



Aspen Group Limited

A Guide to Panama Corporations

HONG KONG

PANAMA

PRAGUE

BACKGROUND

The Republic of Panama has an area of approximately 76,900 sq. km. It is located in Central America with Costa Rica to the West and Colombia at its southeastern border. It is the narrowest point of the Americas. This geographic formation is known as an Isthmus.

Panama is mostly known because of the Panama Canal. The Panama Canal supports nearly 15,000 ships per year and more than 200 million tons of cargo. Over 700 thousand passengers and crew transit each year. As the link between the Atlantic and the Pacific Ocean and mandatory crossing of the world, Panama's container ports are world-class. Panama records the largest merchant marine fleet in the world and maintains 4 large container ports.

The Colon Free Zone is located on the Atlantic side of the Isthmus of Panama at the Atlantic entrance to the Panama Canal. The Panama Free Zone is the second largest in the world after Hong Kong. Operations and transactions are subject to a special tax arrangement wherein worldwide imports and re-exports are exempted from any import or export taxes or duties in Panama. Income earned from re-exportation bears a very low tax rate.

After Hong Kong, Panama is the largest Companies Registry in the world.

Panama boasts excellent telecommunications and transportation infrastructure.

Panama holds perhaps the most sophisticated and experienced banking centre in the world and the region's eldest and most experienced Free Zone. There are more than 120 banks in Panama in observance in standards of best banking practices and regulations. Panama banking standards are to par with the leading financial centers of the world. Panama has banking secrecy laws and has not signed any tax exchange information treaties.

The executive branch of the Government is composed by a President and two vice-presidents who are elected to a single term of five years. With more than 15 years of a firmly established democracy, the country is politically stable, boasts a strong banking centre, and reflects continuous economic development and growth.

LANGUAGE

Spanish is the official language but English is widely spoken. All registrations, deeds, commercial, banking and trading documents are issued in Spanish. Official translations into English and other languages are easily obtained.

CURRENCY

U.S. Dollar; exchange of major currencies, especially to the Euro is possible.

EXCHANGE CONTROL

None.

TYPE OF LAW

Civil Law. The Companies Law is based on the Delaware model.

COMPANY FORMATION

PANAMA CORPORATION (*SOCIEDAD ANÓNIMA*)

Identical to the IBC. Non-resident company.

FOUNDATIONS, LIMITED LIABILITY COMPANIES, AND LIMITED PARTNERSHIPS ARE ALSO AVAILABLE.

INCORPORATION PROCEDURE

Subscribers present Memorandum and Articles of Incorporation to the Notary Public who then issues a Public Deed for registration at the Companies Registry.

TRADING RESTRICTIONS

Panama IBC cannot perform the following activities: banking, trustee services and management, insurance, assurance, reinsurance, fund management, investment fund administration, collective investment schemes or any other activities which would be associated with the banking, fiduciary, finance, or insurance business.

REGISTERED OFFICE

Required. Must be in Panama.

REGISTERED AGENT

Required. Must be in Panama.

COMPANY NAMES

Availability must be confirmed. There are no restrictions in the language. However, they cannot reflect any of the trading restrictions described above. Also restricted is the use of corporate names already registered or those of high profile and well-known corporations and brand names.

SUFFIXES

All companies must bear one of the following endings in full or its abbreviated forms: Corporations, Incorporated, *Sociedad Anónima*, or the abbreviations Corp. Inc. or S.A.. They may not use the ending *Limited or Ltd.*

TIME OF INCORPORATION

Actual registration occurs in one working day. However, additional time must be allocated for the purpose issuing the Notarial Deed, registry processing and issuance of completed corporate documents.

LICENSING REQUIREMENTS

Special licenses must be obtained for the following activities: Banking, building societies, cooperatives, savings, insurance, assurance, reinsurance, fund management, investment funds, trusts or their foreign language equivalents.

DISCLOSURE OF BENEFICIAL OWNERSHIPS

No.

MIGRATION OR RE-DOMICILIATION

Migration or re-domiciliation into or out of Panama is allowed.

SHELF COMPANIES

Available from Panama stock. Shelf companies have never been traded and are issued with a certificate of quality. Vintage companies are also available.

SHARES, TAXATION AND FILING REQUIREMENTS

AUTHORIZED SHARE CAPITAL

The standard authorized share capital is USD\$10,000 divided into 100 common voting shares of US\$100 each or 500 common voting shares without par value. The capital can be reflected in any convertible currency. The minimum authorized capital is either one share of no par value or one share of par value.

CLASSES OF SHARES

Non-voting shares, common shares, preferential shares, bearer and registered shares.

BEARER SHARES ALLOWED

Yes.

TAXATION

Panama Corporations are only taxed on income sourced in Panama. Foreign income is not taxed.

DOUBLE TAX AGREEMENTS OR TREATIES

None.

ANNUAL AUDIT

None. No requirement if income is not of Panamanian source.

ANNUAL ACCOUNT REPORTING

None. No requirement if income is not of Panamanian source.

MINIMUM DIRECTORS

Three.

Corporate and individual directors are allowed. The directors may be of any nationality and do not have to reside in Panama. Panamanian companies must appoint three officers who may also serve as the directors.

The Register of Directors is filed at the Registry.

OFFICERS

President (Mandatory)
Secretary (Mandatory)
Treasurer (Mandatory)

Other officers may be appointed, such as: Vice-President, Officers.

The Register of Officers is filed at the Registry.

COMPANY SECRETARY

Yes. Must be appointed but may be of any nationality, does not need to be a resident of the Republic of Panama and may be individual or corporate. Aspen Global Incorporations provides this service.

SHAREHOLDERS

Minimum: One.

ANNUAL GOVERNMENT FEE

USD \$300

If you would like additional information on this jurisdiction or our current shelf list, please contact us at enquiries@aspenoffshore.com; or contact any of our offices.

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