



*Pardini &  
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REAL ESTATE,  
HOTEL & CASINOS

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## ***Disclaimer***

*This booklet is made available by Pardini & Asociados for educational purposes only as well as to give you general information and a general understanding of the law, not to provide specific legal advice. This booklet should not be used as a substitute for competent legal advice.*

*If you have any specific questions about any legal matter, contact us.*





## 1. Purchasing of Property in Panama

Buying property in Panama is quite straightforward and safe.

By constitutional disposition foreigners have equal treatment to Panama nationals. In other words, foreigners enjoy the same property rights as Panamanians. Additionally, Panama has enacted several laws to guarantee international investments and depending of the activity real estate transactions that will be developed with a commercial purpose can enjoy further investment incentives.

The following are guidelines for buyers that are interested in acquiring property in Panama. Real estate buyers in Panama interested in purchasing property in Panama are suggested to follow these steps:

**a) Verification of ownership and due diligence.** This is normally done by a lawyer. It implies the verification of title in favor of seller, and that the property is free of liens or claims.

If the property will have a commercial use, it is recommendable that depending of the location a verification that the property is fit to be developed as planned is done, that may imply an environmental consultant opinion or zoning verification to confirm if there are any restrictions.

**b)** Once the buyer has chosen a property it should be followed by the negotiation of price and the drafting and signature of an agreement to promise to buy-sell of property. This a contract locks the property and the conditions of the purchase.

The agreement upon signature, entails giving the seller a down payment of 10% of the agreed price and setting a date for the transfer of title, which is normally 3 months after date of signature. Normally there is a penalty if either party backs out, if the buyer defaults the seller keeps the deposit and if the seller default, he must return the deposit.

**c) Transfer of title**

Once the date agreed for transfer is reached then the formal transfer of title exchange and payment must be completed.

This implies notarizing the transaction transferring title for its registration at the Property Section of Panama Public Registry. Normally the final payment is made upon confirmation that transfer of title is duly recorded.

Title transfer registration can be obtained within a week following the submittal of the contract at the Registry.

In order to perform a closing, The Seller must consider and supply for effecting the transfer of title

1. Receipt of Transfer Taxes upon sale, which are:  
3% capital gains  
2% transfer tax.

2. Certificates of good standing for the property tax, water services and in the case of condominium units, maintenance fees.

3. If the title transfer implies the purchase of stock of a company, additional considerations must be had.



A due diligence on the company and the beneficial owner must be made. That may include if the company has had commercial activity, owns bank accounts etc.

If the stock is agreed to be transferred the seller will pay a 5% transfer tax for the sale of the stock instead of the real estate taxes applicable to a regular transfer of title.

Closing costs can vary depending on the value of the transaction, as there are legal fees, notarial fees for the public deed and registration charges at the Public registry.

**Property taxes**

The law has recently improved to begin a new tax rate as of 2019 creating two type of properties conditions

No.	Property Value	Property Tax
1	US\$ 0 to US\$ 120,000.00	0.00
2	US\$ 120,000.01 to US\$ 250,000.00	0.5%
3	US\$ 250,000.01 and above	0.7%

**Secondary Properties, Commercial or Industrial**

The tax properties applicable in this case will be as follow:

No.	Property Value	Property Tax
1	US\$ 0 to US\$ 30,000.00	0.00
2	US\$ 30,000.01 to US\$ 250,000.00	0.6%
3	US\$ 250,000.01 to US\$ 500,000.00	0.8%
	US\$ 500,000.01 and above	1.0%

**Rights of Possession**

In a nutshell, these are normally land that have been occupied by a seller, or rightful user, based on the time occupied and the use given These type of land rights is transferrable and its regulated differently than common titled property.

Potential buyers are highly recommended to consult with an attorney to perform a due diligence on the land to verify all pertinent documents, land survey and its acknowledgment by governmental authorities.

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COMMERCIAL LAW

PRIVATE CLIENT  
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IMMIGRATION LAW

PANAMA MEANS BUSINESS



## 2. Incentives for Investments in the Tourism and Gaming Industries

Law No. 80 of 2012 dictates various incentive policies for the promotion of tourism in Panama. The Panamanian Tourism Authority (ATP, by its acronym in Spanish) offer fiscal, land and customs tax incentives and exemptions to:

- Builders of hotels and hostels outside Panama City.
- Existing hotels with less than 50 rooms that obtain a quality certificate.
- Enterprises that offer touristic products like conventions, exhibitions, travel promotions, cruises, ecotourism, among other (each activity requires a minimum number of foreign attendants or passengers).
- Enterprises that offer nautical tourism and own.
  - cruises, yachts, marinas and/or docks.
- Enterprises that offer nature, adventure and beach tourism.
- Enterprises that offer special touristic products approved by the National Tourism Council.

The requirements and the application expiration dates vary according to the tourist activities. All permits are granted by the ATP and all necessary documentation must be delivered to them. Law 82 of 2019 amended the deadline to apply for the incentives to December 2025.

Law No. 2 of 2006 governs all concession related to touristic investment. This framework dictates all of the requirements and obligations needed to invest in large tourist projects that require an extensive portion of land. In order to qualify for this type of investment, all necessary documents must be submitted to the Ministry of Economy and Finances (MEF, by its Spanish acronym). Subsequently, the MEF will analyze the project and either accept or decline it.







Law 80 of November 8th, 2012 which establishes incentive regulations for the promotion of tourism activity in Panama, amended in its article 9 by Law 122 of December 31st, 2019 and regulated by Executive Decree 364 of July 23rd, 2020, establishes that investors are allowed to obtain a 100% tax credit on income tax, for their investment in the acquisition of bonds, shares and other financial instruments issued by companies that are registered in the National Tourism Registry, including real estate investment corporations duly registered at the Superintendence of the Securities Market, in a stock exchange in the Republic of Panama and in the National Tourism Registry, this with the purpose of promoting investment and financing for the development of new tourism projects or new stages and extensions of already existing tourism projects, in both cases outside the District of Panama.

### Casinos

Panama has become the strategic center of the Americas to promote fun, tourism and gambling business. In the last year Panama Casinos have had the bar raised as three new premiere casinos recently opened. The Panama Casino industry is undergoing a renaissance as these top-level casinos move in:

Sortis Casino located in the Obarrio neighborhood of Panama City is officially the largest Casino in Panama. The Casino is located within the Sortis Hotel. The hotel also has upscale restaurants on the main floor and a full spa for you to take advantage of.

The Starbay Casino is located in the Hilton Hotel at Cinta Costera, facing the Pacific Ocean. The casino boasts 27 gaming tables and hundreds of slot machines. Enjoy live music as you play. The Sunbay Casino has a Tapas Bar and Sports Bar.



## ABOUT THE FIRM

Pardini & Asociados is an international law firm with headquarters in Panama with 43 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 all areas listed below.

### 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

- Aviation
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- Commercial
- Corporate & Transactional
- Crypto & Blockchain
- Employment
- Energy
- Foreign Investments
- Hotels, Resorts & Casinos
- Immigration & Residence
- Infrastructure & Construction
- Insurance & Reinsurance
- IP
- Litigation & Arbitration
- Maritime & Shipping
- Mining, Petroleum & Natural Resources
- Online Gaming
- Private Client
- Real Estate
- Succession
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