



INVESTMENT OPPORTUNITIES IN PANAMA

RIVERA, BOLÍVAR Y CASTAÑEDAS – RBC

A photograph of a street in Panama City, Panama, featuring colorful colonial-style buildings with balconies. The text "GENERAL HISTORY OF THE REPUBLIC OF PANAMA" is overlaid in white, serif font. The background shows a street lined with multi-story buildings. On the left, a yellow building has balconies with black metal railings. In the center, a white building with a red-tiled roof and blue accents is visible. On the right, a yellow building with a balcony and a sign that reads "CASA OBISPO" is seen. The sky is blue with some clouds.

GENERAL HISTORY OF THE REPUBLIC OF PANAMA

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- Independence of Panama from Spain: November 28th, 1821.
- Start of Works on the French Canal in Panama: January 15th, 1888.
- Separation of Panama from Colombia: November 3rd, 1903.
- Start of Canal Works by the United States in Panama: May 4th, 1904.
- Official opening of the Panama Canal: August 15th, 1914.
- Creation of the Colon Free Zone as an autonomous institution of the Panamanian State: Decree Law No. 18 of June 17, 1948.
- Transfer of the Canal to Panama by the United States: December 31st, 1999.
- Creation of the Panama Pacific Special Economic Area: Law 41 of July 20, 2004.
- Expansion of the Panama Canal: June 26th, 2016.

STRATEGIC LOCATION OF PANAMA

- Bridge of Central and South America.
- Through the Panama Canal, it unites the waters of the Atlantic and Pacific Oceans, creating an essential maritime route for international trade.
- Multicultural country, being a country of transit.
- We have the Colon Free Zone, the second largest free zone in the world; that added to the excellent geographical position of Panama, generates a great market advantage.
- First place in growth in Latin America 2019 (Human Development Data (1990–2017) - UNDP)
- Third most competitive Latin American country according to the World Economic Forum. (BBC World 2018)
- Country in the region with the highest economic growth, in relation to GDP per capita, but with a weakness in indicators such as the distribution of wealth, education and jobs to be done.

A large steel truss bridge, likely the Panama Canal Bridge, is shown at night. The bridge is illuminated with warm lights, and its reflection is visible in the calm water below. The sky is dark, and the overall scene is serene.

CHARACTERISTICS OF PANAMA

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- Stable and growing economy.
- Current currency in Panama: US dollar and Panamanian balboa (balboa coins issued in 2011).
- Population (2021): 4,381,583 inhabitants (Source: World Bank).
- Stability: we have a democratically elected government since 1989.
- Economic Growth: Panama tends to a constant growth since 2005, with low inflation, low unemployment and constant GDP growth.
- Direct air connections with more than 100 of the most important cities in the world.
- The Law guarantees that foreigners have the same rights as Panamanians in property, investment and trade.

A close-up photograph of a vibrant blue butterfly, likely a Morpho, perched on a green leaf. The butterfly's wings are spread, showing a deep blue color with dark borders and small white spots. The background is a soft-focus green, suggesting a natural habitat. Overlaid on the butterfly's wings is the text 'FLORA AND FAUNA' in a white, serif font. Below the text is a thin, white, wavy horizontal line.

FLORA AND FAUNA

FLORA AND FAUNA

- One of the most biodiverse countries in the world.
- It is estimated that Panama has 4.9% of the biodiversity of the entire world.
- First country in the region with a great variety of fish, birds and mammals and the largest number of primates. (Fauna)
- We have 10,115 species of plants. (Flora)
- We have protected areas. By means of these, we have the following advantages: soil protection against erosion; sanitation of rivers and groundwater, climate regulation; protection of hydrographic basins, in which water is generated for human consumption; incorporation of nutrients and oxygenation, biological control of pests and diseases; direct and indirect sources of raw materials for industry such as dyes, resins and paints; opportunities for research and development of economically, socially and environmentally sustainable production models.

PANAMANIAN TAX PROFILE

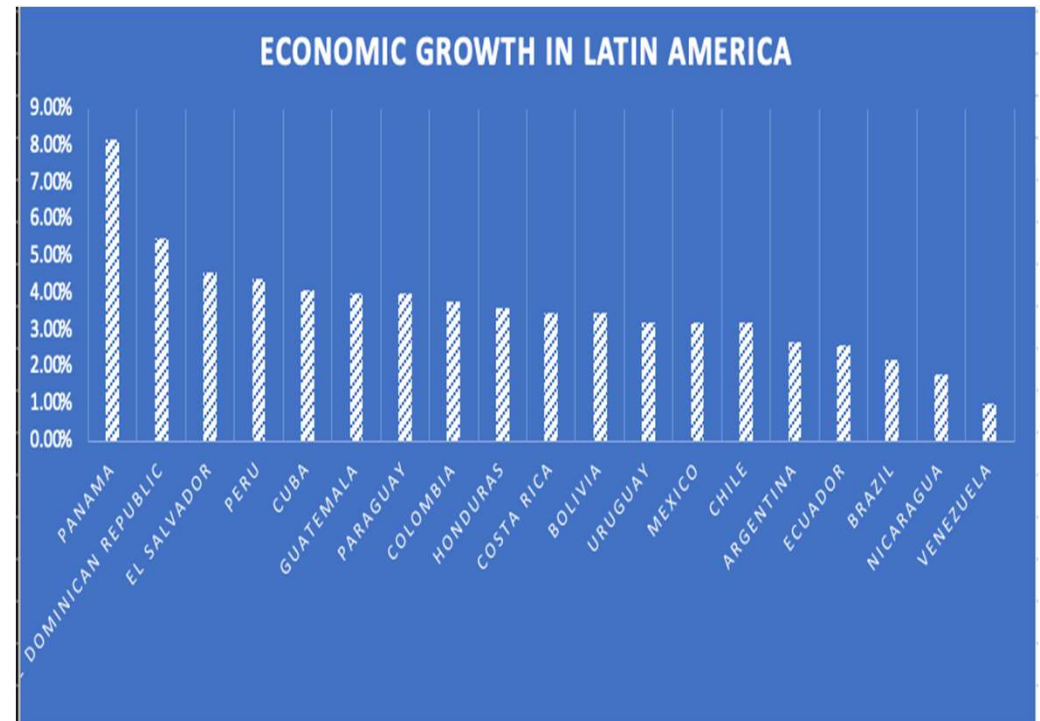
- In Panama, the Principle of Territoriality is used; with which, in principle, only those incomes produced within the Republic of Panama should be taxed.
- We have a wide variety of tax incentives, which we will address later in the presentation, seeking to boost investment, job creation, production, among others.
- Panama has several Agreements to avoid double taxation, with countries such as: Barbados, South Korea, United Arab Emirates, Ireland, Israel, Italy, Luxembourg, Netherlands, Portugal, Qatar, Great Britain, Singapore, Spain, France, Mexico , Viet Nam.
- The General Directorate of Revenue (DGI) is in charge of administering the tax system, collecting taxes, fees, contributions and income, and its objective is to combat tax evasion and interpret the Tax Laws.
- Similarly, there is the Administrative Tax Court (TAT) as an autonomous court, of second instance, independent, with national jurisdiction and competence to hear appeals against the decisions of the General Directorate of Revenue (DGI).

PANAMANIAN TAX PROFILE

- We can highlight some Panamanian taxes such as:
- *Income Tax: 25% for legal entities; individuals, 15% after the first \$11,000 of annual income and 25% on amounts greater than said \$11,000.
- *Property Tax
- *Business Operation Notice Tax.
- *Tax on the Transfer of Personal Property and the Provision of Services (ITBMS)
- *Real Estate Transfer Tax
- *Import Tax: regulated in Book III of the Fiscal Code.

STABLE AND GROWING ECONOMY

Economic Growth in Latin America	
Country	Projected GDP
Panama	8.20%
The Dominican Republic	5.50%
El Salvador	4.60%
Peru	4.40%
Cuba	4.10%
Guatemala	4.00%
Paraguay	4.00%
Colombia	3.80%
Honduras	3.60%
Costa Rica	3.50%
Bolivia	3.50%
Uruguay	3.20%
Mexico	3.20%
Chile	3.20%
Argentina	2.70%
Ecuador	2.60%
Brazil	2.20%
Nicaragua	1.80%
Venezuela	1.00%

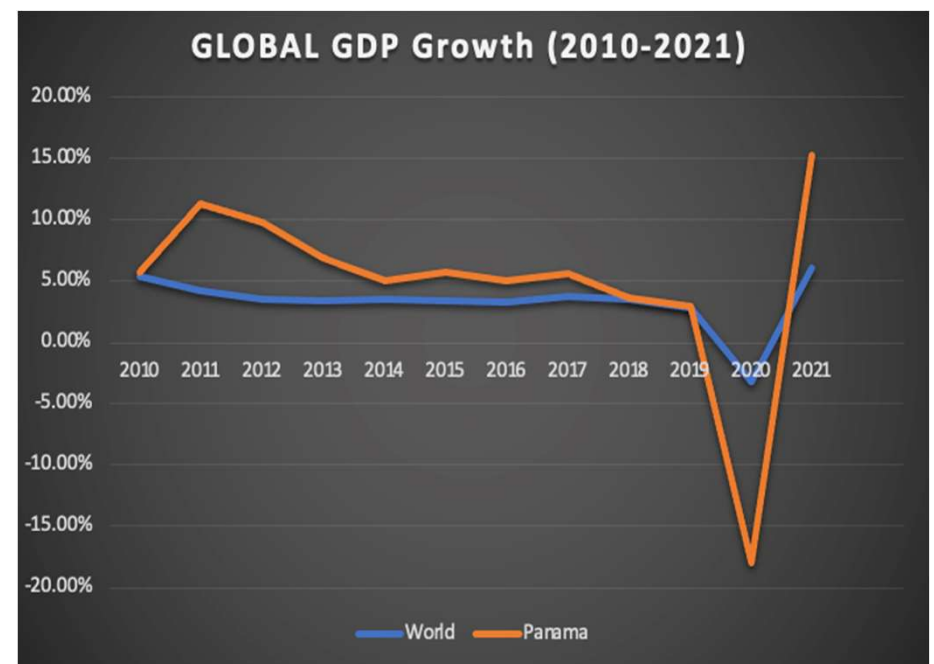


**Graph made by our Lawyer Jose Abel Almengor based on information from CEPAL; BBC article..

STABLE AND GROWING ECONOMY

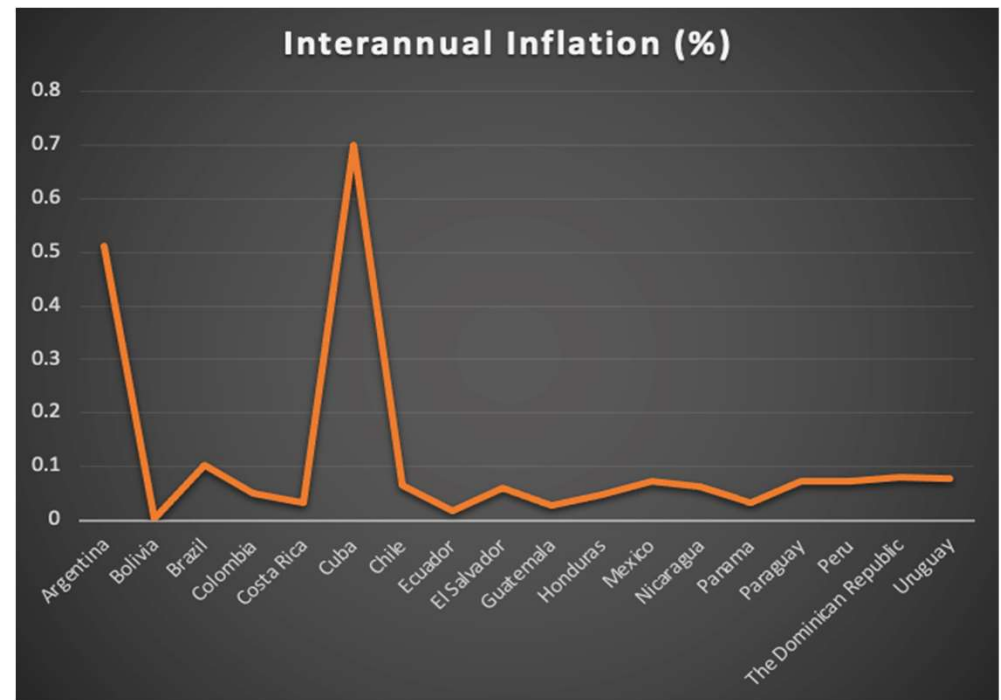
Global GDP Growth (2010-2021)			
GLOBAL		PANAMÁ	
2010	5.43%	2010	5.80%
2011	4.29%	2011	11.30%
2012	3.53%	2012	9.80%
2013	3.45%	2013	6.90%
2014	3.51%	2014	5.10%
2015	3.42%	2015	5.70%
2016	3.27%	2016	5%
2017	3.75%	2017	5.60%
2018	3.57%	2018	3.70%
2019	2.84%	2019	3%
2020	-3.20%	2020	-17.90%
2021	6.10%	2021	15.30%

**Information from Statista	**Information from World Bank
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LOW INFLATION

Interannual Inflation (Latin America %)	
Country	Inflation
Argentina	51.20%
Bolivia	0.50%
Brazil	10.40%
Colombia	5.20%
Costa Rica	3.30%
Cuba	70%
Chile	6.70%
Ecuador	1.80%
El Salvador	6.20%
Guatemala	2.80%
Honduras	4.90%
Mexico	7.40%
Nicaragua	6.40%
Panama	3.30%
Paraguay	7.40%
Peru	7.40%
The Dominican Republic	8.20%
Uruguay	7.80%

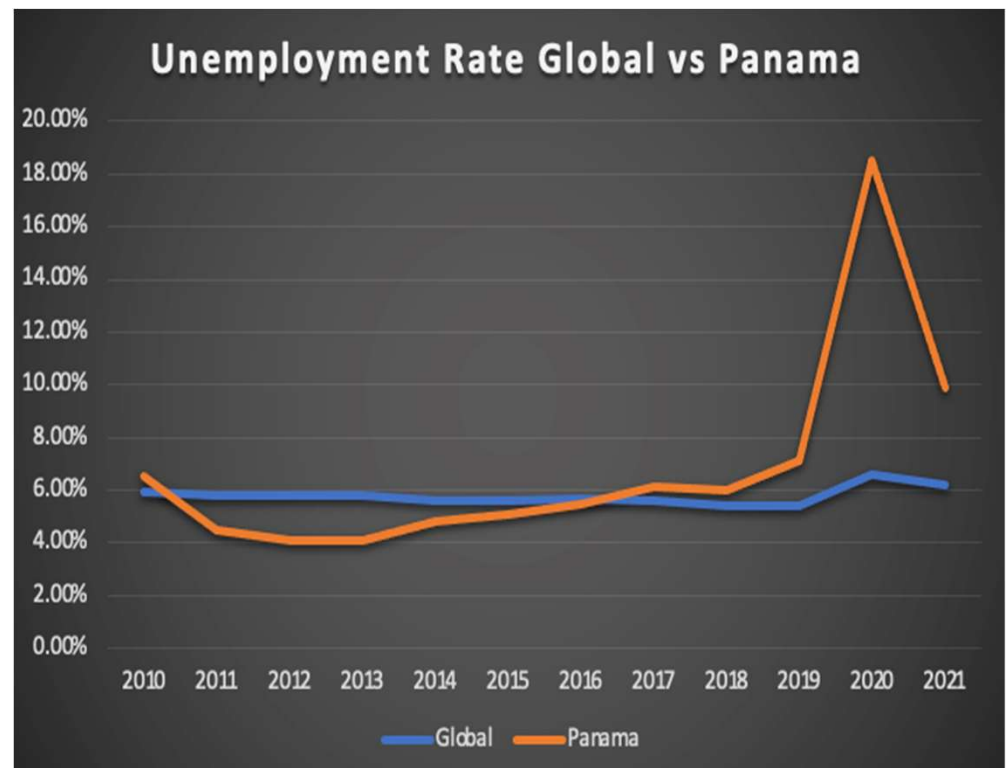


**Sources: FMI, Central Banks, Cuban Government, last available sources from BBC.

According to these data, we are among the four countries with the lowest inflation in all of Latin America.

LOW UNEMPLOYMENT

Unemployment Rate (2010 to 2021)		
Year	Global	Panama
2010	5.90%	6.50%
2011	5.80%	4.50%
2012	5.80%	4.10%
2013	5.80%	4.10%
2014	5.60%	4.80%
2015	5.60%	5.10%
2016	5.70%	5.50%
2017	5.60%	6.10%
2018	5.40%	6%
2019	5.40%	7.10%
2020	6.60%	18.50%
2021	6.20%	9.90%
**Statista		**INEC





LOW CREDIT RISK IN THE REGION

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- Panama has one of the most favorable Investment risk Positions among Latin American countries.

-Low Credit Risk:

*Chile (A1)

-Moderate Credit Risk:

*Mexico (Baa1)

*Peru (Baa1)

*Colombia (Baa2)

*Panama (Baa2)

*Uruguay (Baa2)

-Questionable Credit Quality:

*Paraguay (Ba1)

*Brazil (Ba2)

*Honduras (B1)

*Nicaragua (B3)

*Ecuador (Caa3)

*Cuba (Ca)

*Guatemala (Ba1)

*Dominican Republic (Ba3)

*Costa Rica (B2)

*El Salvador (Caa2)

*Argentina (Ca)

*Venezuela (C)

CONS OF PANAMA



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- Public debt: In 2021, it was 31,419 million euros, growing 367 million from 2020, which was 31,052 million euros. Meaning that debt in 2021 reached 58.43% of Panama's GDP, a drop of 7.13% compared to 2020, where debt was 65.56% of our GDP (Macro Data).
- Despite this, we maintain one of the lowest debts compared to our GDP, when we compare the other countries of America:

*United States - 134.24%	*Bolivia: 78.13%	*Canada: 112.06%	*Dominica: 101.90%	*Guatemala: 30.87%
*Antigua and Barbuda - 101.48%	*Brazil: 98.68%	*Chile: 36.28%	*Dom. Rep.: 71.53%	*Guyana: 43.74%
*Argentina - 80.62%	*Bahamas: 102.81%	*Colombia: 65.66%	*Ecuador: 60.89%	*Honduras: 48.19%
*Barbados - 146.71%	*Belize: 133.08%	*Costa Rica: 68.31%	*Granada: 71.41%	*Haiti: 24.24%
*Jamaica: 91.50%	*Saint Lucia: 95.46%	*Mexico: 57.63%	*Nicaragua: 47.92%	*Peru: 35.93%

CONS OF PANAMA

- Persistence in the OECD lists.
- Perception of low taxation.
- Education: The 2019 OECD Pisa Report placed Panama in position 71 out of 79 countries (Info.: Metro Libre).

Let us emphasize at this point that no Latin American country exceeds the OECD average, these being their positions:

*Chile - 43	*Mexico - 53	*Argentina - 63	*The Dominican Republic - 76
*Uruguay - 48	*Brazil - 57	*Peru - 64	
*Costa Rica - 49	*Colombia - 58	*Panama - 71	

*Bolivia, Cuba, El Salvador, Ecuador, Guatemala, Haiti, Honduras, Nicaragua, Paraguay and Venezuela were left out of the study.

CONS OF PANAMA

- Corruption: The Corruption Perception Index is 36 for Panama in 2021 (Data from Statista); these are measured with 0 as the worst score in perception of corruption and 100, which indicates that corruption is not perceived in the country. According to this ranking, we would rank at number 20 out of 30 in Latin America and the Caribbean. Uruguay being the first with 73.

*Uruguay - 73	* Saint Lucia - 56	* Colombia - 39	* Peru - 36	* <u>Dom. Rep. - 30</u>
*Chile - 67	* Dominica - 55	* Guyana - 39	* Panama - 36	* <u>Guatemala - 25</u>
*Barbados - 65	* Granada - 53	* Surinam - 39	* <u>El Salvador - 34</u>	* <u>Honduras - 23</u>
*Bahamas - 64	* Cuba - 46	*Argentina - 38	* <u>Mexico - 31</u>	* <u>Nicaragua - 20</u>
*Saint Vic. and the Gran.- 59	* Jamaica - 44	* Brazil - 38	* <u>Bolivia - 30</u>	* <u>Haiti - 20</u>
* Costa Rica - 58	* Trin. & Tobago - 41	* Ecuador - 36	* <u>Paraguay - 30</u>	* <u>Venezuela - 14</u>

CONS OF PANAMA

- Caja de Seguro Social (Social Security Fund): with constant uncertainty on the issue of pensions and on the verge of collapsing.
- High cost of medicines.
- Inequality: According to Telesur, we are among the 6 most unequal countries in the world and the second most unequal in America after Brazil; despite increases in GDP.

CAJA DE SEGURO SOCIAL

CONS OF PANAMA

- Currently, there have been a number of protests all over the Republic of Panama, because of the rise in Price of gas and the Corruption.
- Therefore, streets have been closed in Veraguas and Chiriquí, also in front of the Universidad de Panamá, where students have been confronting the police; the construction workers and the medical professionals have also protested.
- The president has fixed the Price of gas; but this hasn't solved the whole problem; because of the high prices of food and the scandals of corruption.
- This has produced heavy traffic jams in the country and also fights between the people who are protesting and the police.



LAW 54 OF JULY 22ND, 1998 - LEGAL STABILITY OF INVESTMENTS

- Article 2: Foreign investors and the companies in which they participate have the same rights and obligations as national investors and companies, without further limitations than those established in the Political Constitution and the Law, including those related to freedom of trade and industries, the free taxation of the resources generated by its investment, the free repatriation of capital, dividends, interest, profits derived from the investment, as well as the free commercialization of its production.
- Article 3: The property rights of foreign investors have no limitations other than those established in the Political Constitution and the Law.
- Article 4: The intellectual and industrial property rights of foreign investors are subject to the same regulations provided for national investors.

LAW 54 OF JULY 22ND, 1998 - LEGAL STABILITY OF INVESTMENTS

- Article 5: Activities covered by the Law on Legal Stability of Investments:

- | | |
|--|--|
| 1- Tourist activities | 8- Trade and oil free zones |
| 2- Industrial activities | 9- Telecommunications |
| 3- Agricultural activities | 10- Constructions |
| 4- Export activities | 11- Port and railway developments |
| 5- Agroforestry activities | 12- Electricity generation activities |
| 6- Mining activities | 13- Irrigation projects and efficient use of water resources |
| 7- Activities of export processing zones | 14- Any activity approved by the Cabinet Council. |

LAW 54 OF JULY 22ND, 1998 – LEGAL STABILITY OF INVESTMENTS

- Article 10: Guarantees Whoever carries out these investments in activities of Article 5 and complies with the obligations of Article 16 (investment for a minimum amount of \$2,000,000.00) will enjoy these privileges for 10 years:
 - *Legal stability, the new provisions do not affect the constitutive regime.
 - *Tax stability in the national order, is subject to the regime in force at the time of registration with the Ministry of Commerce and Industry, this excludes indirect taxes.
 - *Tax stability in the municipal order, the changes that could occur can only affect the investments covered by said Law every five years.
 - *Stability in the customs regimes that derive from the special laws.
 - *Stability in the labor regime in terms of provisions applicable at the time of hiring; in accordance with Panamanian laws, conventions and international agreements on the matter signed by Panama.

A nighttime aerial view of Panama City, showing a dense cluster of illuminated skyscrapers and buildings. The city lights are reflected in the dark sky, and the overall scene is vibrant and modern.

FOREIGN INVESTMENT OPPORTUNITIES IN PANAMA

FOREIGN INVESTMENT OPPORTUNITIES IN PANAMA

- Mining
- Banking, Insurance, Reinsurance
- Logistics and Maritime Transport
- Real Estate / Property Investment
- Investment in Panama Pacific Investment Zone and in Colon Free Zone
- Manufacture Headquarters of Multinational Companies (SEM)
- Collective Benefit and Interest Companies
- Measures for the Promotion and Development of the Industry – Law 76 of 2009, modified by Law 25 of 2017



MINING

- Minera Panamá represents the largest foreign investment in Panama with \$6.7 billion and contributes 39 thousand direct and indirect formal jobs to the Economy. It also buys \$583 million annually from other sectors of the economy.
- It would therefore be an important niche for foreign investment and also creating formal employment and developing its strategic sectors (not just mining).
- Mining Concessions will be granted through Contracts with the Nation, represented by the Ministry of Commerce and Industries (MICI), the petitioner and will require the endorsement of the Comptroller General of the Republic for its validity, and will enter into force as of its publication in the Official Gazette.

CREATION OR ACQUISITION OF BANKS IN PANAMA

- Banking Law - Executive Decree No. 52 of April 30, 2008.

*Article 32: Annual payment of banking regulation fee.

-General License Bank: B/.30,000.00 plus its equivalent to B/.35 for each million dollars or fraction of total assets up to a maximum of B/.100,000.00.

-International License Bank: B/.15,000.00.

-Bank Representation License: B/.5,000.00.

*Article 68: Minimum paid capital to set up a bank, to request and maintain a banking license is \$10 million for the General License and \$3 million for the international license.

*Article 73: 30% liquidity requirement.

*Agreement No. 3-2001: indicates the requirements to obtain the Banking License in Panama.

INSURERS

- Law 12 of 2012.

*Article 39: Authorization of the Superintendency. Any company related to the insurance industry in or from Panama must be previously and duly authorized by the Superintendency.

*Article 40: Documents to present to the Superintendency.

*Article 41: Minimum required capital. Minimum capital of five million balboas (B/.5,000,000.00)

*Article 43: License: said authorization for the requesting company to operate in Panama is granted by reasoned Resolution of the Superintendence.

REINSURERS

- Law 63 of September 19, 1996
- Minimum capital to operate of B/.1,000,000.00 in Panama; must be consigned in cash by the branches of foreign companies.
- *Article 33. In addition to the provisions of article 18 of this Law, to obtain the reinsurance broker license, the following requirements must be met:
 - 1- Have a paid social capital of not less than one hundred thousand balboas.
 - 2- Submit proof of having made a guarantee deposit in the National Bank of Panama, for the sum of B/.150,000.00.

This deposit may consist of cash, bonds, certificates or other State securities, or guarantees for the same value, issued by an insurance company duly authorized to operate in Panama and deposited with the Superintendency. The technical report must also be submitted.

LOGISTICS AND MARITIME TRANSPORT

- According to data from Georgia Tech Panama, the Panama Canal represents around 5% of world trade and more than 14,000 ships transit through this route every year.
- 85% of total transits are Panamax-type vessels, and the rest are Neopanamax.
- The Canal operates 24 hours a day, 365 days a year, providing transit and other services to ships from all nations supported by a workforce of around 9,000 employees.
- This is a great investment opportunity in Panama, considering the large amount of world trade that passes through our country and the distances that could be shortened by having manufacturing based in Panama, as well as a closer destination for trade in America in general, and the rest of the world.

REAL ESTATE

- Panama can be considered as a "hub" of real estate investments, being able to generate a return on investment in income from the rental of properties of up to 9% per year, according to data from La Estrella.
- In addition to considering the low rate of inflation that our country has; it would be an investment by which money grows, largely avoiding being destroyed by inflation.
- Let's add to this point, that Panama is a banking system famous for its solidity, hosting more than 120 banks, both local and international; in addition to large corporations located in Panama, such as Dell, Caterpillar, Singapore Airlines and the largest free zone in the Western Hemisphere and second largest in the world.
- Panama is a good business center, in which there are options to process residence and citizenship, excellent medical care services and affordable prices for real estate.

An aerial photograph of a residential neighborhood in Panama Pacifico, showing numerous houses with red-tiled roofs and lush greenery. The title 'INVESTING IN PANAMA PACIFICO' is overlaid in large white letters, with a white horizontal line below it.

INVESTING IN PANAMA PACIFICO

- Panama Pacifico is a special economic zone in Panama, which has tax incentives based on Law 41, to boost investment; also establishing legal certainty for foreign investors.
- Special immigration regime for workers in the area and for investors, who invest no less than B/.250,000.00 in risk capital of the companies.
- Right to definitive permanence and certificate after two years for investors. Labor regime with visa for workers, extendable to direct relatives.
- More than 100 multinational companies in Panama for their regional operations.

An aerial photograph of the Colon Free Zone in Panama, showing a vast industrial area with numerous large warehouse-like buildings with blue roofs, extensive stacks of colorful shipping containers, and port infrastructure with cranes. The background shows a dense urban area of Colon, Panama.

COLON FREE ZONE

- Largest free zone in the American continent and second largest in the world.
- One of the world's leading multimodal distribution centers.
- Strategic location minutes from the three best cargo ports in the Atlantic; ideal to access markets in Central America, the Caribbean and the Andean Community.
- E-Commerce Free Zone: sale of goods or products from the free zone as a complementary activity to companies already established in the Colon Free Zone.
- Business Opportunities: benefits and competitive advantages opening opportunities for businesses at a regional level.
- New Markets: Strategic location and legal instruments such as the SEM Law and the EMMA Law that offer solutions to multinational headquarters and light manufacturing industries, allowing business continuity and access to new markets.

INFRASTRUCTURE ADVANTAGES - COLÓN FREE ZONE

- Lot rental contracts (by contract with the Colon Free Zone) - Low costs on lots and building rental contracts.
- Rental of buildings (by contract with the Colon Free Zone) Representation agreements
- Protection of intellectual property rights.
- Storage contract or public deposit.
- There are benefits such as: tax exemption on imports, re-exports and manufacturing of goods; on re-export income; about billing; on other national and provincial taxes; use of the United States dollar as legal tender; low rental costs for land, buildings or other spaces; international sale through Electronic Commerce; Intellectual Property and Money Laundering Office; financial network of a large number of national and international banks; immigration facilities for foreign executives; The establishment of companies with a SEM license or authorized to operate under the special regime of the City of Knowledge or Call Center for commercial use is allowed; Higher Education Centers and Scientific Research Centers; among other benefits.

MANUFACTURING (LAW 159 OF AUGUST 31, 2020 – EMMA)

- New Special Regime for the Establishment of the operation of Multinational Companies for the Provision of Services Related to Manufacturing ("EMMA").
 - Tax incentives: Article 10 of Law 54 of 1998 on the Legal Stability of Investments;
 - They maintain for 10 years the rates and taxes established at the time of issuance of their license.
 - They must pay ISR in Panama on the net taxable income at 5%.
- *They are subject to the transfer pricing regime in accordance with the provisions of the Tax Code.
- *They do not cause ITBMS as long as they are provided to people who do not generate taxable income within Panama.
- *They are not subject to the use of fiscal equipment.
- *They are not required to obtain a Notice of Operation.
- *Exempt from all taxes, levies, rates or import rights on all types or classes of merchandise, products, equipment and other goods required for the provision of services related to manufacturing; among others.

MANUFACTURA (LEY 159 DEL 31 DE AGOSTO DE 2020 - EMMA)

- EMMA Temporary Staff Visa
- Visa for Permanent Personnel of a Multinational Company
- Permanent Residence of Personnel of Multinational Companies
- Among other tax and labor incentives.

HEADQUARTERS OF MULTINATIONAL COMPANIES (SEM) – LAW 41 OF 2007

- Services provided by a SEM, according to Article 4:
 - *The management and/or administration for the operations in a specific or global geographic area of a company of the business group. It refers to strategic planning services, business development, personnel management and/or training, operations control and/or logistics.
 - *Logistics and/or storage of components or parts for the manufacture or assembly of manufactured products.
 - *Technical assistance to companies in the business group or to customers who have purchased a product or service from the company.
 - *Financial management, including treasury services to the business group.

HEADQUARTERS OF MULTINATIONAL COMPANIES (SEM) – LAW 41 OF 2007

- Services provided by a SEM, according to Article 4:
 - *The accounting of the business group.
 - *The preparation of plans that are part of designs and/or constructions, or part of them and are part of the typical line of business of the parent company or its subsidiaries.
 - *Electronic processing of any activity, including the consolidation of business group operations, including network operations.
 - *Advice, coordination and monitoring of marketing and advertising guidelines for goods or services produced by the business group.
 - *Operations and research support, development of group products and services, and any other approved by the Cabinet Council.

ADVANTAGES OF SEM

- Article 21: Tax Regime: Companies holding a SEM License will be exempt from paying Panama Income Tax for services provided to entities of any nature domiciled abroad that do not generate taxable income in Panama. Applies to companies, not their employees.
- Article 22: Tax on the Transfer of Movable Corporal Assets and the Provision of Services: Being export services, the services provided by a company with a SEM License will not cause ITBMS, when they are provided to persons domiciled abroad, that do not generate income taxable within Panama.

*Export of services is understood as: "those provided from an office established in Panama, but that are perfected, consumed or have their effects abroad.

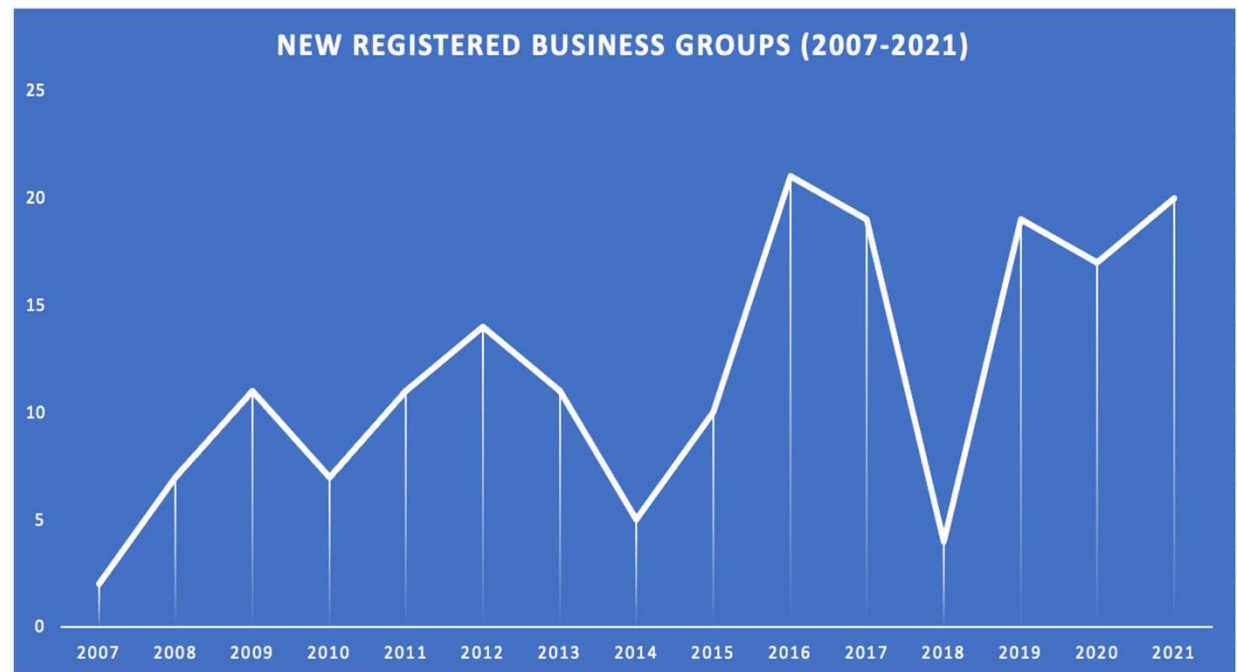
*They are not, however, exempt from paying ITBMS for the purchase of goods or services in Panama or imports and if they provide services in Panama.

ADVANTAGES OF SEM

- Visa for permanent staff of the Multinational Company Headquarters (Article 26)
- Visa for temporary personnel of the Headquarters of a Multinational Company (Article 28).
- Panama has around 160 SEMS, in various areas, which since 2007 take advantage of the various advantages they offer in this highly competitive market.
- We are a country with a privileged geographical position that allows an interconnection with practically all the countries of the world; therefore, maintaining a headquarters in Panama is very beneficial and profitable.

STATISTICS OF THE SEM IN PANAMA

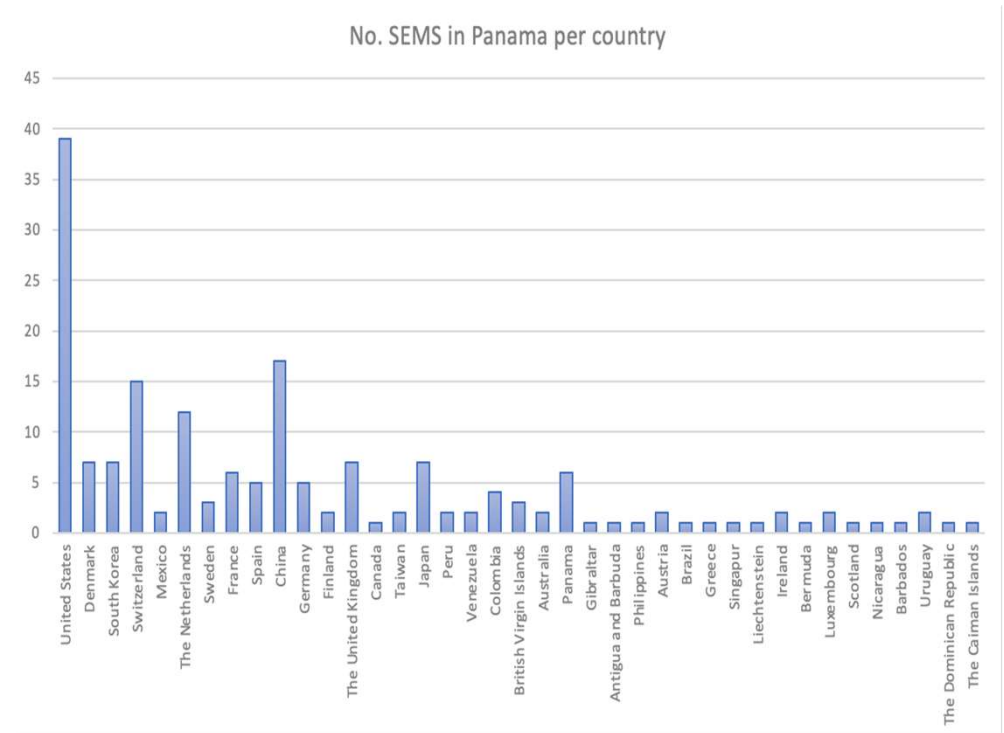
Year	New Registered Business Groups
2007	2
2008	7
2009	11
2010	7
2011	11
2012	14
2013	11
2014	5
2015	10
2016	21
2017	19
2018	4
2019	19
2020	17
2021	20
TOTAL	178



STATISTICS OF THE SEM IN PANAMA

Countries	No. SEMS in Panama
United States	39
Denmark	7
South Korea	7
Switzerland	15
Mexico	2
The Netherlands	12
Sweden	3
France	6
Spain	5
China	17
Germany	5
Finland	2
The United Kingdom	7
Canada	1
Taiwan	2
Japan	7
Peru	2
Venezuela	2
Colombia	4

British Virgin Islands	3
Australia	2
Panama	6
Gibraltar	1
Antigua and Barbuda	1
Philippines	1
Austria	2
Brazil	1
Greece	1
Singapur	1
Liechtenstein	1
Ireland	2
Bermuda	1
Luxembourg	2
Scotland	1
Nicaragua	1
Barbados	1
Uruguay	2
The Dominican Republic	1
The Caiman Islands	1

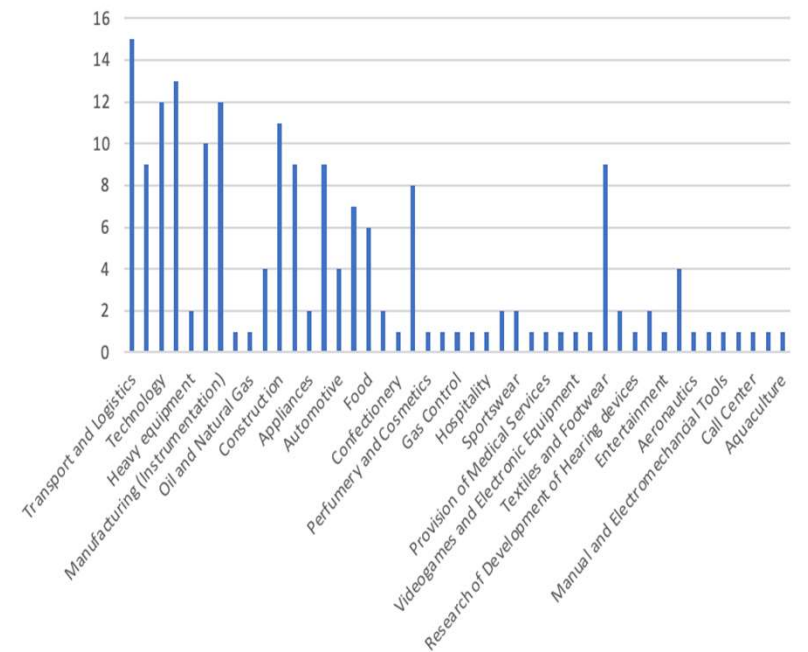


STATISTICS OF THE SEM IN PANAMA

Industrial Sectors	No. SEMS in Panama
Transport and Logistics	15
Consumer Goods and Personal Care	9
Technology	12
Pharmaceutical	13
Heavy equipment	2
Energy	10
Manufacturing (Instrumentation)	12
Remittances	1
Oil and Natural Gas	1
Insurance and Reinsurance	4
Construction	11
Engineering	9
Appliances	2
Financial Sector	9
Automotive	4
Spirits, Wines and Beers	7
Food	6
Industrial Machinery	2
Confectionery	1
Telecommunications	8
Perfumery and Cosmetics	1
Power Plants and Marine Systems	1

Gas Control	1
Agrochemicals and Seeds	1
Hospitality	1
Security	2
Sportswear	2
Packaging Solutions	1
Provision of Medical Services	1
Geotechnics and Hydrogeology	1
Videogames and Electronic Equipment	1
Plastic Products	1
Textiles and Footwear	9
Marketing and Advertising	2
Research of Development of Hearing devices	1
Chemicals and fibers	2
Entertainment	1
Consulting	4
Aeronautics	1
Iron and Steel Products	1
Manual and Electromechanical Tools	1
Research and Education	1
Call Center	1
Sports Industry	1
Aquaculture	1

No. of SEMS per Industrial Sector in Panama



MOST IMPORTANT SEMS BASED IN PANAMA

*Red Bull GMBH

*Nestlé

*Ralph Lauren Corporation

*Estée Lauder

*Roche

*Maersk

*Mars

*Sony Corporation

*Pandora

*Caterpillar

*Procter & Gamble

*Cemex

*Dell Inc.

*Ernst & Young

*AES

*LG

*Kumho Tires

*Daewoo Int. Corporation

*Samsung

*Johnson & Johnson

*Caterpillar

*Heineken

*Group Michelin

*Nike

*General Electric Company

*Western Union

*Phillips

*Yamaha Motors

*L'Oréal

*Telefónica, S.A.

*Halliburton

*Adidas

*Novo Nordisk

*Under Armour

*Trade Alliance Corp. Holding

*Bacardi

*Royal Caribbean

*3M

*ADIDAS

*Payless Inc.

*GSK

*Isuzu

*Liberty Latin America

*Unilever

*The Estée Lauder Companies


COMPANIES OF BENEFIT AND COLLECTIVE INTEREST

- Law 303 of May 31, 2022
- Companies of collective benefit and interest are defined as those commercial companies whose main objective is to generate a positive impact on society and the environment while deriving their income from commercial activities, such as the sale of goods or services. It responds to unmet social demands or needs by creating positive externalities, transparency, and accountability. (Article 2).



COMPANIES OF BENEFIT AND COLLECTIVE INTEREST

- They must be primarily dedicated to one of these categories:
 - Labor: dedicated to hiring people with disabilities, in poverty, extreme poverty or unemployment.
 - Environment: focused on the proper use and/or conservation of energy, water, nature, wildlife and natural resources or on the recycling and reuse of waste.
 - Education and sports: improving the quality of education and/or promote the arts, sports, science, culture and/or the advancement of knowledge.
 - Health: focused on prevention and/or treatment to have a healthier population.
 - Poverty and inequality: focused on reducing multidimensional poverty and inequalities in the country.
 - Food: focused on reducing malnutrition.
 - Any other determined by the Executive Body through Regulations.

The background of the slide is a photograph of a large industrial facility, likely a steel mill or refinery. It features complex metal structures, including tall vertical towers, large horizontal pipes, and cylindrical storage tanks. The scene is set against a clear blue sky. The text is overlaid on the upper half of the image.

MEASURES FOR THE PROMOTION AND DEVELOPMENT OF THE INDUSTRY - LAW 76 OF 2009, MODIFIED BY LAW 25 OF 2017

MEASURES FOR THE PROMOTION AND DEVELOPMENT OF THE INDUSTRY - LAW 76 OF 2009, MODIFIED BY LAW 25 OF 2017

- Applies to industrial manufacturing, agro-industrial and aquaculture transformation companies, forestry and fishery resources, including micro, small, medium and other companies established or to be established in the Republic of Panama, and all integrated operations of the industrial companies dedicated to obtaining and transforming raw materials for fishing, agriculture and forestry. (Article 2).

- Companies that are not eligible for this Law:

*Those that enjoy any other tax incentive, with the exception of the CPC, CPCE and the Legal Stability regime.

*Those established in a special tax or customs regime.

*Communication, with exception of industries that develop high-tech goods.

MEASURES FOR THE PROMOTION AND DEVELOPMENT OF THE INDUSTRY - LAW 76 OF 2009, MODIFIED BY LAW 25 OF 2017

*Generation, transmission and distribution of electrical energy, except industries that adopt forms of renewable energy production and cogeneration for self-consumption.

*Dedicated to the packaging and distribution of products, without an industrial transformation process.

*Construction

*That exploit metallic mineral resources of the country.

*Those not framed within the definitions of Law 76.

INCENTIVES

- Companies duly registered in the National Industry Registry enjoy these tax benefits:

*3% as import tax on raw materials, semi-finished or intermediate products, machinery, spare equipment, containers and packaging and other inputs that enter the composition or the manufacturing process of its products; except for construction materials, mobile vehicles, office supplies and anything that is not used for the production process.

*They may deduct as an expense in the income statement for the first year, 100% of the ITBMS on the machinery, equipment and spare parts that are used in the food industrial transformation process and/or non-taxpayers.

*Losses suffered in a fiscal period by companies covered by this regime will be deductible in the following five fiscal periods, at a rate of 20% per year; without being able to deduct more than 50% of the net taxable income in the year in which the respective fee is deducted. The portion not deducted during a period may not be deducted in subsequent years, nor will they cause any refund.

INCENTIVES

- They can take advantage of the customs regimes developed in Decree Law 1 of February 13, 2008, as well as Article 200 point 7 of the Political Constitution of Panama.
- From the year in which the company makes the investment and up to three years later, the Industrial Development Certificate may be requested; they must be registered in the Registry and fill out the application.
- The following companies may request an Industrial Development Certificate that recognizes 40% of the investments made:

*Agribusiness companies and manufacturing industries that invest in research and development activities indicated in Article 16 of Law 76; that make reinvestment of profits or investment in the improvement of production processes; that invest in training activities for their human resources in the production area; that make an increase in their production payroll.



INVESTMENT OF RETIRED PEOPLE IN PANAMA

- Eleven times in a row, Panama has led the index of the best destination to retire.
- This Retirement Index for older adults from other parts of the world made by the Specialized magazine Condé Nast Traveler, has been led in eleven consecutive years by Panama, according to a note from the Tourism Authority of Panama (ATP).
- We have excellent hospitals, a series of discounts for retired people that favor their economy, quality of life.
- In a World Economic Forum publication, Panama appeared in the same position, as the residential destination for people who, due to their age, retire from the workplace.



INVESTMENT OF RETIRED PEOPLE IN PANAMA

- Traveler magazine also highlighted that the cost of living for a retired couple in Panama City, with a very good quality of life, is possible for less than \$3,000 a month with rent included; while a single person could retire practically anywhere in Panama for \$1,700 a month.
- Since the country has many hospitals and clinics, medical care wouldn't be a problem.
- Legal residents are also entitled to a 20% discount on prescription drugs if they are over the age of: 55 in the case of women and 60 in the case of men.
- The Panama Pensionado (Panama Retirement) visa is one of the most attractive in the world and offers deep discounts on everything from airfare to theater performances.

¿WHY RIVERA, BOLÍVAR Y CASTAÑEDAS?

- Rivera, Bolívar y Castañedas has a 35-year history in the Panamanian Market; founded by our Founding Partner José Javier Rivera Jiménez in March 1987, after his separation as a partner from the Firm Vallarino, Vallarino y Rivera, where he had been a partner since 1978.
- In 1993, Irene Bolívar Cisneros became a partner, thus changing the name to Rivera y Bolívar.
- Later, in 1996, after several years of practice within the Firm, Dayra Castañedas was appointed as Partner and the firm changed its name to Rivera, Bolívar y Castañedas, as is currently known.
- Finally, Javier Said Acuña Rivera joined the Firm as Partner.



¿WHY RIVERA, BOLÍVAR Y CASTAÑEDAS?

- One of the specialties of our Firm is Tax Law, being one of the fields developed by our Founding Partner, as well as Corporate Law by partner Irene Bolívar and our Civil Procedures and Arbitration Department by our partner Dayra Castañedas.
- Our legal practice also includes other areas such as Intellectual Property, Labor Law, Administrative Law, Environmental Law and Criminal Law.
- Within Tax Law we give recommendations and interpretations of the new laws issued by the General Directorate of Revenue (DGI) to our clients depending on their sector within the economic field.
- Likewise, we maintain in our practice the obligation to update all the areas that we handle.



¿WHY RIVERA, BOLÍVAR Y CASTAÑEDAS?

- We have participated as consultants in the creation of laws and manuals. Some of these are Decree 170 of 1993, which regulates Income Tax, the Panamanian Fiscal Code, drafters of the Industrial Property Law Project for the Republic of Panama, among others.
- We have links with international firms, such as Zumpano Patricios, an international Firm located in Miami, United States, and members of Lataxnet, a network of international tax advisors in the Latin American and Caribbean region.
- Throughout these years, our Firm has incorporated specialized Lawyers in the different branches of Law we manage to offer the best possible service to our clients.



¿WHY RIVERA, BOLÍVAR Y CASTAÑEDAS?

Our areas of practice:

- Real Estate Law
- Tax
- Government Procurement
- Intellectual Property
- Sanitary Registry
- Litigation
- Mediation and Arbitration
- Admiralty law and Ship Registry
- Labor Law
- Immigration
- Corporations
- Business Establishment
- Private Interest Foundations
- Trust
- Contracts
- Banking Law
- Securities Law
- Notary Services
- Environmental Law
- Antitrust Law



¿WHY RIVERA, BOLÍVAR Y CASTAÑEDAS?

- We are specialists in meeting the need of our clients on a daily basis, standing out for innovating in the way we communicate and inform our clients. As an example, we can present our foray into the media in 2014, 2015 and 2016, in our radio program Legislación y Economía.
- Since 1987, we have sent our clients the Legislación y Economía magazine every month, where we cover current topics, both legal and of interest to daily life, and as part of our social responsibility as a company, since 2001, the magazine is purely digital, in for the conservation of our environment.. In addition, since 2010, we have sent the "Actualidad RBC" bulletin daily to keep our clients informed of legal developments in the country.



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