

PANAMA



Law and Practice

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Morgan & Morgan

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Morgan & Morgan is one of the largest and most recognised full-service law firms in Panama, with roots dating back to 1923. The firm has extensive experience assisting both local and multinational corporations from various industries, including recognised financial institutions and government agencies. Additionally, the firm also caters to the legal needs of individual clients. The firm's immigration team is comprised of over 15 dedicated professionals, including lawyers and other support staff. The practice has a deep understanding of and

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1. Policy

1.1 Immigration Policy

Panama's immigration policy is designed to attract foreign investment, promote economic growth and encourage the influx of skilled workers who can contribute to the country's development. The Ministry of Public Security, specifically through the Immigration Authority, is responsible for administering, supervising, controlling, and executing these policies. In addition to the Ministry of Public Security, other government entities such as the Ministry of Labour, Ministry of Commerce, Ministry of Foreign Affairs and the Ministry of the Presidency also contribute to and recommend immigration policies related to commerce, trade, investment and employment.

The immigration policy is designed to create special categories that align with the diplomatic, investment and economic goals of the executive branch, thereby facilitating the entrance and residency of foreign investors and individuals possessing specific skills needed in the country.

1.2 Upcoming Policy Changes

Recent presidential elections are likely to shape policy changes, impacting immigration and labour regulations. Despite this, Panama's past administrations have consistently enforced the 2008 immigration law decree (the "Immigration Law") and its regulation, which have been updated to introduce new categories of residence permits in alignment with the immigration policy of the executive branch.

Within the last few years, categories such as the Qualified Investor residence permit, the Short-Stay Visa for Citizens of the United States of America and the Remote Worker Visa, have been introduced.

The Qualified Investor residence permit offers a fast track to permanent residency in Panama for foreigners that invest USD300,000 in real estate, USD500,000 in stocks, or USD750,000 in fixed-term deposits. In October 2024, the investment required under the real estate option will increase to USD500,000, with the aim of attracting high net worth individuals seeking fast-track permanent residency. The Short-Stay Visa for Citizens of the United States of America, allows US citizens to apply for a visa based mainly on their nationality, and Remote Worker Visa allows foreigners to reside in Panama while working remotely.

Panama's labour immigration rules are based on the Labour Code and the recently enacted Executive Decree No 6 of April 2023 (the "Labour Immigration Decree"). This Decree, effective as of May 2023, has implemented noteworthy changes regarding work permits, which are handled as a separate process by the Ministry of Labour. These changes encompass:

- the applicability of payroll quotas in the main work permit categories. This is a departure from the previous rule, which excluded certain main categories, such as the Friendly Nations work permit, General Regularisation Immigration Programme (*Crisol de Razas*), and Professional Foreigner work permit, from the quota system;
- the division of the Friendly Nations category into three subsets: (i) those who will be considered as local labour for payroll calculation purposes, such is the case of the Friendly Nations work permit granted for an indefinite term; (ii) those not included for payroll calculation purposes, such as those with Friendly Nations work permits on the basis of an investment; and (iii) those included in

the payroll for quota purposes on the basis of their employment;

- investors have the option to apply for new work permit categories especially created for them, which do not count towards quotas, as there is no reference to quotas under these categories; and
- dependants now have the opportunity to apply for work permits, whereas the previous decree only allowed dependants to work after obtaining permanent residency.

2. Visa Options

2.1 Sponsor-Based Employment Visas

The main sponsor-based employment options in Panama are:

- 10% Ordinary Personnel residence permit and work permit, applicable to foreign employees who participate in the regular activities of the employers' business at the administrative or operative level, and that are not in trust, specialised or technical roles; this type of permit is subject to salary and headcount quota limits;
- 15% Trusted Personnel residence permit and work permit, applicable to trusted foreign personnel that carry out direction, supervision or representation services to the employer; this type of permit is subject to salary and headcount quota limits;
- 15% Technicians and Specialised Personnel residence permit and work permit, applicable to those foreign employees in specialised or technical roles, such as technicians or experts; this permit is also subject to salary and headcount quota limits;
- Friendly Nations residence permit and work permit based on employment, applicable to those foreign employees from a list of coun-

tries that Panama has established friendly, economic, investment and professional ties with; this type of permit is counted in the payroll for quota purposes, based on employment; and

- SEM visas, specifically for foreign employees working in permanent positions within an SEM company (Multinationals Headquarters Regime); these visas do not count towards quota limits and do not require a separate work permit.

2.2 Un-sponsored Work and Investment Visas

The main un-sponsored work visas in Panama are as follows.

- Family Ties residence and work permits for foreigners include categories for spouses or children who are Panamanian citizens. Upon marriage to a Panamanian, foreign nationals can begin the process by applying for provisional approval, which allows residency and work privileges for two years. Afterwards, they can seek permanent residency. Similarly, foreign nationals with children born in Panama, aged at least five, can apply for permanent residency after holding provisional residency for two years. These programmes are counted towards the local labour quota for companies.
- The Temporary Protection permit, established in 2023 as a new regularisation programme applicable to foreign nationals who have maintained an irregular status for a year or longer, provides a provisional immigration status for a duration of two years, accompanied by a work permit that is valid for the same period. Work permit applications under this programme are exempt from quota limits.

The main investment visas in Panama are the following.

- The Panama-Italy Agreement enables Italian citizens to obtain immediate permanent residency in Panama by means of the Mutual Friendship, Commerce, and Navigation Treaty between the two countries. Additionally, it provides an indefinite work permit and qualifies individuals as part of the local labour.
- Friendly Nations residence permit and work permit based on an investment, applicable to foreigners from countries with which Panama has friendly, economic, investment and professional ties; to be eligible, the foreigner must hold a Friendly Nations residence permit based on an investment (this type of permit does not count in the payroll for quota purposes).
- Qualified Investor residence permit and work permit, applicable to foreigners who invest an amount of USD300,000 in real estate, USD500,000 in stocks, or USD750,000 in fixed-term deposits for which the government of Panama grants fast-track permanent residency (this type of permit does not count in the payroll for quota purpose).
- Self-Economic Solvency residence permit and work permit, applicable to foreigners that invest USD300,000 in (i) real estate; (ii) fixed-term deposits; or (iii) mixed investments (this type of permit does not count in the payroll for quota purpose).

2.3 Restrictions on Visitors

The Immigration Law and its regulations impose certain limitations on the activities visitors or tourists can engage in while in Panama, including recreation, shopping, business, medical tourism, visiting, or similar purposes.

Additionally, tourists must (i) enter the country on a temporary basis, without the intent of establishing residency or abandoning their country of residence; and (ii) comply with the obligation of departing the country upon the expiration of their authorised stay period.

Visitors should also be aware that to enter Panama, they must meet various requirements, including holding a valid passport, not being subject to an entry ban or having a criminal background, having sufficient financial resources to support themselves during their stay, and possessing a round-trip flight ticket.

Certain restrictions apply to visitors from different nationalities (without a visa exemption agreement) who must obtain an entry visa before travelling, such as those from Venezuela, Cuba, China, India, and many other Asian and African nations. However, there are exceptions to this requirement for individuals holding a tourist visa or residency from specific countries, including the United States, Canada, United Kingdom, Singapore, South Korea, Australia, the Schengen territory and Japan. These exceptions are subject to the following visa criteria: (i) it must have been previously used to enter the issuing country; (ii) it must be valid for at least six months; and (iii) it must be issued for multiple entries and exits.

Once in the country, foreigners can stay as tourists depending on their nationality:

- one month – nationals of countries without a visa exemption agreement with Panama;
- three months – nationals of countries that do not require an entry visa or have a visa exemption agreement; and
- six months – nationals of the United States of America and Canada.

2.4 Remote Working

In 2021, Panama introduced a Short-Stay Visa for Remote Workers. This visa allows a nine-month stay in Panama, extendable for an equal term. Holders are authorised to work in Panama without requiring a separate work permit or additional procedures. It enables individuals to engage in remote work activities while in Panama, offering flexibility and convenience for those capable of working remotely.

To be eligible for this type of visa, applicants must meet the following requirements:

- have an employment contract with a foreign multinational company as a remote worker or be self-employed as a remote worker;
- perform job duties remotely;
- receive a salary from a foreign source of at least USD36,000 per year; and
- hold a medical insurance policy that covers them in Panama and remains valid throughout their stay.

Visa holders are prohibited from providing services or representing their foreign company for activities within Panama.

3. Visa Requirements

3.1 Prerequisite Language Requirements

In Panama, there are no specific language requirements for obtaining a visa. However, in certain cases where a face-to-face interview is necessary, such as in the “Married to a Panamanian” category, applicants who are not fluent in Spanish must have an authorised public interpreter present during the interview.

When submitting documents for a visa application, the Immigration Law stipulates that if the

documents are issued in a language other than Spanish, they must be translated by an authorised public translator in Panama.

3.2 Medical Certificates or Vaccinations

Medical certificates are a mandatory requirement for all visa applications as outlined by Panama’s Immigration Law. These certificates must be issued by a qualified Panamanian doctor, within three months prior to submitting the application. Nevertheless, no proof of vaccinations is necessary when applying for a visa. A yellow fever vaccination is required to enter Panama when arriving from countries where this disease is endemic, including tropical countries from Latin America and Africa.

3.3 Minimum Thresholds: Sponsor-Based Employment Visas

Sponsor-based employment visas in Panama require specific minimum thresholds to be met, including the following.

- Salary – the general requirement is that the salary of the foreign worker must not be less than USD850 per month. However, there are specific immigration categories that require a minimum salary of USD1,000 per month, such as (i) Marrakech Agreement or Micro and Small Employer, and (ii) executives of international corporations whose operations take effect abroad. In addition to what is established by the Immigration Law, it is crucial to consider the legal minimum salary, which is reviewed by the executive branch every two years, based on activity and region.
- Qualifications – foreign workers hired for specialist or technical positions must provide proof of their expertise, as follows:
 - (a) for expert positions, foreigners must present a reference letter from a foreign company certifying (i) the worker’s spe-

cialty and expertise; and (ii) job position, duration of employment and duties in the company, all relevant to the job position in Panama; and

- (b) for technical positions, foreigners must provide a professional certification or diploma of previous studies, which must be related to the position to be performed in Panama.
- Quota limitations – companies in Panama are subject to both salary and headcount quota limitations. 90% of ordinary employees must be Panamanian citizens or foreign workers considered as local labour, hence, 10% of the ordinary workforce can be foreigners. However, the quota is higher for trust, specialised or technical staff, who can comprise up to 15% of a company's total salaries or headcount.

- (a) The following are considered as local labour:
 - (i) foreigners who have resided in Panama for ten years or more;
 - (ii) foreigners married to a Panamanian;
 - (iii) foreigners who are parents of Panamanian citizens;
 - (iv) foreigners under the Panama-Italy Agreement; and
 - (v) foreigners with a Friendly Nations Work Permit granted for an indefinite term.

- (a) Exceptions to the 10% or 15% quotas apply to certain categories including: (i) micro or small employers; (ii) executives hired by international corporations whose duties take effect abroad; (iii) executives from the Colon Free Zone; (iv) SEM and EMMA visas; (v) City of Knowledge Foundation; and (vi) temporary technicians.
- Restricted professions – by law, there are certain professions that are protected and reserved only for Panamanians. Companies must verify if the position they are hiring falls

within these restrictions. Some of the restricted professions include: (i) accounting; (ii) law; (iii) architecture; (iv) engineering; (v) medicine; (vi) dentistry; (vii) nursing; and (viii) veterinary.

3.4 Employment-Based Visa Limitations

For an employment-based visa, the foreign worker must have a work contract with a Panamanian company. Consequently, both the visa and work permit will be tied to a specific employer. If the foreign worker ceases to work for that company, the latter must notify the Immigration Authority and the Ministry of Labour, to request the cancellation of the residence and work permit.

Other limitations apply depending on the circumstances.

- If the foreign worker is hired by another company, a new residence and work permit must be applied for. This entails that the foreign worker will need to go through the process of obtaining a new residence and work permit specifically tied to the new employer.
- If the foreign worker holds permanent residency, the residency status can be maintained and they will only need to request a new work permit from the Ministry of Labour when changing employers. This allows for a smoother transition in terms of immigration status, as the permanent residency remains valid, and only the work permit needs to be updated to reflect the new employment.

4. Immigration Process

4.1 Visa Processing Times

Visa processing times vary depending on the specific immigration category being applied for.

Some of these processing times for visas and residence permits are as follows.

- Stamped Tourist visas – nationals from countries that are not visa exempt must apply for a Stamped Tourist visa to enter the country, which can take approximately four months to be processed.
- Residence permits – generally, residence permit applications take around five months to be processed.

Exceptions to these processing times include (i) the Qualified Investor residence permit, which takes up to 30 working days to be processed; (ii) the Transit visa, which takes up to 1.5 months to be processed; (iii) the Remote Worker visa, which is approved in approximately ten days; and (iv) visas for labour reasons, which can take up to nine months, depending on the approval of the work permit.

Work Permits

The processing time for work permits is generally around six months, with some exceptions such as the Temporary Technician (Transit Visa) work permits, which can take approximately one month.

These estimated processing times may vary depending on individual circumstances, the workload of the authorities, the visa/permit category, and any additional requirements or factors specific to each case.

4.2 Travel Restrictions Once Application Filed

As a general rule, visa applications in Panama are filed after foreigners arrive in the country. However, entry travel restrictions apply to nationals from countries that are not visa exempt, which need to obtain a Stamped Tourist Visa, that can

be requested either: (i) directly by the foreigner before the Panamanian Consulate, in their country of origin or residence; or (ii) in Panama, through a legal proxy.

Upon submission of the application, the Immigration Authority grants foreigners a temporary identification card that is valid for six months. This card (i) allows multiple entries and exits during that period; and (ii) serves as proof of the ongoing application process.

Nevertheless, certain special immigration categories, such as the Qualified Investor category, allow for the application process to initiate before the foreigner's arrival in Panama. In such cases, individuals may only travel to Panama once they have obtained proof of filing their application. Upon entry to Panama, the applicant must obtain the corresponding residence identification card.

It is important to bear in mind that when a residence permit application is submitted for a minor, specific requirements apply for their departure from the country. In addition to the temporary or residence identification card, travelling with a minor requires (i) the minor's birth certificate – either the original or a copy authenticated by a Public Notary, and (ii) a letter of authorisation from the absent parent, in case one or both parents are not travelling with the minor. These measures ensure compliance with immigration regulations and facilitate smooth travel procedures.

4.3 Expedited Visa Proceedings

In general, immigration categories in Panama follow standard processing times and cannot be expedited or fast tracked. However, there is an exception for the Qualified Investor category, where applications are processed within

a maximum of 30 working days. This fast-track processing time comes with higher fees.

4.4 Post-visa Requirements

In general, Panama visa applications are filed once foreigners enter the country. This means they first enter as tourists and later change their immigration status. The process of changing their immigration status begins with the submission of an application.

In most cases, these applications must be submitted by an attorney on behalf of the foreigner, as the requirements vary depending on the immigration category, the individual's nationality, and purpose of their visit.

Visa processing generally involves the following steps:

- registration before the Immigration Authority and submission of the residence application;
- obtaining a temporary residence identification card (valid for six months);
- registration before the Ministry of Labour and submission of the work permit application, if it is applicable; and
- obtaining an approval identification card (residence and work permit).

5. Immigration Costs

5.1 Typical Cost of a Sponsored Employment

The typical cost of a sponsored employment visa in Panama varies depending on the type of visa. However, there are common fees associated with these visas, including:

- authentication of documents before a notary;
- payments to the National Treasury;

- payments to the Immigration Authority;
- payments to the labour authorities; and
- payment for the issuance of identification cards.

The fees associated with sponsored employment visas typically range from USD500 to USD2,000. Legal fees for handling the visa application process are typically established by each attorney based on a minimum tariff set by law for legal services.

5.2 Payment of Visa Costs

The costs associated with obtaining a sponsored employment visa in Panama are typically the responsibility of the employer. As an exception, when applying for non-sponsored visas, individuals are responsible for covering these costs. However, this can vary depending on other factors, including the specific immigration process, the type of visa, and other specific expenses.

6. Enforcement

6.1 Enforcement Action Against Individuals and/or Sponsors

In Panama, immigration and labour immigration authorities may take enforcement actions against an individual and/or a sponsor under various circumstances. The causes for enforcement actions are exhaustively listed in Panama's regulations and can vary based on the nature of the violation.

The most common circumstances for enforcement actions include the following.

- Violation of the visa terms – if an individual and/or a sponsor breaches the terms of the visa, such as overstaying beyond the author-

ised period, working without an approved and valid work permit, or breaking other limitations, the authorities may initiate enforcement action. This can lead to the revocation or cancellation of the visa or permit, fines, deportation or expulsion.

- Fraudulent information – authorities may take enforcement actions, such as revoking a visa or permit, deportation, and/or potential legal repercussions, if it is discovered that the individual and/or sponsor provided false or misleading information during the immigration process. This includes submitting forged documents or providing false statements, to obtain a visa or other benefits.
- Engaging in criminal activities – serious enforcement steps, including criminal prosecution, incarceration and deportation, may be taken against an individual and/or sponsor if they are engaging in illegal activities. This includes felonies and immigration-related crimes like human trafficking or smuggling.

It is also important to take into consideration that if an individual enters Panama without a valid visa or other authorised means of entry, they may be subject to deportation. Additionally, individuals who have been deported or otherwise penalised for violating immigration laws may be banned from entering Panama and become ineligible for subsequent visas or immigration benefits.

6.2 Employer Obligations

In Panama, employers sponsoring employment-based visas have certain obligations, including the following.

- Valid employment contract – the employer must provide a valid and enforceable employment contract signed by the foreigner.
- Valid visa status and work permit status – the employer should ensure that the sponsored

foreign worker maintains a valid visa and work permit status throughout their employment. This may involve assisting with the visa and work permit applications, renewals, or any necessary documentation during the employment period.

- Reporting – the employer is required to report any changes or updates regarding the foreigner's employment to the authorities. This could include changes in job position, salary, or termination of employment.
- Repatriation obligation – the employer must cover the costs for repatriating the foreign sponsored worker; they are responsible for providing the worker with transportation back to their home country.

In case of non-compliance, authorities in Panama may impose fines, revoke visas, or take other enforcement actions against employers who fail to meet their obligations or violate immigration laws, including the possibility of cancelling their commercial licences.

6.3 Right to Work Check Requirements

Panama does not have a specific Right to Work check process, as in other jurisdictions. Nonetheless, employers do have to verify certain elements prior to hiring a foreigner. This review includes eligibility of foreigners to legally work in the country and to hold a valid work permit (for unsponsored categories) or to obtain a work permit (for sponsored-based categories). Concurrently, employers must verify specific conditions to be met, such as the foreign worker's nationality and entry visa, the position and salary being offered, any restricted professions, and compliance quotas.

7. Accompanying Family Members/Dependants

7.1 Recognised Family Relationships

Panama offers a variety of visas, including dependant visas, which allow family members of visa or residence permit holders to accompany or join them in the country.

Family relationships recognised for the purposes of a dependant visa may vary depending on the visa category and the regulations in place. Generally, dependant visas may be available for the following family members:

- spouses – the legal husband or wife of the visa holder can be included as a dependant in accordance with Panamanian law. As an exception, holders of SEM visas may include different sex partners in a legal union;
- children – children of the main applicant can be included as dependants. This benefit extends to minors, under 18 years of age, or over 18 years of age up to 25 years of age, when unmarried and currently studying;
- parents of the main applicant – they must economically be dependant on the main applicant; and
- members of the family with a proven disability – all family members of the main applicant may request a dependant visa if they have a valid medical certification attesting that they have a disability.

It is important to note that each visa category has specific requirements, such as financial criteria or proof of relationship, and there may be additional eligibility criteria for dependant visas. The application process for a residence permit for dependants in Panama is similar to the application process for main applicants.

7.2 Dependant Visas

In Panama, dependant visas do not grant visa holders the right to work. For this reason, a separate work permit must be requested based on their residency status.

- Dependants with a temporary or provisional residency – may apply for a new Family Reunification work permit introduced specifically for dependants of a resident by the Labour Immigration Decree. To qualify for this work permit, dependants must meet one of the following conditions: (i) be self-employed; or (ii) employed by others, subject to quota limits established in the Labour Code and the Labour Immigration Decree.
- Dependants with permanent residency – may apply for any of the work permit options established in the Labour Immigration Decree, including the Family Reunification permit as well as those work permits that are not within the quota limits.

The introduction of the Family Reunification work permit for dependants is a significant change introduced by the Labour Immigration Decree, as previously dependants were only allowed to apply for a work permit after obtaining permanent residency or when renouncing their dependant status and applying afresh.

Trends and Developments

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PANAMA TRENDS AND DEVELOPMENTS

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Overview

Panama experienced a notable increase in immigration in 2023 and in the first quarter of 2024, surpassing even pre-pandemic levels. This rise was attributed to Panama's favourable geographical location, along with its economic and political stability. These factors cemented its status as a top destination in the region for investors, skilled professionals, and retirees.

The country has become an appealing option for foreign executives and skilled workers, given the presence of numerous multinational corporations that have established their headquarters in the country. Additionally, several infrastructure projects, including the expansion of the Metro System, Panama-Arraijan Highway, and Tocumen Airport, alongside the existing Panama Canal, Port and Airport Hub, and Colon Free Zone, have contributed to this attractiveness.

Panama's thriving real estate sector offers opportunities for investment in residential, commercial, and hospitality properties. The government has significantly invested in infrastructure projects, including transportation, telecommunications, and energy, providing opportunities for investment in various sectors.

Why Panama?

Panama stands out as one of the fastest growing economies in Latin America, according to the Economic Commission for Latin America and the Caribbean (ECLAC), experiencing a steady economic growth over the past decade. Furthermore, Panama serves as a vital hub for trade and commerce, due to its strategic location between North and South America. Undoubtedly, its stable and dollar-based economy, political stability, and secure environment, along with low levels of natural disasters, lays the foundation for a business-friendly landscape, with a pro-business

regulatory base and favourable legal framework for foreign investment.

According to updated World Bank data, Panama's economic growth reached 6.5% in 2023 and is projected to reach 5% in 2024, driven by the services sector, with a focus on wholesale and retail trade, transportation, construction, and manufacturing. However, due to the halt in the copper mine operations, growth is projected to decrease in 2024. Nevertheless, the service sector's vitality is expected to gradually contribute to medium-term growth, forecasted from 2025 onwards. Additionally, last year, Panama successfully exited the Financial Action Task Force (FATF) list and the European Union list of high-risk countries, following actions to strengthen its anti-money laundering and terrorism financing regime, which is expected to yield positive economic benefits.

As Panama delves into new industries and services, it continues to attract investment and foreign talent to participate in these ventures, solidifying its position as one of the most appealing destinations in the region.

An Insight Into Corporate Immigration in Panama

Corporate immigration in Panama involves navigating a complex legal framework, with regulations evolving over time. Employers and expatriates must adhere to specific processes for obtaining residency and work permits, managed separately, as a general rule, by the National Immigration Authority and the Ministry of Labour, respectively. Compliance with changing laws and policies is essential for both employers and expatriates seeking to establish themselves or conduct business in Panama.

For individuals looking for employment opportunities, securing a work permit is essential. These permits, issued for specific job roles and employers, typically offer the possibility of renewal, providing a gateway for those aiming for longer-term work opportunities within the country.

Key elements of corporate immigration in Panama encompass exploring residency and work permit options, assessing the candidate's eligibility, the company's availability to hire foreign personnel, and ultimately securing their necessary work permits, and complying with the rules established by Executive Decree No 6 (the "Labour Immigration Decree"), in effect since May 2023. This decree introduced significant changes to the hiring of foreign employees in Panama, including new quota counting rules and restrictions to the main unsponsored and popular work permit categories. It also established new work permit options for investors, dependants, and students.

Additionally, in recent years, several new laws have been enacted in Panama aimed at improving the business climate and attracting foreign investors, particularly those seeking a second residency due to political, social and tax changes in their countries. Notable changes include the introduction of the qualified investor's visa, short-stay visas for digital nomads, and the implementation of technology to streamline processes in Panama.

Current Outlook of SEM and EMMA Regimes

The number of SEM (Multinational Headquarters) and EMMA (Multinational Headquarters for Manufacturing) licensed companies increased in 2023, leading to a rise in the number of executives due to the beneficial labour, immigration and tax incentives granted in those special

regimes. As of April 2024, there are 191 companies included in the list of SEM and EMMA licence holders. This trend is expected to continue, with an increase in foreign executives under these special regimes expected throughout 2024 and the coming years.

Encompassing a wide range of sectors including manufacturing, textiles, pharmaceuticals, services, transportation, energy, technology, finance, engineering, and construction, as well as the maritime, insurance, and reinsurance sectors, this has resulted in a 21% increase in the registration of companies under these licences. The countries with the largest presence within the SEM regime include the United States, China, Switzerland, Netherlands, Germany, South Korea, Denmark, Japan, Panama, France, and Spain.

Panama's Golden Visa

Introduced in 2020, the Qualified Investor's residence permit, also known as the Golden Visa, serves as a fast-track permanent residency option for high net worth individuals. It has emerged as the primary investment avenue endorsed by the Panamanian Executive Branch to stimulate the economy in sectors such as real estate, securities, and fixed-term deposits. Applications for this permit undergo processing within 30 working days and are handled by a special office within the Ministry of Commerce. Official data shows that by March 2024, this programme had attracted investment exceeding USD166 million in the country.

To obtain this permanent residency, candidates are required to invest in one of three options (i) USD300,000.00 in real estate, (ii) USD500,000 in stocks, or (iii) USD750,000 in fixed-term deposit. However, commencing October 2024, the investment threshold for real estate will rise by

USD200,000, totalling USD500,000. This modification, originally intended to apply in October 2022, was postponed to take effect in October 2024, aimed at encouraging greater investment in real estate within this category.

Investors within this and other investment categories can also easily work in Panama by applying for an unsponsored work permit based on special economic policies and investment. As per the current criteria, this work permit does not affect the companies' quota count, simplifying their integration into the labour market.

Remote Workers (Digital Nomads)

Panama established a Short-Stay Visa for Remote Workers or Digital Nomad's Visa in 2021. Applications for this visa have increased over the years. It allows remote workers to stay in Panama for a period of nine months, renewable once for an additional term of the same duration. It is usually approved in approximately ten days. Remote workers under this visa are authorised to work in Panama, without the need for a separate work permit or additional process.

To be eligible for this visa, applicants must meet the following requirements:

- have an employment contract with a foreign transnational company under the remote working modality or be a self-employed worker as a remote worker;
- perform job duties that take effect abroad, as they are not permitted to provide services in Panama or represent the foreign company for activities within the country;
- receive an income from a foreign source of no less than USD36,000 per year; and
- have a valid medical insurance policy covering their stay within the country's territory.

Nevertheless, unlike other jurisdictions, this visa does not grant the option to include dependants, thus discouraging family groups to come to Panama based on this category.

Short-Stay Visas for Citizens of the United States of America

Since 2019, a Short-Stay Visa for US nationals was introduced in Panama to attract American applicants planning a short-term stay in Panama for various purposes such as: (i) studies; (ii) investment; (iii) temporary and/or technical work; or (iv) labour transfer. This visa is granted for a one-year term and can be renewed annually up to five times.

One noteworthy aspect of this visa is its provision for including dependants, distinguishing it from other short-stay visas that lack this benefit. Moreover, holders of this visa are permitted to work without the need for a separate work permit, and the associated government fees are lower compared to similar visa categories. The introduction of this visa reflects the Panamanian authorities' aim to streamline and encourage temporary residency for US citizens in Panama.

Continued Shifts on the Friendly Nations Category

The Friendly Nations category has been one of Panama's main categories for foreigners applying for residency in Panama, encompassing nationals from 50 countries, primarily from North America, Europe, and certain Asian nations. In the first quarter of 2024, there was a 3.9% increase in applications compared to the same period in 2023.

Applicants under this category can apply based on employment or investment. Currently, the residency permit follows a two-stage process: initially granted for two years, with the opportu-

nity to subsequently apply for permanent residency. Applicants must either demonstrate (i) an investment of USD200,000, in either in real estate or a fixed-term deposit, or (ii) employment, with the main requirement of being hired by a local company. Furthermore, modifications to the rules outlined in the Labour Immigration Decree, remain in effect. Accordingly, work permits, and their renewals are granted for terms that vary from one to three years, depending on investment, employment or self-employment.

New work permit applications have different quota counting: those applying through investment are excluded from company quotas, while those working for an employer, are counted towards company quotas. However, foreigners with a Friendly Nations' work permit, granted under the previous labour immigration regulations, are excluded from company quotas or considered local labour.

A notable aspect of this permit is that investors applying under this category may request a work permit without the need of sponsorship, and through a simplified process.

Family Reunification

This category enables dependants to work even while holding a provisional residency status. However, the availability of this work permit is subject to company quotas, meaning that only companies with sufficient quota availability can hire dependants under this category.

For dependants with permanent residency, requirements are less restrictive, as they can apply for any of the work permit options established by law, including those that are not sponsored and not subject to percentage quotas.

Moving forward, the challenge for the new government lies in re-evaluating the requirements and issuance rules of this type of work permit, aiming to grant it in a more flexible manner. This could involve allowing dependants to apply for this category without requiring sponsorship from a specific company and without impacting the existing quotas.

New Category for Temporary Protection

The recently introduced category, known as Temporary Protection Permit, is available to foreigners with irregular immigration status, who have resided in Panama for a minimum of one year in this condition. This permit grants a two-year residence permit, along with a two-year work permit. However, it is crucial to note that this category is subject to a time limit, with applications accepted only until 12 July 2024.

Among the most notable benefits provided by this category are: (i) exemption from fines for visa overstays, (ii) flexibility in the work permit, as it does not require sponsorship and allows employment in any company; and (iii) exclusion from company quotas.

This initiative has been implemented to address the large number of migrants that stay in the country with an irregular status. This follows precedents set by previous administrations in Panama and other countries in the region that have developed similar programmes, including Colombia and Peru.

Transfer of Knowledge Rules for Experts and Technicians

Companies seeking to hire foreign experts or technicians are required to comply with specific knowledge transfer requirements when renewing work permit applications within the category of 15% technicians and specialised personnel.

This requirement can be fulfilled by (i) establishing technical learning centres within the employer's facilities; (ii) collaborating with universities or educational centres to adapt training programmes; or (iii) providing evidence of field training initiatives.

These regulations, which apply to work permit renewals following the enactment of the 2023 Labour Immigration Decree, will take effect in the final quarter of 2024.

Electronic Platforms and Digital Access

The implementation of the Digital Governance Policy within the Immigration Authority and Ministry of Labour has been an ongoing project for several years. Despite attempts to initiate digital processes, its execution is still in its early stages. Setbacks, such as the discontinuation of previously implemented platforms, like applications for status certificates and travel authorisations for minors, have hindered progress in the Immigration Authority.

Nonetheless, there have been strides towards digitalisation. The Ministry of Labour recently enabled an electronic platform for registering foreign workers applying for work permits. Furthermore, it integrated the Temporary Protection work permit application and approval process, including payment, into this same electronic platform.

Concurrently, the Ministry of Commerce, as the governing entity of the SEM and EMMA regimes, has adapted a new digital platform for the submission of SEM and EMMA visa applications, among other processes. This platform aims

to streamline and simplify the visa application process, eliminating the need for physical files submission.

However, there is still work to be done to fully commit to advancing digital solutions that enhance accessibility in both the immigration and labour immigration processes in Panama.

Final Considerations

Panama's emergence as a prominent destination for corporate immigration, particularly among skilled professionals, investors and retirees, underscores the country's favourable attributes and strategic advantages. The ongoing infrastructure projects, coupled with the presence of numerous multinational companies, will not only sustain foreign investment and talent acquisition but also drive economic expansion, firmly positioning Panama at the forefront of regional and global immigration trends.

Moreover, the recent presidential elections mark a pivotal moment in Panama's governance, presenting an opportunity for new policy initiative within the five-year presidential term and beyond. This creates an auspicious moment to enact substantial revisions to immigration and labour immigration policies and regulations, focused on addressing present challenges while ensuring a positive trajectory in immigration trends for the future.

By taking advantage of these opportunities, Panama is positioned to strengthen its status as a leading destination for corporate immigration and play an active role in fostering its lasting economic development.