

Panama: Law that creates the special regime for the establishment and operation of multinational companies for the provision of services related to manufacturing

September 7, 2020

In the Official Gazette of September 1, 2020, Law 159 of August 31, 2020 (the "Law") was published, which regulates the special regime for the establishment and operation of multinational companies for the provision of services related to manufacturing ("EMMA").

This new national regulation seeks to promote investments in productive processes, the generation of jobs, and the transfer of technology, granting different tax, labor, customs, legal stability in investment, and immigration benefits, to position the Republic of Panama more competitively.

The Law establishes the specific services related to products, machinery, and equipment that can be provided by the EMMA under this new regime to companies of the Business Group:

1. Services related to manufacturing
2. Assembly Services
3. Maintenance and repair services
4. Services related to remanufacturing
5. Services related to conditioning
6. Development, research, and innovation services
7. Analysis, laboratory, testing, or other services related to manufacturing
8. Logistics services, storage, deployment, and distribution center of components or parts required for the provision of services related to manufacturing

The companies to be established under this Law may provide services only to the Economic Group to which they belong and may only carry out the activities described above approved by the Licensing Commission of Multinational Companies of the Ministry of Commerce and Industries, by granting an indefinite license. These companies may establish themselves in the Panama-Pacific Special Economic Area, in free zones, or in any other part of the national territory where the development of said activities or services is allowed.

On the other hand, it is important to note that the Law establishes that these companies that request licenses to operate under this special regime must assume the commitment to transfer technology and the training of Panamanians who wish to aspire to job positions, through the creation of a technical training center by multinationals as a whole or they may adopt training programs with universities or educational centers.

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