroleum by products.

Investment and Related Requirements

Corporations interested in investing or operating within a Petroleum Free Zone to perform any of the activities detailed in the previous section must qualify and fulfill the requirements for one or more of the different categories available, as follows:

- Petroleum Free Zone Contractor (“Contratista de Zona Libre de Petróleo”)
- Petroleum Free Zone User Type A Permit.
- Petroleum Free Zone User Type B Permit.
- Permit to Provide Products derived from Petroleum by means of Barges.
- Permit as Importer-Distributor of petroleum derived products for sale in the domestic market.
- Permit as Importer-Distributor of petroleum derived products for electric generation.
- Permit as Sub-Distributor of petroleum derived products in wholesale distribution in the domestic market.
- Permit as Importer-Distributor of Liquid Petroleum Gas (L.P.G.) for the Domestic Market.
- Permit to Recycle or Permit for Lubricant Plants (Oils and/or Greases).
- Permit for Importers of Lubricants (Oils and/or Greases).
- Permits for Analysis Laboratory.
- Permit for Independent Inspector.
- Contractor to Refine Hydrocarbons.

In the event of any accident and/or contamination within the Petroleum Free Zone caused by the activities of the Contractor, the companies established in the Petroleum Free Zone and their suppliers, the Contractor must make the corresponding works of decontamination, clean-up and repair, without prejudice of any other responsibility of the Contractor, of the companies established in the Petroleum Free Zones and their suppliers that may come with third parties or the competent authorities, without prejudice of the right of the Contractor to repeat against the originator of the accident and/or contamination.

Tax Considerations

In accordance with the Tax Code, crude oil and petroleum by-products shall enter into the Petroleum Free Zones without having to pay taxes, fees, levies and other duties related to their importation, exportation or re-exportation, and may be transferred without having to pay taxes, fees levies and other taxes. All income arising from transactions within Petroleum Free Zones specifically determined by law shall be exempted from income tax.

Pardini & Asociados, an international law firm with 36 years of experience, together with the **BusinessPanama Group** provide a convenient One Stop Shop offering the services of:

- Setting up the company, LLC or branch.
- Legal services for setting up all operations, contracts, permits, etc.
- Accessing special tax incentives.
- Locating office and living premises in Panama City for the company and its executives.
- Applying for visas, work and residence permits.
- Others.

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About the Firm

Pardini & Asociados is an international law firm with headquarters in Panama with 36 years of tradition and experience advising foreign clients and corporations of all sizes.

Pardini & Asociados was founded in 1982 with an original practice in Corporate, Commercial, Admiralty and Maritime law, which still continues today.

Since then, our law firm has been at the forefront of many innovative legal developments and during the past 15 years, the law firm has developed a highly specialized practice in foreign investments mainly in the areas of Aviation, Hotels & Resorts, Real Estate, Petroleum, Energy, Mining, Telecommunications, Tax Planning, Intellectual Property, Insurance and Reinsurance, M&As, Banking, Securities, Antitrust and Competition, Manufacturing, Infrastructure, Construction, Litigation plus a strong expertise in Labor and Immigration.

Core Strengths

We offer legal services linked to a broad scope of business needs. Our clients look for us for our experience and knowledge in any of these practice disciplines, our innovation and cost-effective results.

Our team is composed for the best legal specialists in different areas with a deep expertise in all major business sectors.

How we can help you

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- Antitrust, Trade & Competition
- Banking & Securities
- Commercial
- Corporate & Transactional
- Employment
- Energy
- Foreign Investments
- Hotels, Resorts & Casinos
- Immigration & Residence
- Infrastructure & Construction
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- Telecommunications & Information Technology
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Corporate INTL

Aviation Law Firm of the Year in Panama
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Shipping & Maritime Law Firm of the Year in Panama
2016 / 2018

Acquisition International

Mining & Energy Law Firm of the Year: Panama
2012 / 2013

Business Law Firm of the Year
2014

Dispute Resolution Award
2014 / 2015

Corporate Law Firm & Business Law Firm of the year – Panama
2014

Best Foreign Investments Law Firm - Panama
2016 / 2018

Global 100

Corporate and Litigation Law Firm of the Year
2013 / 2015

Corporate Law Firm of the Year - Panama
2016

Energy and Petroleum Law Firm of the Year - Panama
2016

Real Estate Law Firm of the Year - Panama
2016

Law Firm of the Year - Corporate – Panama
2017 / 2018

Getting the Deal Through

National Expert - Air Transport
2017 / 2018

Legal 500

Dispute Resolution
2017

CityWealth Leaderlist

Lawyers – Corporate and Regulatory
2017