

Legal framework of incentives for financial entities and maritime projects

July 2, 2019

On June 11, 2019, Executive Decree No. 168 of June 10, 2019 (the “Decree”) was published in the Official Gazette, whereby Law No. 50 of June 28, 2017 (“Law 50”) is regulated, which creates a legal framework of incentives for Maritime Financing Entities, Maritime Projects and dictates other provisions.

Any company wishing to benefit from the legal framework of tax, labor and migration incentives for Maritime Financing Entities or Financeable Maritime Projects, must be registered in the Public Registry of Panama as a foreign or Panamanian corporation. Additionally, those vessels built by companies that are certified as a Financeable Maritime Project, must be registered with the General Directorate of Merchant Marine in order to benefit from the incentives.

Interested parties must request a Certification as a Maritime Financing Entity or as a Financeable Maritime Project by the Certification and Supervisory Board or the General Directorate of Public Registry of Property of Vessels, as the case may be.

The incentives of Law 50 may be applied to the following activities: those whose purpose is to provide credit facilities; granting insurance, guarantees or other securities with respect to financeable maritime projects; construction and purchase of vessels; construction of shipyards and habilitation of other premises for the construction of vessels; construction and repair of containers for foreign trade; construction of sea wind farms; establishment of companies dedicated to: naval brokerage; operation and administration of vessels; construction, elaboration or assembly of parts of vessels and reconstruction of vessels, among others.

This regulation has been created with the intention of positioning Panama as a maritime financial center within the region, due to its privileged geographical position, in addition to the numerous advantages of our country, such as being the number one Merchant Marine worldwide, the Panama Canal and being an important logistics center in constant growth.

To learn more about the new legal framework of incentives for Maritime Financing Entities and Financeable Maritime Projects, please do not hesitate to contact us.

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