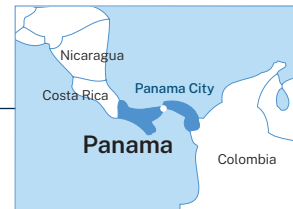


PANAMA

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 comprises over 15 dedicated professionals, including lawyers and other support staff. The practice has a deep understanding of and expertise in the complex

legal and regulatory framework governing immigration and labour law in the country. The team has provided comprehensive guidance and assistance to multinational companies seeking to relocate foreign executive staff and their families, as well as to foreign investors and retirees, ensuring compliance with legal requirements and facilitating a smooth transition. The firm's expertise in immigration law extends to various areas, including entry visas, residence permits, work permit and citizenship applications.

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1. Policy

1.1 Immigration Policy

Panama's immigration policy has been strategically designed to attract foreign investment, foster economic growth and encourage the influx of highly qualified workers and foreign nationals under strategic residency programmes who can contribute to the country's development. The Ministry of Public Security, through its National Immigration Authority, oversees the administration, supervision and execution of these policies.

In addition to the Ministry of Public Security, other government bodies including the Ministry of Labour, the Ministry of Commerce, the Ministry of Foreign Affairs and the Ministry of the Presidency play key roles in shaping and recommending immigration policies related to commerce, trade, investment and employment.

The policy framework provides for a range of residency options that align with the executive branch's diplomatic, investment and economic objectives, thereby facilitating the entry and residency of the foreign investors and skilled workers needed to support national progress.

These co-ordinated efforts reflect Panama's broader strategy to position itself as a regional hub for business and innovation. They are grounded in a robust legal framework, including the National Constitution, immigration laws and executive decrees and resolutions, which provide the basis for implementing specialised visa and residency programmes.

Alongside these immigration policies, Panama's corporate immigration structure is also supported by labour immigration policies, as set forth in the Constitution, the Panamanian Labour Code and executive decrees.

1.2 Upcoming Policy Changes

Since the inauguration of President José Raúl Mulino in July 2024, the administration has signalled a proactive approach to immigration and labour reform. One of the first measures taken by the new administration was the implementation of a regularisation programme for foreigners who have lived in the country for over one year without an active immigration process. This initiative reflects the government's broader intent to promote social inclusion, reduce informality in the labour market and strengthen regulatory oversight.

Additionally, from 1 August 2024 to 31 July 2025, the government is offering a 50% reduction on fines for individuals seeking to regularise their immigration status, encouraging compliance and legal residency.

Panama has also introduced stricter penalties for unauthorised entries, with fines ranging from USD1,000 to USD5,000 depending on the severity of the violation. Individuals unable to pay these fines may face deportation.

While specific future reforms have not been officially announced, the current administration's focus on immigration and labour immigration regulations suggests that additional changes may be forthcoming. These may include further adjustments to visa requirements, work permit categories and enforcement mechanisms.

Beyond immigration, the government has also expressed its intention to advance key structural reforms, including the implementation of the newly enacted social security law and potential changes to the tax system – developments that are likely to shape the operating landscape for companies and the expatriate workforce in Panama.

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 head count quota limits;
- 15% trusted personnel residence permit and work permit, applicable to trusted foreign personnel that provide direction, supervision or representation services to the employer – this type of permit is subject to salary and head count quota limits;
- 15% technicians and specialised personnel residence permit and work permit, applicable to foreign employees in specialised or technical roles such as technicians or experts – this permit is also subject to salary and head count quota limits;
- friendly nations residence permit and work permit based on employment, applicable to foreign employees from a list of countries 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 (*sede de empresas multinacionales* – headquarters of multinational companies); these visas do not count towards quota limits and do not require a separate work permit.

In addition to general visa categories, Panama offers sector-specific, sponsor-based work visas for foreign nationals employed by companies operating within designated special economic zones. These zones include Panama Pacifico, the City of Knowledge, export processing zones, the Colon Free Zone, the Panama Canal Authority, the film and audiovisual industry, the aviation industry and commercial call centres.

2.2 Pathways to Permanent Residence

In Panama, individuals with sponsor-based work visas may become eligible to apply for permanent residency after maintaining legal residence for a period ranging from two to six years, depending on the specific visa category. Core requirements typically include an approved provisional residency permit, demonstrating that there are no prior criminal convictions, proof of stable income, evidence of good health and compliance with any specific conditions established under the relevant regime. Sponsor-based work visas that may lead to permanent residence include the residence permit for foreign personnel hired under the 10% quota for ordinary Personnel or the 15% quota for trusted personnel. Other qualifying categories include residence permits granted to permanent personnel employed by the Panama Canal Authority or by aviation companies.

2.3 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 count towards the local labour quota for companies.

- The humanitarian security protection permit, established in 2025 as a new regularisation programme applicable to foreign nationals who (i) have irregular status within the national territory and (ii) have stayed in the country for no less than one year, provides provisional immigration status for a duration of two years in conjunction with a work permit that is valid for the same period. Work permit applications under this programme are exempt from quota limits. After two years, the permit may be renewed for up to an additional six years, after which time the applicant becomes eligible to apply for permanent residency.

The main investment visas in Panama are as follows.

- 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 force.
- The 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 (for quota

purposes, this type of permit does not count towards the payroll).

- The qualified investor residence permit and work permit, applicable to foreigners who invest 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 (for quota purposes, this type of permit does not count towards the payroll).
- The self-economic solvency residence permit and work permit, applicable to foreigners who invest USD300,000 in (i) real estate, (ii) fixed-term deposits, or (iii) mixed investments (for quota purposes, this type of permit does not count towards the payroll).

2.4 Business Visitors

Most visitors to Panama can stay in the country visa-free for business purposes for up to 90 days, provided they are not engaging in paid work or operating a business in Panama. Business visitors can attend meetings and conferences but cannot receive compensation from Panamanian entities.

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 activities.

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 to depart 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), such as those from Venezuela, Cuba, China India, and many other Asian and African nations, who must obtain an entry visa before travelling. However, there are exceptions to this requirement for individuals holding a valid tourist visa or residency from specific countries, including the United States, Canada, the United Kingdom, Singapore, South Korea, Australia, the Schengen territory and Japan.

Once in the country, foreigners can stay as tourists for (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; or
- six months – nationals of the United States and Canada.

2.5 Pre-Travel Authorisation

Panama does not require visitors to apply for pre-travel authorisation, such as an electronic travel authorisation (ETA) similar to the US Electronic System for Travel Authorization (ESTA) scheme. Recently, travellers have also been exempted from completing the electronic customs traveller declaration form before entering the country.

2.6 Remote Working

In 2021, Panama introduced a short-stay visa for remote workers, which remains in effect today. 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. However, 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 in Latin America and Africa.

3.3 Sponsor Requirements

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) micro and small employer (formerly known as the “*Marrakech Agreement*”), 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 specialty and expertise; and (ii) the job position, duration of employment and duties in the company; and
 - (b) for technical positions, foreigners must

provide a professional certification or diploma, which must be related to the role to be performed in Panama.

- Quota limitations – companies in Panama are subject to both salary and head count quota limitations, where 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 salaried employees and head count.
 - (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.
 - (b) 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, (iv) City of Knowledge Foundation, and (v) temporary technicians.
- Restricted professions – by law, there are certain professions that are protected and reserved only for Panamanians. Companies must verify whether the position they are hiring for falls within these restrictions. 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 and 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 requires the foreign worker 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.

3.5 Criminal Background Checks

As a general rule, all temporary and permanent residence permits in Panama require a criminal record certificate. This certificate must be issued by either the country of origin or the country of residence.

The law provides for causes of denial of entry or transit, or revocation of visas or permits, in the following cases:

- the existence of an order of the competent authority prohibiting the individual's entry;

- submission to the competent authority of national or foreign documents that are materially or ideologically fraudulent or altered, with the purpose of obtaining a visa for entry into the national territory;
- attempting to enter the national territory with a document that does not meet the requirements established under the current legislation;
- having a criminal record in the country of origin or country of provenance;
- constituting a risk or threat to national security or to the international community;
- suffering from a disease classified by the Ministry of Health as a public health risk or coming from a country or region declared by the World Health Organization (WHO) or the Panamerican Health Organization (PAHO) as a high-epidemiological-risk area;
- having been deported or expelled from the country, with the removal order still being in effect; and
- violating the Immigration Law or its regulations.

Additionally, the law provides a list of grounds for permit cancellation, granting the competent authority the power to cancel permanent or temporary residency, as well as the permits of those with non-resident status, under certain circumstances including conviction for an intentional crime or for tax fraud. Individuals whose permits are cancelled will be deported unless otherwise provided.

Therefore, if a foreigner has a criminal record, including charges, convictions or other offences that are minor or not recent, the Immigration Authority has the discretion to deny the petition or their entry into the country, as the law does not establish specific thresholds or criteria in this respect; the mere existence of a criminal record

may justify the revocation of residency or non-admission into the country.

3.6 Financial Resources

Foreigners entering Panama are required to demonstrate economic solvency to cover their expenses while in the country (not less than USD500.00), except for passengers in transit who remain in the immigration facilities.

Applicants for residence permits for employment purposes are generally not required to show proof of solvency, except when applying with dependents. In such cases, proof of solvency may include a work contract accompanied by a social security pay stub and a work permit, a bank reference letter showing an average balance of no less than four figures or a local income tax return with a tax clearance certificate demonstrating a monthly income of at least USD1,000.

The law allows the sponsor to provide a letter of responsibility with respect to the financial support or salary payments of the applicants. This, together with the employment contract, serves as sufficient proof of financial means for the purpose of filing most of the residence permits based on employment in Panama.

4. Immigration Process

4.1 Method of Submission

In Panama, all visa and work permit applications must generally be submitted in hard copy to the relevant authorities, accompanied by original supporting documents.

Nonetheless, the Ministry of Labor has initiated preliminary steps towards digitalisation. Currently, only one specific work permit category – the

Temporary Protection Work Permit – may be filed electronically. All other work permit applications still require in-person submission with physical documentation. Through this initiative, the Ministry has signalled its intention to gradually expand electronic submission options to additional categories as part of a broader effort to modernise and streamline the application process.

Similarly, while the Immigration Authority has expressed interest in digitalising certain immigration procedures, it has not yet implemented electronic filing for visa or residence permit applications. As a result, all immigration filings continue to require physical submission of original documents.

4.2 Country of Application

Under Panamanian immigration regulations, all residence permit and short-stay visa applications must be submitted from within Panama. This requires applicants to enter the country legally and be physically present at the time of filing before the Immigration Authority.

The sole exception to this requirement is tourist visa applications, which may be submitted at a Panamanian consulate located in the applicant's country of origin or legal residence. These consulates are authorised to receive applications and conduct preliminary assessments; however, the final review and approval are carried out by the Immigration Authority in Panama. Once approved, the visa is returned to the relevant consulate for issuance, allowing the eligible foreign national to enter Panama.

Currently, Panamanian immigration law does not establish specific exceptions or alternative procedures for applicants residing in conflict-affected jurisdictions. As such, individuals from these regions must still adhere to the standard

entry requirements and submit their applications in-country.

4.3 Visa Processing Times

Visa processing times vary depending on the immigration category. The processing times for some of the visas and residence permits follow:

- 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 process; and
- residence permits – generally, residence permit applications take around five months to process.

Exceptions to these processing times include (i) the qualified investor residence permit, which takes up to 30 working days to process; ii) the transit visa, which takes up to 1.5 months to process; (iii) the remote worker visa, which is approved in approximately ten days; and (iv) visas required for labour reasons, which can take up to nine months to process depending on the approval of the work permit.

Work Permits

The processing time for work permits is generally around two months, with some exceptions such as the temporary technician (transit visa) work permit, 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.

4.4 Travel Restrictions Once Application Filed

As a general rule, visa applications in Panama are filed after the foreign national has entered the country. However, nationals from countries that are not visa-exempt must obtain a stamped tourist visa prior to entry. This visa can be requested in one of two ways: (i) directly by the applicant before a Panamanian consulate in their country of origin or legal residence, or (ii) in Panama through a legal proxy acting on behalf of the applicant.

Once the visa application is submitted, the Immigration Authority issues a temporary identification card that is valid for six months. This card (i) permits multiple entries and exits during its period of validity, and (ii) serves as official proof of an ongoing immigration process.

Certain special immigration categories, such as the qualified investor programme, allow applicants to initiate the process prior to entering Panama. In such cases, applicants may travel to Panama only after receiving confirmation of filing. Upon arrival, they must obtain the corresponding residence identification card.

When a residence permit application is filed on behalf of a minor, additional requirements must be met for the minor's subsequent departure from Panama. In addition to carrying the minor's temporary or residence identification card, travellers must present (i) the minor's birth certificate – either the original copy or a notarised copy – and (ii) a letter of authorisation from the absent parent(s), if one or both are not accompanying the child.

4.5 Expedited Visa Processes

In general, visas in Panama are subject to standard processing times, with no option for expedited-

ed or fast-track procedures. An exception exists for the qualified investor category, which benefits from an accelerated processing timeline of up to 30 working days. This expedited treatment is accompanied by higher government fees.

4.6 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 the purpose of their visit.

Visa processing generally involves the following steps:

- registering before the Immigration Authority and submission of the residence application;
- obtaining a temporary residence identification card (valid for six months);
- registering before the Ministry of Labour and submitting the work permit application, if 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:

- payment for the 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.

In Panama, the cost of visa and residence permit applications has remained stable over time. However, there has been a slight increase in the fees for work permits in recent years. This adjustment has been relatively minor, but it reflects an effort to align the fees with the administrative costs involved in processing these applications.

5.2 Payment of Visa Costs

The costs related to getting a sponsored employment visa in Panama are usually paid by the employer who is sponsoring the worker. These costs include the legal fees, expenses and other administrative costs related to the application.

However, there are exceptions. When a person applies for a visa without a sponsor (eg, for an investment visa, a humanitarian visa or (certain types of) permanent residency visas), the applicant commonly pays all the related costs, including legal fees and government fees.

It is important to note that this can change depending on different factors, like the type of visa, the employer's conditions, or special agreements between the employer and worker. Other extra costs may also emerge during the process,

such as for document translations or legalisations, or in relation to additional requirements of the Immigration Authority or other authorities.

6. Enforcement

6.1 Enforcement Action

In Panama, the immigration and labour immigration authorities can take enforcement actions against an individual and/or a sponsor in different situations. The reasons for these actions are listed clearly in Panama's laws and can change depending 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 by staying longer than allowed or working without permission, the authorities can take action. This can include cancelling the visa, issuing fines or deporting the person or expelling them from the country.
- Fraudulent information: authorities may take enforcement actions such as revoking a visa or permit or ordering deportation if it is discovered that the individual and/or sponsor provided false or misleading information during the immigration process. This includes using false papers or making untrue statements to get a visa or other immigration benefits. There are also potential legal repercussions.
- Engaging in criminal activities: serious legal 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 serious 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. Penalised individuals who want to return to the country must formally request the lifting of the entry ban. However, this decision is completely discretionary and will depend on the nature and seriousness of the violation committed.

6.2 Employer Obligations

In Panama, employers sponsoring employment-based visas for foreign workers have certain responsibilities, including the following.

- Valid employment contract: The employer must formalise an employment contract duly signed by both the employer and the foreign employee.
- Maintenance of valid immigration status: Employers are responsible for ensuring that the sponsored foreign worker maintains valid immigration and work authorisation throughout the period of employment. This includes supporting the worker in obtaining and renewing visas, work permits and any other required documentation.
- Notification of employment changes: Employers are obligated to notify the relevant authorities of any material changes in the foreign worker's employment status. This includes changes in job title, responsibilities or salary, or termination of employment.
- Repatriation responsibility: In the event of termination or expiration of employment, the employer is responsible for covering the costs associated with repatriating the foreign

worker to their country of origin. This includes arranging and funding return transportation.

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

Although Panama does not have a specific Right to Work check process like other jurisdictions, employers are responsible for ensuring that foreign nationals they intend to hire meet all legal requirements. This review covers the 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). Additionally, employers must consider other factors 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 has different types of visas, including dependant visas, which allow family members of visa or residence permit holders to live with them in the country.

The family relationships that are accepted for a dependant visa can 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 a partner of the opposite sex if they are in legal union.
- **Children of the main applicant** can be included as dependants: This benefit extends to minors, those under 18 years of age and those over 18 years of age (up to 25 years old) if they are single and studying.
- **Parents of the main applicant**, if they depend financially on the applicant.
- **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. For children with disabilities, there is no age limit.

It is important to note that each visa category in Panama has distinct eligibility requirements, which may include financial thresholds, proof of familial relationship or other supporting documentation. Additional criteria may also apply to dependant visa applicants. The application process for obtaining a residence permit for dependants closely mirrors that of principal applicants, following similar procedural steps and documentation standards.

7.2 Dependant Visas

In Panama, dependant visas do not automatically grant the right to work. Therefore, a separate work permit must be requested based on the dependent's immigration status.

- **Dependants with a temporary or provisional residency** can apply for a family reunification work permit, which was introduced specifically for dependants of a resident by the Labour Immigration Decree. To qualify for this work

permit, dependants must be self-employed or be employed by someone else, subject to the quota limits established in the Labour Code and the Labour Immigration Decree.

- Dependants with permanent residency have the option to apply for any of the work permits established in the Labour Immigration Decree, including the family reunification permit other permits that are not subject to the established quotas.

The introduction in 2023 of the family reunification work permit for dependants is a significant change introduced by the Labour Immigration Decree; previously, dependants could only apply for a work permit after obtaining permanent residency or by renouncing their dependant status and applying for a new work permit.

Trends and Developments

Contributed by:

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Morgan & Morgan

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 comprises over 15 dedicated professionals, including lawyers and other support staff. The practice has a deep understanding of and expertise in the complex

legal and regulatory framework governing immigration and labour law in the country. The team has provided comprehensive guidance and assistance to multinational companies seeking to relocate foreign executive staff and their families, as well as to foreign investors and retirees, ensuring compliance with legal requirements and facilitating a smooth transition. The firm's expertise in immigration law extends to various areas, including entry visas, residence permits, work permit and citizenship applications.

Authors



Albalira Montufar is a partner at Morgan & Morgan and heads the immigration practice. She has led some of the most important projects in Panama involving foreign personnel, has

been a speaker at multiple conferences and actively participates in the drafting of regulations related to immigration law. Formerly, she was a partner at a regional firm specialising in corporate labour and immigration. In addition to her law degree, Albalira holds an LLM in International and Comparative Law from The George Washington University. She is also a member of the Panama Bar Association and chaired its immigration commission in 2019–2021.



Carolina Tejada is a senior associate at Morgan & Morgan in the immigration department. She has solid experience advising local and multinational companies in their immigration

processes when they are establishing their headquarters in Panama. Her experience includes preparing residence permits and work permits, as well as interacting regularly with Panamanian immigration authorities. She obtained an LLB and a LLM in Procedural Law from the University of Panama and an LLM in Private Law from Universidad Complutense de Madrid. Carolina is a member of the Panama Bar Association and currently chairs its Immigration Commission (2021–2025).



Patricia Henderson is a senior associate at Morgan & Morgan and works in the immigration department. She advises companies from different industries on the hiring process

of foreigners and on the obtainment of their residence and work permits. She has also focused her practice on advising high net worth individuals to obtain residency through investment-based programmes using wealth structures. Patricia obtained an LLB (2004) and a Master's in Procedural Law from the School of Law of University of Panama and is a member of the Panama Bar Association.



Ivette González is an associate in Morgan & Morgan's immigration department. She has wide experience in advising on residence permit applications, entry visa

authorisations and work permits, as well as liaising with the immigration and labour immigration authorities. She has assisted companies in meeting quota requirements, increasing quota proportions and applying for special categories, such as "*temporary technician*", in industries as diverse as construction, mining and banking. She obtained an LLB from Universidad Santa Maria La Antigua and is a member of the Panama Bar Association.

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Overview

Panama is one of the leading corporate immigration destinations in Latin America. This status is the result of a combination of factors, including special regimes that attract foreign executives and skilled professionals, a territorial tax system, safety, macroeconomic and political stability, a robust banking and financial services sector, and its strategic geographic location and logistics infrastructure.

According to the International Monetary Fund, Panama is projected to have the lowest inflation rate in Latin America in 2025 and estimated GDP growth of 4%, reinforcing its role as a stable and attractive hub for regional investment. Its dollarised economy, pro-business regulatory environment and favourable legal framework for foreign investment further enhance its appeal.

Panama's economic attractiveness is also enhanced by ongoing infrastructure projects, including the construction of Line 3 of the Metro System – and of the Fourth Bridge over the Panama Canal – connecting Panama City and Panama West, which will significantly improve urban mobility; the newly implemented expansion of the Panama-Arraijan Highway; and the new Amador Cruise Terminal, which positions the country as a regional cruise hub. Plans have also been announced to further enhance internal connectivity through a railway linking Panama City to the border with Costa Rica, and via the San Miguelito Cable Car, aimed at improving urban mobility in densely populated areas. Additionally, key logistics assets such as the Panama Canal, Tocumen International Airport, port terminals and the Colon Free Trade Zone continue to contribute to Panama's strategic value and global connectivity.

Beyond its infrastructure and economic advantages, Panama offers rich biodiversity and environmental credentials. It is one of the few countries in the world, along with Bhutan and Suriname, that maintains a carbon-negative balance, thanks to its vast rainforests and environmental conservation policies. The country also boasts hundreds of islands and marine ecosystems located along the narrowest landmass of the Americas.

Despite these strengths, Panama continues to face challenges, including discussions aimed at fiscal reform, the execution of the recently modified social security law and the suspension of operations of the country's main copper mine. Nevertheless, its long-term economic outlook remains good.

Panama continues to actively promote special immigration regimes, such as the Multinational Headquarters (*Sede de Empresas Multinacionales SEM*) and Multinational Manufacturing Services (*Régimen Especial para el Establecimiento y Operación de Empresas Multinacionales para la Prestación de Servicios Relacionados con la Manufactura EMMA*) regimes, which offer immigration and tax incentives to foreign companies and their employees, as well as the City of Knowledge and the Panama Pacifico Special Economic Area. Additional visa categories include residency-by-investment programmes, the remote worker or digital nomad visa, the friendly nations residence permit, and visas for the film and audiovisual industry, which continue to attract investment and foreign talent. Thus, Panama has consolidated its position as one of the most dynamic and welcoming destinations in the region.

Main Rules Applicable to Corporate Immigration in Panama

In Panama, companies and foreign employees must go through two separate processes to work legally: obtain residency (handled by the Immigration Authority) and obtain a work permit (handled by the Ministry of Labour).

Residency rules are set under Decree Law 3 of 22 February 2008, while work permits are governed by Executive Decree No 6 of April 2023, which introduced significant changes. These include stricter quota rules, the restriction of various unsponsored permit categories and the creation of new options for investors, dependents and students. The Decree also introduced specific exceptions for individuals entering Panama to comply with the execution of warranty terms, and for those acting as travel agents of commercial houses, administrators or international auditors for up to 15 days. In such cases, when certain conditions are met, a notification must be submitted to the Ministry of Labour along with supporting documentation, and the individual may carry out the activity without the need to obtain a work permit.

Executive Decree No 6 also strengthened employer obligations, requiring up-to-date payroll and social security compliance as well as stricter adherence to documentation standards when hiring foreign workers.

While Panama offers various immigration pathways, compliance with labour and immigration quotas remains critical, particularly for companies operating outside of special regimes. In this context, careful planning and legal guidance are essential for businesses seeking to onboard foreign talent under Panama's general labour market rules.

SEM Visas: The Main Corporate Immigration Option in Panama

The SEM regime is Panama's flagship programme for expatriate executives and professionals who work for companies under this special regime. Since the enactment of the SEM Law in 2007, the regime has grown steadily, consolidating its position as the primary vehicle for corporate immigration in the country.

As of February 2025, a total of 186 companies hold an active SEM licence, spanning a wide range of sectors including pharmaceuticals, transportation, logistics, maritime, energy, technology, finance, engineering, insurance and reinsurance.

One of the most notable advantages of the regime is that neither SEM companies nor SEM visa holders are subject to local income tax on salaries, allowing visa holders to receive their full salary tax-free.

New Rules on Stay Permits for Foreign Holders of Permanent Personnel SEM Visas in Panama

Recent regulatory changes have impacted the stay permit process for foreign nationals holding a permanent personnel SEM visa, as well as their dependents, following the termination of their employment with an SEM entity in Panama.

Under the new rules, former foreign personnel and their dependents may now obtain a stay permit valid for up to six months after the end of their employment with an SEM company. The application must be filed by the SEM company, through its legal representative, within five business days from the employment termination date and is now subject to a government fee.

Key changes introduced by the new regulation include:

- replacement of the previous identification card – foreigners and their dependents are no longer permitted to retain their original SEM ID card and must now obtain a new stay permit card, valid for a maximum of six calendar months;
- mandatory filing deadline – the stay permit application must be submitted in accordance with the updated procedural requirements within five business days from employment termination; and
- obligation to regularise or depart – once the authorised stay period expires, individuals must either leave Panama or regularise their immigration status within five calendar days to avoid penalties for overstaying.

These updates underscore the importance for SEM entities and SEM visa holders of closely monitoring compliance with immigration timelines and procedural requirements to ensure the lawful continuation of their stay in Panama following the end of employment.

The Friendly Nations Category: 13 Years Later

Originally established under Executive Decree 416 of 13 June 2012, the friendly nations category was designed to attract nationals from 50 countries with close diplomatic and economic ties to Panama. Thirteen years later, it remains one of the most widely used immigration options for foreign nationals seeking to relocate to Panama.

During the first quarter of 2025, there were 1177 approvals of friendly nations residence applications. In comparison, a total of 3228 approvals were recorded in all of 2024. If the current pace continues, an approximate 46% increase

in approvals is projected by the end of 2025. These figures underscore the continued strength and relevance of this immigration route for individuals relocating for employment or investment purposes.

The friendly nations category maintains the same eligibility thresholds introduced in recent years, which allow applicants to demonstrate either:

- an investment of at least USD200,000, either in real estate or a fixed-term deposit – applicants under this option, seeking employment, are exempt from company quotas and do not require a sponsor to apply; or
- employment or self-employment, in which case a work permit is required and is subject to the labour quotas applicable to Panamanian companies.

Flexibilisation of Requirements for Individuals With Restricted Nationalities

As of 28 October 2024, Panama relaxed the entry requirements for individuals from restricted countries by allowing them to enter the country if they hold a valid visa issued by Canada, the United States, Australia, South Korea, Japan, the United Kingdom, Singapore or any EU member state.

The general rule for nationals of restricted countries is that they must obtain a Panamanian entry visa, which must be stamped in their passport prior to travel. However, this rule includes specific exceptions, and the visa-based entry mentioned above is the most frequently used.

Previously, to benefit from this exception, the foreign visa had to:

- be valid for multiple entries and exits;

- have been used at least once to enter the issuing country; and
- be valid for at least six months upon entry into Panama.

Under Executive Decree No 196 of 28 October 2024, these conditions have been eased. Nationals of countries such as China, India, Cuban and most African, Middle Eastern and Asian Countries may now qualify under this exception even if:

- the visa has not yet been used to enter the issuing country;
- the visa is single-entry only; or
- the visa has less than six months' validity at the time of entry.

These previously disqualifying factors had created significant barriers for travellers of restricted nationalities. This amendment addresses those challenges by broadening access under one of the most widely applied exceptions to Panama's entry visa requirements.

Partial Exoneration of Fines for Irregular Stay

Through Resolution No 3960, dated 31 July 2024, the National Immigration Authority has implemented a temporary measure granting a 50% reduction in fines related to irregular stay in Panama. This initiative, effective from 1 August 2024 to 31 July 2025, seeks to encourage voluntary compliance with immigration laws and reduce financial barriers for foreign nationals in the process of regularising their status.

Eligible applicants who file for regularisation within this period may benefit from the partial exoneration officially recognised by the Immigration Authority.

Acceptance of Renewal Applications for Expired Permits

Resolution No 1191 of 16 January 2025 introduces a transitory rule under which the Immigration Authority accepts renewal applications for certain expired immigration permits. This provision applies to the following categories:

- temporary resident permits;
- provisional resident permits;
- permanent resident permits; and
- domestic worker visas.

Under the general rule established by Resolution No 15703 of 24 August 2012, renewal applications must be submitted within six months from the expiration date of the corresponding permit. Once this period lapses, the right to renew is forfeited.

However, pursuant to Resolution 1191, foreign nationals whose permits have expired beyond the six-month limit may still apply for renewal, provided they meet the conditions set forth in the new regulation. This transitory measure will remain in effect until 31 December 2025, offering a temporary opportunity to regularise immigration status outside the standard timeframe.

Recent Changes to Panama's Golden Visa

The qualified investor programme, commonly referred to as Panama's "Golden Visa", was introduced in 2020 and remains the fastest pathway to permanent residency in the country. Applications under this category are processed within 30 working days and are managed by a special office within the Ministry of Commerce and Industries, ensuring expedited handling and oversight.

On 15 October 2024, Panama issued Executive Decree No 193, updating the regulatory frame-

work for obtaining permanent residency through this programme.

Key changes introduced by the decree include the following:

- the real estate investment threshold of USD300,000 is now a fixed and permanent requirement, replacing the previous temporary incentive;
- a new option of direct payment to the developer or seller under the promise of purchase modality for real estate, allowing greater flexibility for pre-construction investments; and
- co-ownership or joint ownership is now permitted, enabling spouses or dependents to jointly participate in the investment.

The programme continues to offer the four investment routes.

- Direct real estate investment – purchase of property valued at a minimum of USD300,000.
- Real estate investment through a promise of purchase agreement – also, for a minimum of USD300,000, now available through:
 - (a) a trust deposit (as previously allowed); or
 - (b) full payment of the property's value directly to the developer or seller (new option), even if the property is not yet constructed or registered. In this case, the developer must provide a compliance bank guarantee in favour of the investor.
- Investment in securities – through instruments issued in the Panama Stock Exchange, with a minimum investment of USD500,000.
- Fixed-term deposits – in local banks, for a minimum amount of USD750,000, with a term of no less than five years.

These updates are aimed at enhancing Panama's competitiveness as an investment destination by offering greater flexibility and legal certainty for both investors and developers.

An additional benefit for Golden Visa holders is the ability to work in Panama by applying for an unsponsored work permit under the special policies and investment category. This permit (i) does not require a sponsoring employer and (ii) is not subject to the company's foreign personnel quota. This flexibility significantly eases labour market integration for investors relocating to Panama.

Introduction of the Humanitarian Security Protection Permit

In 2025, Panama launched a new immigration category – the Humanitarian Security Protection Permit – aimed at providing long-term stability for foreign nationals who have resided in the country for over a year without legal status. This measure reflects Panama's evolving approach to humanitarian migration by offering a structured path towards legal residency and integration into the workforce.

The permit is initially granted for two years and may be extended for an additional six years, allowing for a total of eight years of regular stay. Upon completion of this period, individuals may qualify for permanent residency based on their family, employment or economic ties to Panama.

Key features of the permit include:

- a joint work authorisation issued by the Ministry of Labour, allowing beneficiaries to legally engage in employment once their immigration status is regularised;
- eligibility for holders of the former two-year temporary protection permit, provided they

- meet the updated requirements, offering them an extended period of stability and a clear route to permanent residence; and
- defined eligibility criteria, including having remained under irregular status in Panama for at least one year, and not having left the country for more than sixty consecutive days.

Applications for the humanitarian security protection permit will be accepted only between 14 March 2025 and 14 March 2026, establishing a one-year window for new submissions.

By establishing this new category, Panama recognises the social and economic contributions of long-term irregular residents and provides a pathway for regularisation. The policy seeks to foster social cohesion and legal certainty for those seeking to build a future in the country.

Panama's Corporate Immigration Outlook

Panama continues to position itself as one of the most strategic and attractive destinations in Latin America for corporate immigration. Its legal framework and special regimes, and the uniqueness of its combination of conditions, create a business-friendly environment for multinational companies and foreign professionals alike.

While compliance with local labour and immigration rules remains essential, the availability of tailored solutions, particularly through SEM and investment-based pathways, reinforces Panama's reputation as a regional hub for business expansion, skilled immigration and both short- and long-term residence.

As regional mobility and international business strategies evolve, Panama's immigration framework continues to adapt, providing a stable and dependable foundation for companies and individuals pursuing opportunity, stability and growth.