



2026-2027 GUIDE

Living and investing in Panama

Residency, buying property, companies and taxes,
explained in plain language for people moving to the
country.



WELCOME

Before you start

Moving to or investing in another country means making decisions you only make once and want to get right: which residency to apply for, whose name to buy property in, which structure to use and which taxes you will pay.

This guide brings together the questions we hear most often from people arriving in Panama. It does not replace a consultation: every case depends on your nationality, where you pay taxes and what you want to achieve. But it will help you come to your first meeting with the right questions.

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CHAPTER 1

Panama at a glance

A small country, connected to the world and used to welcoming foreigners. These are the reasons we hear most often from people who decide to stay.

US\$

A dollarized economy. The US dollar circulates at par with the balboa, the official currency. There is no exchange-rate risk for anyone who earns or saves in dollars.

Territorial tax

Tax on what you earn in Panama. As a general rule, income generated outside the country is not subject to income tax in Panama. We explain this in chapter 6.

Hub

Air and sea connectivity. The Panama Canal and Tocumen airport connect the country with the main cities of the Americas and Europe.

Clear routes

Immigration categories for each profile. Investors, retirees, professionals and nationals of friendly countries each have their own route to residency.

What to know from the start

- **A lawyer files the applications.** Residency applications before the National Immigration Service and the incorporation of companies and foundations are handled by a Panamanian lawyer holding a power of attorney.
- **Foreign documents must be apostilled.** Police records, certificates and other documents issued outside Panama must be apostilled or legalized and, if not in Spanish, translated by an authorized public translator in Panama.
- **The source of funds matters.** Banks, notaries and lawyers are required by anti-money laundering rules to know their clients. Having the origin of your money documented speeds everything up.
- **Residing is not the same as being a tax resident.** Immigration residency does not, on its own, make you a taxpayer in Panama or release you from taxes in your home country.
- **Healthcare.** Panama City has the most advanced private hospitals, and David serves much of the west of the country. Most residents take out private health insurance; some immigration categories require it.
- **Some activities are reserved.** Retail trade and the liberal professions, such as law or medicine, are reserved for Panamanians.

CHAPTER 2

Residing in Panama

There are two paths: direct routes, which grant permanent residency on approval, and two-stage routes, which start with a two-year temporary residency.

Choosing well from the start saves time and money: switching categories midway usually means filing a new application.

2.1 Qualified investor

The fastest route for anyone making a significant investment in the country. Since September 16, 2026, it has been governed by Executive Decree 17 of September 8, 2026, which replaced Executive Decree 722 of 2020. It grants permanent residency and requires keeping the investment for at least five years.

Type of investment	Minimum amount
New property, first sale	US\$300,000
Property on the secondary market	US\$500,000
Panamanian securities, through a licensed brokerage firm	US\$500,000
Fixed-term deposit at Banco Nacional de Panamá or Caja de Ahorros	US\$500,000
Fixed-term deposit at a private bank with a general license	US\$750,000

- The funds must belong to the applicant, come from abroad and have a documented trail. Gifts do not count toward the minimum.
- The Ministry of Commerce and Industries certifies the investment and the National Immigration Service decides on the residency, within maximum periods of 15 and 30 business days once the file is complete.
- The investment must be shown to be maintained every year. Dependents can be included.

2.2 Retiree (pensionado)

Designed for foreign retirees and pensioners. It requires a lifetime pension of at least US\$1,000 a month, paid by a public entity or a recognized private fund manager. It requires no additional investment and grants permanent residency. There are variants that combine a lower income with the purchase of property.

2.3 Friendly Nations

Available to nationals of the countries on the official list, which is updated by decree; for example, Executive Decree 16 of August 31, 2026 added Ecuador. It works in two stages: a two-year temporary residency and then permanent residency. In addition to nationality, you must show an economic tie to Panama in one of these ways:

- Employment with a Panamanian company, with the work permit issued by the Ministry of Labor.
- Property in your name, or in the name of a company or foundation of which you are the beneficial owner, worth at least US\$200,000.
- A fixed-term deposit of at least US\$200,000, for a minimum of three years, free of liens.

2.4 Remote work and other routes

People who work remotely for a foreign company, or are self-employed with clients outside Panama, can apply for the short-stay remote worker visa. It requires foreign-source income of at least US\$36,000 a year, lasts nine months and can be extended once. It does not lead to permanent residency.

There are also categories based on marriage to a Panamanian, on one's own economic solvency or on reforestation, among others.

Documents almost always required

- ☐ Valid passport.
- ☐ Police record from your country of origin or residence, apostilled or legalized, and translated if not in Spanish.
- ☐ Health certificate and photographs.
- ☐ Proof of the investment, pension or economic tie, depending on the category.
- ☐ Power of attorney for a Panamanian lawyer, who files the application with the National Immigration Service.

Three questions that define the category. Do you want permanent residency from the start, or can you wait two years? Will your family move with you? Is the origin of the funds you will use easy to document?

After residency is granted

- **Working in Panama.** Residency alone does not authorize you to work as an employee; depending on the category, a work permit is obtained from the Ministry of Labor.
- **Keeping your status.** Investment-based categories require keeping the investment and proving it every year.

Legal basis: Executive Decree 17 of September 8, 2026 (qualified investor) and Executive Decree 16 of August 31, 2026 (Friendly Nations). Amounts and requirements current as of October 2026; the authorities update them frequently.

CHAPTER 3

Where to live

Residency does not tie you to the capital. These are some of the most popular places among people moving to Panama: city, beach, mountains or islands.

- 1 **Panama City.** Financial center, hospitals and air connections.
- 2 **Coronado.** Beach community about an hour from the capital.
- 3 **El Valle de Antón.** Cool climate, inside an ancient volcanic crater.
- 4 **Chitré.** Traditional town in Azuero, with services and moderate costs.
- 5 **Pedasí.** Quiet coastal town in southern Azuero.
- 6 **Santa Catalina.** Pacific coast, gateway to Coiba National Park.
- 7 **David.** Capital of Chiriquí, with shops, hospitals and an airport.
- 8 **Boquete.** Highlands, mountain climate and coffee country.
- 9 **Volcán.** Highlands at the foot of Barú volcano.
- 10 **Bocas del Toro.** Caribbean archipelago, near Costa Rica.

Before choosing, check



Distance to services

Hospital, airport and banks.
Many procedures are handled in the capital or in David.



Type of title

On beaches and islands, possessory rights are common, and they are not the same as a registered title.



A trial period

Renting for a few months before buying lets you get to know the climate and the community.

LOOKING FOR A PLACE TO LIVE OR INVEST?



Lili Feng

GENERAL MANAGER · REAL ESTATE ADVISORY

Lili helps you find, assess and negotiate the property, in alliance with LFH Realty, and works with our lawyers on the title review and the purchase. She speaks Spanish, English and Cantonese.



CHAPTER 4

Buying property

Foreigners can buy property in Panama with the same rights as nationals, with few exceptions. What makes the difference is checking the title carefully before you pay.

What a foreigner cannot buy

- **Land near the borders.** The Constitution prohibits foreign individuals and companies from acquiring land located less than ten kilometers from the borders.
- **Islands and coastline: special attention.** Much of the land on islands and in coastal areas is held under concessions or possessory rights, and its acquisition follows its own rules. It requires a more careful title review.

The steps, in order

1

Title search at the Public Registry

Confirms who the owner is, whether there are mortgages, liens or easements, and whether the property is registered with a title.

2

Debt check

Clearance certificates for property tax and water (IDAAN) and, in condominiums, maintenance fees up to date.

3

Promise of sale agreement

Sets the price, deadlines, deposit and conditions. The deposit and balance are usually handled through an escrow account or a bank letter of commitment.

4

Payment of transfer taxes

Paid before signing the deed, with the receipts attached to it.

5

Public deed before a notary

The parties or their attorneys-in-fact sign the sale.

6

Registration at the Public Registry

Ownership passes to the buyer upon registration, not upon signing. Until then, the payment should remain protected.

In your own name or a company's? Buying through a company or foundation can make succession easier, but it adds annual costs and obligations. If you will use the property to apply for residency, first confirm which form of ownership the category accepts.

Taxes when buying and selling

Item	How it works
Real estate transfer tax	2% of the higher of the sale price and the updated cadastral value. The seller usually pays it, but the contract can provide otherwise.
Seller's capital gains	10% of the gain. On sale, 3% of the price or the cadastral value, whichever is higher, is paid in advance; if this advance exceeds the actual tax, the difference can be claimed.
Closing costs	Legal fees, notary, registration at the Public Registry and, if financed, mortgage costs and the bank appraisal.

Property tax (annual)

Collected by the General Directorate of Revenue on the cadastral value. Rates differ for a primary residence, which must be registered as such, and for other properties.

Primary residence	Rate	Other properties	Rate
Up to US\$120,000	0%	Up to US\$30,000	0%
US\$120,001 to US\$700,000	0.5%	US\$30,001 to US\$250,000	0.6%
Over US\$700,000	0.7%	US\$250,001 to US\$500,000	0.8%
		Over US\$500,000	1%

Paid in three installments: April 30, August 31 and December 31. Paying the full year before April 30, with no arrears, earns a 10% discount.

Five things to check before signing

- ☐ That the seller is the person shown in the Public Registry, or that their attorney-in-fact holds a valid, registered power of attorney.
- ☐ That the property has a title, not just a possessory right.
- ☐ That it has no liens, lawsuits or unpaid taxes or utilities.
- ☐ That the zoning allows what you want to do: live, rent or build.
- ☐ That your payment is protected until the property is registered in your name.



Finding and negotiating the property: Lili Feng, our General Manager, works with you in alliance with LFH Realty, and our lawyers handle the title, the promise of sale and the deed.



Sources: General Directorate of Revenue (property tax rates) and Tax Code. Figures current as of October 2026.

CHAPTER 5

Investing and doing business

A corporation is for doing business; a private interest foundation is for protecting and organizing assets. Many families use both.

	Corporation (sociedad anónima)	Private interest foundation
Law	Law 32 of 1927	Law 25 of 1995
Purpose	Doing business, signing contracts, owning assets	Protecting and passing on assets
Owners	The shareholders	No one; it has beneficiaries
Managed by	The board of directors, with at least three directors	The foundation council, with an optional protector
Regular commercial activity	Yes	No, except on an occasional basis
Succession	Shares are inherited	Benefits pass under the regulations, without probate
Initial assets	No legal minimum	At least US\$10,000

There is also the limited liability company, useful when the partners want to take part directly in management.

Shared obligations

Registered agent

Always a Panamanian lawyer or law firm, who knows the client and is the link with the authorities.

Beneficial owners

Recorded in the Single Registry of Beneficial Owners (Law 129 of 2020), which is not public.

Accounting records

Kept and preserved with supporting documents (Law 52 of 2016), even if the entity only operates outside Panama.

Annual franchise fee

Paid to the State every year. If unpaid, surcharges build up and the entity may be suspended.

To open a business in Panama

1 Choose and set up the structure

Public deed and registration at the Public Registry. Then obtain the Taxpayer Registration Number (RUC) from the General Directorate of Revenue.

2 Notice of operation

Filed online at Panamá Emprende; it authorizes the commercial or industrial activity. Some activities also require sector licenses or permits.

3 Municipal and health permits

Depending on the activity and premises: zoning, occupancy permit, fire department and, for food or health, Ministry of Health permits.

4 Staff

Registration as an employer with the Social Security Fund. Foreigners need a work permit, and the law limits the share of foreign workers in each company.

5 Bank account

Banks apply strict due diligence: bank and business references, source of funds and documents for the beneficial owners. It pays to prepare them from the start.

Special regimes for investors

Panama offers regimes with tax, immigration and labor incentives for specific activities. The ones we are asked about most are:

Regime	For whom
Multinational Company Headquarters (SEM)	Multinational groups providing headquarters services from Panama. Includes a special visa for their staff.
Manufacturing-related services (EMMA)	Multinational companies providing manufacturing or manufacturing-related services.
Free zones and the Colón Free Zone	International trade, logistics, re-export and manufacturing.
Panama Pacifico Special Economic Area	Local or foreign companies setting up in the area, with customs, immigration, labor and tax benefits.

Everything in one place. Beyond the legal work, we coordinate accounting, payroll and human resources with allied firms, so your business starts out fully in order.

Legal basis: Law 32 of 1927 (corporations), Law 25 of 1995 (private interest foundations), Law 52 of 2016 (accounting records), Law 129 of 2020 (Single Registry of Beneficial Owners) and Law 23 of 2015 (prevention of money laundering).

CHAPTER 6

Taxes at a glance

As a general rule, Panama taxes only income produced within its territory. It is one of the reasons so many foreigners choose it, but there are nuances.

Individual income tax

Annual net taxable income	Tax
Up to US\$11,000	Exempt
US\$11,000 to US\$50,000	15% on the amount over US\$11,000
Over US\$50,000	US\$5,850 on the first US\$50,000, plus 25% on the excess

Companies

Legal entities pay 25% on net taxable income from Panamanian sources.

Dividends

10% if they come from Panamanian-source income; 5% if they come from foreign or exempt income.

ITBMS

Panama's value added tax: 7% general rate on goods and services, with higher rates for some products.

Tax residency

As a general rule, anyone who stays in Panama more than 183 days a year is considered a tax resident. Your home country may still tax you.

A change taking effect in 2027. Law 526 of May 28, 2026 taxes, from fiscal year 2027, certain foreign-source passive income of entities that belong to multinational groups and do not meet economic substance requirements, at a rate of 15%. If your structure receives dividends, interest or royalties from abroad, it is worth reviewing before the end of 2026.

Exchange of information

Panama exchanges financial information with other countries under international standards. A Panamanian account or company does not hide income from the tax authorities of your country of residence: plan with your tax advisor in both countries.

Sources: Panama Tax Code and Law 526 of 2026. Rates current as of October 2026. This section is general guidance; your tax situation also depends on the laws of the country where you live or are a citizen.

CHAPTER 7

Your roadmap

Ten steps, in the order they usually happen, to arrive in Panama with everything in place.

1

Define your goal

Living, retiring, investing, opening a business or a combination.

2

Choose the immigration category

Based on your nationality, your income and the investment you plan to make.

3

Gather documents in your country

Police records, certificates and other documents, apostilled. Some expire within a few months.

4

Document the source of your funds

Bank statements, sale contracts, inheritances or tax returns.

5

Review your tax situation

In your home country and in Panama, before moving money or assets.

6

Decide on the structure

In your own name, a corporation, a foundation or a combination.

7

Open a bank account

With references and documents ready; it can take several weeks.

8

Buy or rent with a title search

And with your payment protected until registration.

9

File the residency application

Through your lawyer, with a complete file.

10

Keep a calendar

Renewals, franchise fee, property tax and the annual proof of investment.

**Eduardo Carrera****LAWYER**

Advises across all of the firm's practice areas, in Spanish and English.

**Manuel González****Caballero****LAWYER**

Advises across all of the firm's practice areas, in Spanish and English.

Advice from people who have done it. Delays rarely come from the authorities: they come from a document that has expired, was not properly apostilled or was not translated. Go through the list with your lawyer before requesting anything in your country.



HOW WE CAN HELP

One team for everything you need

Since 2011 we have advised individuals and companies who live, invest and do business in Panama. Direct contact with the lawyer in charge and plain language at every step.

Immigration

Residency, work permits, renewals and naturalization.

Real estate

Title searches, promises of sale, deeds and registration.

Public procurement

Tenders, bids, complaints and challenges.

Companies and investment

Corporations, foundations, registered agent and beneficial owners.

Dealing with the State

Notices of operation, health and municipal permits.

Civil and family

Wills, probate and contracts.



Eduardo Carrera
Lawyer



Lili Feng
General Manager



Manuel González Caballero
Lawyer

WRITE TO US

info@cra.legal
+507 261-1472/73
www.cra.legal · @cralegal

VISIT US

Torre Generali, 23rd floor, office 23A
Obarrio, Panama City