



PANAMA PACIFICO SPECIAL ECONOMIC AREA INCENTIVES

The Panama Pacifico Special Economic Area was created through Law 41 of 20 July 2004, which established a legal, fiscal, customs and migratory regime that is applicable to the area.

Detailed in Article 60 of Law 41, Panama Pacifico incentives are designed to attract the following specific business activities:

- Office administration service (back office) operations for users outside the country or within the area
- Call centers
- Logistics and multimodal services
- Manufacture of high-tech products, components and parts
- Processing activities, manufacturing and assembly of products, components and parts using high-tech processes
- Offshore services
- Data transmission, radio, TV, audio and video
- Capture, processing, storage, switching, transmission and retransmission of digital data and information
- Research and development of digital resources and applications for use in Internet and intranet networks
- Stock transfer and sales between on-site companies
- Aircraft maintenance, repair and overhaul
- Sale of goods and services to the aviation industry
- Sale of goods and services to ships, aircraft and their passengers and crew, bound for ports or airports abroad
- Film industry (governed by Law 36 of 2007)
- Sales of goods not manufactured in the Panama Pacifico area, intended for exportation, when made by multinational corporations or any of their affiliates, subsidiaries or companies in the same economic group
- Multinational Corporation headquarters (governed by SEM Law 41 of 2007)

MAIN BENEFITS FOR COMPANIES ESTABLISHED IN THE AREA

TAX INCENTIVES

All companies registered in the area will be exempt from indirect taxes.*

For example:

- Exemption from any tax, levy, rate, encumbrance or import duties on any merchandise, products, equipment, services and other goods in general that are entered into Panama Pacifico
- Exemption from sales taxes
- Exemption from any tax, duty, rate, levy or fee regarding the movement or storage of fuel or other hydrocarbons and their derivatives
- Exemption on any commercial or industrial licenses or registration tax
- Exemption from Stamp Tax
- Exemption on real estate taxes on land and commercial/industrial improvements, as well as from the Tax on the Transfer of Immovable Goods
- Exemption from export/re-export tax of any type of merchandise, products, equipment, goods or services
- Exemption from any tax, rate, duty, encumbrance, withholding or other fees of a similar nature applied to payments to foreign creditors, for the interest, commissions, royalties and other financial fees generated by the financing or refinancing granted to the companies in Panama Pacifico, and for the financial lease of equipment required for the development of the activities, business or operations carried out within Panama Pacifico

Direct taxes are paid by all companies except those established by Law 41 of 2004 as “**Specially Incentivized Activities**”, which are completely exempt from all taxes.

SPECIAL MUNICIPAL TAX REGIME

Special municipal tax regime, which exonerates various activities and which includes legal stability against changes in taxation rates and rules

**Some restrictions or exceptions apply.*

IMMIGRATION BENEFITS

- Onsite One-Stop Shop expediently handles all visa and work permit procedures for your foreign employees
- Special visas for investors and workers
- Visa benefits extend to workers' immediate relatives: spouse, dependent children up to 25 years of age, dependent parents over 62 years of age
- Tax-free, one-time importation of any personal and domestic belongings (up to US \$100,000)

LEGAL STABILITY

Law 41 is supplemented by Panama's Investment Stability Law

- Onsite companies are automatically covered (elsewhere, this benefit must be applied for, and is subject to conditions and an authorization process)
- Guarantees no business impact from legal and municipal regime changes adopted during the subsequent ten (10) years, beginning the date your company registers in the area

CAPACITY-BUILDING CENTER

The Center for Higher Education (administered by the Panama Pacifico Agency) trains workers, according to the needs and requirements of the companies in the area

ONE-STOP SHOP

All necessary procedures and business permits for companies registered in the area are expeditiously issued onsite.

17+ government offices are present at the Panama Pacifico Agency - saving your company time and money!

- Civil Aviation Authority
- Comptroller's Office
- Electricity Supply Office (Gas Natural Fenosa)
- Fire Department
- General Income Tax Department
- Immigration Office
- Ministry of Agricultural Development
- Ministry of Health
- Ministry of Housing
- Ministry of Labor
- Ministry of Public Works
- Municipality of Arraijan
- National Customs Authority
- National Environment Authority
- Panamanian Food Security Authority
- Social Security Office
- Transport and Transit Authority
- Water Supply and Sewage System Authority

SPECIAL LABOR INCENTIVES

A special labor regime positively impacts operations in the area, which includes:

- Fixed rates for overtime (25%) and work on employees' day off (50%)
- Flexibility to assign employees' day off
- Companies may remain open on Sundays and holidays
- Foreign workers: possibility of exceeding the Labor Code's percentage rule for technicians and specialists, pending the authorization of the labor authorities, in cases of lack of qualified Panamanian labor
- Capacity-building Center for Higher Education Training
- Justified cause for termination due to market losses and/or fluctuations
- Ministry of Labor onsite in the One-Stop Shop
- Wages on night or mixed shifts can be paid by effectively worked hours