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Company formation in Panama

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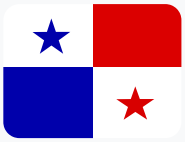

Flag



Coat of arms

Common form	Sociedad anónima (SA) [1]
Registry	Public Registry of Panama [1]
Minimum capital	None [1]
Directors	At least 3 directors and 3 officers [1]
Local director	A Panamanian resident agent (a lawyer or law firm) is required [1]
Corporate tax	25% on Panama-source income (territorial system)
VAT / sales tax	Transfer tax (ITBMS) 7%
Typical timeline	Usually 1–2 weeks [1]
Tax treaties	Domestic rates and treaty list [6]
Currency	Balboa (PAB), with the US dollar in circulation

In short: To set up a company in Panama, most founders form a sociedad anónima, registered with the Public Registry of Panama. [1] Minimum capital: none. Corporate tax: 25% on Panama-source income (territorial system). Registration: usually 1–2 weeks (as of November 2026).

Short guide. Tax figures come from PwC Worldwide Tax Summaries (reviewed 04 August 2026); company-law details summarise official guidance and can change. Confirm requirements with the Public Registry of Panama before filing.

Panama taxes only income from Panamanian sources, at 25%; foreign-source income is exempt. A **sociedad anónima** needs at least three directors and a Panamanian lawyer as resident agent, and is entered in the **Public Registry**.

Business structures

Most founders in Panama form a sociedad anónima, registered with the Public Registry of Panama. [1] Other forms are listed below.

- **Sociedad anónima** – the usual company form for private businesses

Requirements

Minimum share capital in Panama (2026): none. Directors required: at least 3 directors and 3 officers. Local resident director: a Panamanian resident agent (a lawyer or law firm) is required. [1]

- A company name that is available, checked with the registry.
- Share capital: none.
- Directors: at least 3 directors and 3 officers.
- Local residency: a Panamanian resident agent (a lawyer or law firm) is required.
- A registered office address in Panama.
- Articles of association signed before a notary.

Registration process

Typical time to register a company in Panama (2026): usually 1–2 weeks. [1] The usual steps are:

1. Choose the company form and check that the name is available.

2. Sign the articles of association before a notary.
3. File the registration with the Public Registry of Panama.
4. Receive the company's registration number, and pay in the share capital where required.
5. Register for corporate tax and VAT or sales tax with the General Directorate of Revenue (DGI).

Taxation

The corporate tax rate in Panama in 2026 is 25% on Panama-source income (territorial system). Standard VAT or sales tax: transfer tax (ITBMS) 7%.

Tax	Rate and notes
Corporate income tax	25% on Panama-source income (territorial system)
VAT / indirect tax	Transfer tax (ITBMS) 7%
Withholding tax on dividends to non-resident companies	5 to 20%

Ongoing compliance

Annual compliance in Panama: Companies file annual financial statements and tax returns with the General Directorate of Revenue (DGI), and keep their details up to date with the Public Registry of Panama.[1]

Double tax treaties

Panama has a network of double tax treaties. A double tax treaty decides which country may tax cross-border income and usually caps the withholding tax the paying country can charge.

Domestic withholding tax on payments to non-resident companies

Dividends	Interest	Royalties
5 to 20%	12.5%	12.5%

The reduced rate for each partner country is set by the treaty concerned; PwC's withholding tax summary for Panama lists them.

Domestic rates from the PwC Worldwide Tax Summaries withholding tax quick chart (November 2026). Treaty benefits require proof of tax residence and are subject to anti-abuse rules.

Frequently asked questions

How long does it take to register a company in Panama?

Typical registration time in Panama: usually 1–2 weeks (as of November 2026), once all documents are ready. Opening a bank account and tax registrations can take longer.

What is the minimum share capital for a company in Panama?

Minimum share capital in Panama: none (as of November 2026).

What is the corporate tax rate in Panama in 2026?

The corporate tax rate in Panama in 2026 is 25% on Panama-source income (territorial system). See the Taxation section for reduced rates and other taxes.

Can a foreigner own 100% of a company in Panama?

Yes, for most activities, though some sectors restrict foreign ownership or require approval. Local director rule in Panama: a Panamanian resident agent (a lawyer or law firm) is required.

What withholding tax applies to dividends paid from Panama?

Panama withholds 5 to 20% on dividends paid to non-resident companies under domestic law, often reduced by a tax treaty. See the Double tax treaties section.

Official registries and resources

- Public Registry of Panama

Figures as of November 2026. Rates, thresholds and procedures change; confirm with the official registry, the tax authority or a local adviser before filing.

See also

- Comparison of company formation by country
- Company formation in the United States
- Company formation in Canada
- Company formation in Mexico
- Company formation in Brazil
- All countries

References

Entries marked **Official** are the registry, government and tax authority sources for this country; footnote numbers in the infobox point to them.

1. Official Public Registry of Panama . Government of Panama. Accessed November 2026.
2. Panama: Corporate – Taxes on corporate income (reviewed 04 August 2026) . PwC Worldwide Tax Summaries. Accessed November 2026.
3. Quick charts: Corporate income tax (CIT) rates . PwC Worldwide Tax Summaries. Accessed November 2026.
4. Quick charts: Value-added tax (VAT) rates . PwC Worldwide Tax Summaries. Accessed November 2026.
5. Quick charts: Withholding tax (WHT) rates . PwC Worldwide Tax Summaries. Accessed November 2026.
6. Panama: Corporate – Withholding taxes . PwC Worldwide Tax Summaries. Accessed November 2026.

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