

Corporations

1. General Information

Panama Corporations are incorporated under Law No. 32 1927 and the Commercial Code (Decree-Law No. 5 of 1997, Article 5).

They offer a flexible corporate structure, provide investor privacy and ensure the legal framework to conduct legitimate business activities

2. Formation

The Panama Corporation may be incorporated by two or more individual persons (natural persons), referred to as subscribers. The subscribers must sign the Articles of Incorporation which may be executed in any place, within or outside the Republic. The Articles of Incorporation may take the form of a public deed; However it is important that the documents are protocolized by a Notary Public. In the case that the documents were executed outside of the Republic, they must be authenticated by a Panamanian Consul (in the event that there is no such Consul, by a Consul of a country friendly to the Republic of Panama), before it is notarized. Then the public deed or the protocolized document containing the articles of incorporation must be presented for registration in the Mercantile Section of the Public Register Office to be valid for third party purposes.

There are no requirements as to the Subscribers nationality or domicile.

3. Name

The name may be expressed in any language. However, they may not be equal or similar (grammar-wise and phonetic-wise) to that of a Corporation existing in the Republic of Panama.

The name shall include a word, phrase or abbreviation which indicates that it is a corporation and which distinguishes it from a natural person or a legal entity of another nature. “Corporation”, “Incorporate”, “Sociedad Anónima”, “Corp.”, “Inc.”, and “S.A.” are all valid indicators. However, the suffix “Limited” or the abbreviation “Ltd” are not permitted.

4. Language

The official language is Spanish. Nevertheless the Articles of Incorporation can be written in any language. If the Articles of Incorporation are not written in Spanish, it should be formalized by protocol together with an authorized translation by an official or public translator of the Republic of Panama.

5. Authorized Capital

The standard authorized capital is ten thousand U.S. dollars (USD 10'000.00) or

the equivalent in any other legal tender which may be divided into one hundred (100) registered shares of one hundred U.S. dollars (USD 100.00) each. However, Panama Corporations do not require paid-in capital, nor is there a time limit in which authorized capital must be fully paid.

6. Purpose

A Panama corporation may serve any lawful purpose.

Possible purposes for a corporation may include for instance:

- Holding company for real estate in Panama or elsewhere
- Holding assets internationally on a favorable tax basis whereby assets can be transferred between persons in a private transaction through the delivery of shares rather than an exchange of the underlying assets themselves
- Business start-up in Panama, such as a consulting service internationally or a hotel in the tourism industry
- Conduct business in any jurisdiction in which an international corporation may conduct business
- Investment and banking

7. Legal Effect

Panama corporations become effective at the time of incorporation (upon entry into the Public Register).

8. Shares and Shareholders

The corporation shall have the power to create and issue one or more classes of shares with the designations, preferences, privileges, voting rights, restrictions or

requirements and other rights which the Articles of Incorporation determine, and subject to the redemption rights which the corporation has reserved in the Articles of Incorporation. Note that no bearer shares shall be issued unless they are fully paid and non-assessable. Furthermore, bearer shares shall be deposited with an authorized custodian.

The immobilization of bearer shares was approved in Panama throughout the end of July 2013. Therefore, ATU (Panama) S.A. recommends clients to use registered shares as opposed to bearer shares.

The shares may or may not have a par value.

Minimum of shareholders is one and there are no requirements as to their nationality or domicile.

9. General Meetings

Meetings are not statutory. Nevertheless, unless the Articles of Incorporation or Bylaws otherwise provide, in the event that a shareholder meeting is to be held, said meeting shall be held in the Republic of Panama. Any shareholder may be represented by a proxy, who may be appointed by a public or private document, with or without powers of substitution.

Meetings can also occur via telephone or any other electronic means.

10. Directors

A minimum of three (3) natural persons or legal entities must be appointed. Unless the Articles of Incorporation provide otherwise, the Directors need not be shareholders.

There are no requirements as to the directors' nationality or domicile.

11. Officers

A Panama Corporation should have at minimum an appointed President, Secretary, and Treasurer. Both legal entities and natural persons may be appointed as officers.

There are no requirements as to the officers' nationality or domicile.

12. Auditors

There are no statutory requirements regarding the appointment of auditors. Nevertheless they may be appointed through a general meeting formalized by protocol together with an authorized translation by an official or public translator of the Republic of Panama.

13. Resident Agent

This is required by law. The resident agent needs to be a Panamanian Law Firm.

14. Domicile

We offer our services and provide domicile at:

PH Torre Panama – piso 15,
Blvd Costa del Este y Ave La Rotonda,
P.O. Box 0832-00429,
Panama City, Republic of Panama.

15. Corporate Seal

This is not required by law.

16. Bookkeeping

Required by Law 52, 2016 entering into effect on January 1st, 2017. Can be done and kept anywhere in the world

17. Filing of the annual accounts

Not required but Law 52, 2016 states that all legal entities keep accounting records. These records can be prepared and kept outside the territory of Panama but the Registered Agent needs information where the records are being kept and who will be responsible. Accounts need to be made available to authorities at any time if being asked for.

18. Taxes

Panama Corporations which make their profits outside of Panama are tax exempt. Only an annual franchise tax (USD 300.00) applies.

Should you require further information, please contact:

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