

# Foundations

## 1. Definition and General Information

The Panama Private Interest Foundation is a legal entity (independent juridical person) in which assets are transferred into, in order to achieve a specific purpose(s). It came into Law in 1995, using the Liechtenstein Family Foundation as a guideline. However, it is not limited to the Liechtenstein Family Foundation model as it provides elements that add up more flexibility.

No one owns a Panama Private Interest Foundation. The assets which are transferred into the foundation become part of the foundation itself. Therefore, the assets are legally owned by the Foundation.

## 2. Formation

The Panama Private Interest Foundation may be formed by any individual person (natural person) or by any legal entity (juridical person). A nominee founder may also be appointed. There are no requirements as to the Founder's nationality or domicile.

The formation may take place:

- a) by private document, executed by the founder, whose signature must be authenticated by a notary public at the place of constitution.

- b) by public document, directly before a notary public at the place of constitution.

As a rule, the formation is effected in the form of a foundation deed. The formalities take at minimum 3-5 business days.

## 3. Name

The name may be expressed in any language with characters of the Latin alphabet. However, they may not be equal or similar (grammar-wise and phonetic-wise) to that of a foundation existing in the Republic of Panama. The name must include the word "Foundation" to distinguish it from any other natural or juridical persons.

## 4. Language

The official language is Spanish. However, the foundation charter, as well as any amendment thereto, can be written in any language with characters of the Latin alphabet. If the foundation charter or its amendments are not written in Spanish, they must be protocolized together with their Spanish translation by a certified public translator of the Republic of Panama.

## 5. Foundation Capital

The foundation capital (assets of the foundation) must be at least ten thousand

U.S. dollars (USD 10'000.00) or the equivalent of said amount in any other legal tender. The initial capital does not need to be deposited in advance and may be increased in the future.

## 6. Purpose

The purpose of a Panama Private Interest Foundation encompasses a wide range of possibilities as long as they are legal and feasible.

As possible purposes for a foundation may be considered for instance:

- Asset management and protection
- Private Investments
- Regulation of succession
- Charity
- Testament

Foundations should not be profit oriented. Nevertheless, they may engage in commercial activity in a non-habitual manner or exercise the rights inherent to achieve its non-profit purpose.

## 7. Legal Effect

Panama Private Foundations can become effective at the time of the constitution (upon entry in the Public Register) or after the death of the founder (must be explicitly specified on the formation documents for it to apply).

## 8. Public Register

A Certifica, which is an excerpt from the Public Register, is issued from the register. This is not a Certificate of Goodstanding per se. The Certificate of Goodstanding would be the Certifica

combined with the confirmation of the resident agent that all taxes are paid.

## 9. Foundation Council

The foundation council can be made up of:

- a) One (1) legal entity (juridical person).
- b) One (1) legal entity (juridical person) and one (1) individual person (natural person).
- c) Three (3) or more individual persons (natural persons), legal entities (juridical persons), or any combination of both.

There are no requirements regarding nationality or domicile.

## 10. Beneficiaries

The Foundation Charter contains no requirement to name beneficiaries, but the Foundation does not allow non-existent beneficiaries, they must be at least identifiable. Furthermore, the founder or subsequently the foundation council may determine in optional foundation regulations (which are not recorded at the Public Registry), the beneficiaries and the manner and scope of their beneficial rights.

There are no requirements regarding nationality or domicile.

## 11. Protector

Optional. The founder can appoint a protector. It is even possible for the founder to be the protector as well. Usually a protector is appointed to

ensure more control over the Foundation.

## **12. Auditors**

There are no statutory requirements of accounting and audit for Panama Private Interest Foundations. However, an auditor could be appointed by the Founder, the Protector, or the Foundation Council in order to supervise and maintain control.

## **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, Republic of Panama.

## **15. Bookkeeping**

Required by Law No. 52, 2016 which entered into effect on January 1<sup>st</sup>, 2017. In addition, unless otherwise provided for in the foundation charter or its regulations, the foundation council must be able to render accounting of its activities to the beneficiaries and, if applicable, to any supervisory body. This must be done annually.

## **16. 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.

## **17. Taxes**

Panama Private Interest Foundations are exempt from taxes, contributions, duties, liens or assessments of any kind. Only an annual franchise tax (USD 400.00) applies.

Should you require further information, please contact:

ATU (Panama) SA

T +507 271 54 18    F +507 271 09 28  
[www.atu-pa.com](http://www.atu-pa.com)    [info@atu-pa.com](mailto:info@atu-pa.com)