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Panama

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OVERVIEW

1. What are the key recent developments affecting doing business in your jurisdiction?

The primary developments affecting doing business in Panama are changes to the tax code. This includes changes to dividend taxes and the types of income taxes, capital gains taxes and apportionment of purchase price between Panama and non-Panama source income. Although Panama has historically only taxed Panama source income, the current administration has been tax aggressive and various changes to the tax code have begun to erode this principle. Furthermore, Panama has entered into various double taxation treaties and information exchange treaties. Other developments include the entry into various trade promotion and/or free trade agreements, which result in significant liberalisation of trade in goods and services, including financial services.

LEGAL SYSTEM

2. What is the legal system based on (for example, civil law, common law or a mixture of both)?

Panama has a civil law system.

FOREIGN INVESTMENT

3. Are there any restrictions on foreign investment (including authorisations required by central or local government)?

There are no restrictions on foreign investment, except that foreign nationals cannot:

- Own real property within ten kilometres of land borders.
- Engage in retail trade, with certain exceptions.

For reasons of national security, foreign participation is restricted in certain industries, such as:

- Aviation.
- Telecommunications.
- Mining.
- Explosives.

There are no restrictions on foreign shareholders.

4. Are there any restrictions on doing business with certain countries or jurisdictions?

There are restrictions on doing business with Ecuador. The Cabinet Decree 13, of 1 May 2012 established restrictions to Ecuador's citizens and companies which consist of restricting participation in Public Contracts and Concession agreements. The Resolution 38 of 2 April 2012 included Ecuador in the list of countries that discriminate against Panama, due to Ecuador's Declaration about Panama as a tax haven in 2008.

See the below websites for more information:

- News in Presidency Web Page (www.presidencia.gob.pa/noticia-presidente-numero-3489.html).
- Cabinet Decree 13 (www.gacetaoficial.gob.pa/pdfTemp/27027/37725.pdf).
- Resolution 38 (www.gacetaoficial.gob.pa/pdfTemp/27013/37519.pdf).

5. Are there any exchange control or currency regulations?

There are no exchange control or currency regulations.

6. What grants or incentives are available to investors?

The following incentives are available to investors:

- Panama-Pacifico Special Economic Zone. Panama-Pacifico operates in a former US air force base under special legislation offering tax, customs, licensing, immigration and labour benefits, primarily to attract industry, commercial and service operations serving clients outside Panama.
- Multinational headquarters. Multinational companies that establish regional headquarters in Panama benefit from significant tax, labour and immigration incentives.
- Call centres. There is special legislation to promote the development of call centres in Panama.
- Colón Free Trade Zone (CFZ). The CFZ provides income tax and other benefits to businesses engaged primarily in the warehousing and wholesale of merchandise for re-export.

- **Free trade zones.** Under a newly implemented law, free trade zones can be established anywhere in the country and companies operating within these zones can obtain benefits, such as exemption from income tax and import duties, and reduced dividend taxes.
- **Hydropower generation and clean energy.** Companies in this industry can benefit from exemptions from import duties and value added tax (VAT).
- **Industrial incentives.** In November 2009, the government created a Certificate of Industrial Development, which entitles holders to reimbursement of expenditure on certain qualifying activities.
- **Investment Stability Law.** This guarantees equal treatment and tax stability for up to ten years for foreign investors.
- **Free Trade Agreements (FTAs).** Panama has ratified FTAs with all of the Central American countries, that is, Canada, Singapore, Taiwan, and the Caribbean common market. In 2007, it concluded negotiations for a bilateral Trade Promotion Agreement with the US, which has been approved by both countries, but has not yet come into force.
- **Bilateral agreements.** Panama has signed bilateral investment agreements with several countries.
- **Tourism Incentives.** A recently enacted statute establishes tax incentives for investments made in touristic projects in Panama City and in other parts of the country. The incentives in the statute apply to the construction of new touristic facilities as well as investments made in existing ones. The incentives, (which include temporary exemptions from income tax, real estate tax, import duties and excise tax on the importation of construction materials, furniture and equipment) vary depending on the location of the touristic project, the type of touristic product and the amount invested among other criteria. The law further defines various touristic products and attaches certain specific tax benefits to each of them, Tourist facilities that do not enjoy any tax benefit can still qualify for certain tax benefits provided that project meets certain quality standards as certified by the competent authorities.

BUSINESS VEHICLES

7. What are the most common forms of business vehicle used in your jurisdiction?

The most common form of business vehicle used in Panamá is the *sociedad anónima* (or corporation).

The main reasons for using it are:

- Confidentiality.
- Flexibility.
- Tax exemptions.
- The presentation of financial, commercial and tributary declarations is not required.
- That it is expeditious.
- Meetings are flexible.
- The capital of the corporation does need to be deposited in banks or its assets located in Panama.
- Shares can be issued as bearer or nominative shares.
- Directors and shareholders can be nationals or foreigners.

8. In relation to the most common form of corporate business vehicle used by foreign companies in your jurisdiction, what are the main registration and reporting requirements?

Registration and formation

Corporations are created by the registration of articles of incorporation at the Public Registry. Registration takes between two and five business days.

Reporting requirements

There are no legal reporting requirements and there is no requirement to file financial or other information. However, the following information must be registered:

- Amendments to the articles of incorporation.
- Changes of directors or officers.
- The dissolution, merger or continuation of the company.

Share capital

A corporation's authorised capital can be stated as:

- A number of shares with par value.
- A number of shares without par value.
- A combination of both.

There is no maximum or minimum share capital but the standard is generally US$10,000 due to the schedule of fees paid in the Public Registry.

Non-cash consideration

Corporations can issue shares for money, services or assets.

Rights attaching to shares

Restrictions on rights attaching to shares. There are no restrictions on rights attaching to shares. Rights, privileges and restrictions can be freely established in the articles of incorporation.

Automatic rights attaching to shares. Generally, each share entitles its holder to one vote. However, non-voting shares, as well as limited voting rights and shares with special voting rights, are permitted. Shareholders are entitled to receive notice of meetings and certain information about the company. In addition, certain decisions are reserved by law to shareholders, such as amendments to the articles of incorporation and the election and removal of directors.

9. In relation to the most common form of corporate business vehicle used by foreign companies in your jurisdiction, outline the management structure and key liability issues.

Management structure

The board of directors is responsible for the management of corporations.

Management restrictions

Directors need not be shareholders, or Panama nationals or residents.

Directors' and officers' liability

Directors are not liable for the corporation's obligations. However, directors are responsible for discharging their duties diligently, and can become liable for negligence in the discharge of their duties.

Parent company liability

Shareholders, including parent companies, are not liable for the corporation's obligations, except for unpaid amounts on the subscription price.

EMPLOYMENT

Laws, contracts and permits

10. What are the main laws regulating employment relationships?

Employment relationships are governed mainly by the Labour Code, which applies to all employment relationships if services are rendered in Panama, regardless of the choice of legal provisions in employment contracts or the parties' nationalities.

11. Is a written contract of employment required? If so, what main terms must be included in it? Do any implied terms and/or collective agreements apply to the employment relationship?

A written employment contract is not required, but in its absence, the burden of proof of the terms of the contract shifts to the employer. Certain provisions of labour law are public policy and the parties cannot contract out.

12. Do foreign employees require work permits and/or residency permits?

Employment of foreign personnel is subject to quotas. Generally, 85% to 90% of the workforce must be Panamanian citizens.

Foreign employees require work permits and resident visas. Available visas include the following:

- **Temporary visitor visa as ordinary personnel.** This is issued to a foreign individual who has obtained a work permit as a foreign worker. The number of, and compensation paid to, foreign employees cannot exceed 10% of the company's total employees/payroll.
- **Temporary visitor visa as executive, expert or technician.** This is issued to foreign individuals who have obtained a work permit as an expert, and is subject to the 15% quota for expert foreign employees.
- **Special temporary visitor visa.** This is issued to foreign executives who come to Panama to conduct transactions which become effective abroad, and whose salary is not paid from Panamanian sources. No quota applies to holders of this visa.
- **Marrakech visa**. This is issued to only one executive who works in a company with no less than one and no more than nine Panamanian employees. Salaries are not subject to quotas.
- **Multinational headquarters visa.** This is issued to foreign personnel of companies operating under the multinational headquarters law whose salary is not paid from Panamanian sources. No quota applies to holders of this visa.

The total cost of these visas is about US$2,800, including the work permit, where required.

Termination and redundancy

13. Are employees entitled to management representation and/or to be consulted in relation to corporate transactions (such as redundancies and disposals)?

Employees are not entitled to management representation.

14. How is the termination of individual employment contracts regulated?

The Labour Code regulates the termination of employment contracts, which includes:

- **Termination of contracts for an indefinite period.** Employees hired for an indefinite term can be dismissed:
  - without cause, if they were employed for less than two years, subject to notice and statutory severance payments;
  - only for just cause, if they were employed for more than two years, subject to statutory severance payments.
- **Termination of contracts for a definite period.** If an employment contract is for a definite period, or for a specific task, termination of the contract without cause before the conclusion of contract requires payment of an indemnity to the employee equal to the salaries for the remainder of the term.
- **Other forms of termination.** Employment contracts can be terminated by mutual consent.

15. Are redundancies and mass layoffs regulated?

Except in certain special economic zones, mass layoffs are only permitted in cases of economic hardship, with the approval of the Ministry of Labour. Examples of these cases include:

- The employer's insolvency.
- Unprofitability of the business.
- Suppression of work relevant to the employee's contract.
- Reduction of activity due to economic crisis, expiration of a concession, or other similar cause.

TAX

Taxes on employment

16. In what circumstances is an employee taxed in your jurisdiction and what criteria are used?

Foreign employees who stay for more than 183 days, whether consecutive or not, and earn Panama-source income become tax residents and as such are required to file annual tax returns. Those who stay for 183 days or fewer are not required to file tax returns, but are subject to withholding income tax on Panama-source income.

17. What income tax and social security contributions must be paid by the employee and the employer during the employment relationship?

Tax resident employees

Tax resident employees must pay the following taxes:

- **Income tax.** Individuals earning between US$11,000 and US$50,000 annually are subject to income tax at 15%. Individuals earning US$50,000 or more are subject to income tax at 25%.
- **Social security contributions.** Individuals pay social security tax at 9.75%.
- **Education tax.** Individuals pay education tax at 1.25%.

Non-tax resident employees

Non-tax resident employees are subject to tax on their Panama-source income.

Employers

Employers withhold income tax, social security contributions and education tax from employees' wages. In addition, employers must pay the following in relation to their employees:

- **Social security contributions.** Employers pay social security contributions at 12.25%.
- **Education tax.** Employers pay a 1.5% education tax.
- **Workers' compensation.** Employers pay workers' compensation at rates from 0.98% to 5.6%.
- **Severance fund contributions.** Employers must set up and make contributions to a severance fund, which includes seniority payments and funds set aside in the event that an employee is entitled to indemnification for unjust termination.

Business vehicles

18. When is a business vehicle subject to tax in your jurisdiction?

Tax resident business

Setting up a Panama corporation does not itself constitute tax residency. Tax residency is constituted by setting up a permanent establishment in Panama and engaging in activities generating Panama-source income.

In general, an entity creates a permanent establishment in Panama when it owns, directly or through an agent, employee, representative or other personnel, an office, fixed place of business, or centre in Panama where its activities are wholly or partially carried out, as well as if such person renders services or performs works during more than 183 days in a 12-month period.

Non-tax resident business

In the absence of any applicable Treaty for the Avoidance of Double Taxation, when services are provided by entities domiciled outside of Panama to entities in Panama, income derived from such services will be considered of Panama source, whether the service is provided in Panama or from abroad, to the extent the services have an impact on or are related to the production of Panama source income and said payments are considered deductible expenses by the service beneficiary in Panama.

19. What are the main taxes that potentially apply to a business vehicle subject to tax in your jurisdiction (including tax rates)?

Businesses are taxed on their Panama-source income. The main taxes that apply to a tax resident business vehicle include the following:

- **Income tax.** Most companies pay income tax at a 25% flat rate on net taxable income. Companies with taxable income exceeding US$1.5 million pay the 25% flat rate on net taxable income, with a floor of 1.1675% of gross taxable income.
- **Capital gains tax.** Gains on the disposition of equity interests of companies that have Panama-source income are subject to a 10% capital gains tax on the portion of the gains allocated to Panama. However, the law requires that the purchaser of any such equity interests withholds 5% of the total consideration payable to the seller and tender such amounts to the tax authorities within the following ten days as an advancement of the seller's capital gains tax.
- **Commercial licence tax.** Companies with a net worth of more than US$10,000 that hold a business licence are subject to a 2% tax on capital and retained earnings, with a US$60,000 ceiling.
- **Annual franchise duty.** Companies must pay an annual franchise duty of US$300.
- **Other taxes.** Depending on their activities, business entities can be subject to other taxes, such as:
  - VAT.
  - Stamp duty.
  - Property and municipal taxes.
  - Import duties.

Country Q&A

Dividends, interest and IP royalties

20. How are the following taxed:

- **Dividends paid to foreign corporate shareholders?**
- **Dividends received from foreign companies?**
- **Interest paid to foreign corporate shareholders?**
- **Intellectual property (IP) royalties paid to foreign corporate shareholders?**

Dividends paid

Business vehicles holding a business licence or generating taxable income must withhold:

- 10% on dividends obtained from Panama-source income with respect to nominative shares (20% if the payment is with respect to bearer shares).
- 5% on dividends derived from non-Panama source income, export-related income and certain other exempted income, including income earned within the country's free trade zones.

Dividends received

The business vehicle that makes the distributions must withhold the applicable dividend tax (*see above, Dividends paid*). Dividends received are not subject to any further taxes in Panama.

Interest paid

Interest paid to foreign creditors on loans whose proceeds are used in Panama is deemed to be Panama-source income, and 50% of the interest earned is subject to income tax at the applicable rates, which is withheld by the borrower.

Royalties paid abroad are subject to withholding tax at the applicable income tax rate over 50% of the amount paid.

IP royalties paid

Royalties paid abroad are subject to withholding tax at the applicable income tax rate over 50% of the amount paid.

Groups, affiliates and related parties

21. Are there any thin capitalisation rules (restrictions on loans from foreign affiliates)?

There are no thin capitalisation rules.

22. Must the profits of a foreign subsidiary be imputed to a parent company that is tax resident in your jurisdiction (controlled foreign company rules)?

The profits of a foreign subsidiary cannot be imputed to a tax resident parent company.

23. Are there any transfer pricing rules?

Transfer pricing rules apply to transactions between a Panamanian entity and a related entity which is a resident of a foreign country. Taxpayers must prepare and file with the tax authorities, within six months following the end of the fiscal year, an annual report of transactions entered into with related parties. The law also requires that all taxpayers have available for the tax authorities (if so requested) transfer pricing studies covering all transactions made by the respective taxpayer with related parties. The transfer pricing study must be prepared in accordance with the OECD Transfer Pricing Guidelines.

Customs duties

24. How are imports and exports taxed?

Imports are subject to VAT at 7% and to import duties based on Panama's tariff schedule. Certain imports are subject to excise tax. There are no export taxes.

Double tax treaties

25. Is there a wide network of double tax treaties?

Panama has treaties for the avoidance of double taxation in force with Mexico, Barbados, Qatar, Spain, Luxembourg, The Netherlands, Singapore, France, South Korea and Portugal. Panama has also negotiated, signed and ratified a tax information exchange agreement with the US.

COMPETITION

26. Are restrictive agreements and practices regulated by competition law? Is unilateral (or single-firm) conduct regulated by competition law?

Competition authority

The competition authority is the Consumer Protection and Defence of Competition Authority (*Autoridad de Protección al Consumidor y Defensa de la Competencia*) (ACODECO).

Restrictive agreements and practices

Generally, agreements or practices that hinder competition are prohibited. The following, among others, constitute absolute monopolistic practices and are illegal:

- Price fixing.
- Bid rigging.
- Geographic market allocation.
- Supply-side limitations.

The following, among others, are relative monopolistic practices, and can be illegal under certain circumstances:

- Territorial distribution restrictions.

- Tying agreements.
- Reciprocal dealings.

Competition law applies to any activities with effects in Panama, and it therefore applies to foreign entities doing business in Panama.

Absolute monopolistic practices are sanctioned with fines of up to US$1 million, while relative monopolistic practices are sanctioned with fines of up to US$250,000. In addition, any of these practices may be subject to treble damages.

Unilateral conduct

Unilateral conduct, such as an attempt to monopolise, may constitute a relative monopolistic practice if the economic agent has market power in the relevant market.

27. Are mergers and acquisitions subject to merger control?

There is no mandatory merger control approval process. However, the anti-trust and competition law prohibits mergers, acquisitions and other forms of business combinations that hinder or restrict competition in the relevant market. The law does not require parties to a merger to seek approval from the Consumer Protection and Defence of Competition Authority, although this agency has the powers to investigate and challenge (in court) any merger that violates antitrust laws and regulations.

Parties can voluntarily seek approval from the Authority before any merger, acquisition or business combination. If approval is granted, the transaction cannot be challenged by third parties on the grounds that it violates anti-trust laws. In addition, certain regulated industries, such as banking and securities, are required to obtain regulatory approval for mergers and acquisitions.

Foreign-to-foreign acquisitions are not subject to merger control laws.

INTELLECTUAL PROPERTY

28. Outline the main IP rights in your jurisdiction.

Patents

Definition and legal requirements. An invention is patentable if it is:

- New.
- Involves an inventive step.
- Capable of industrial application.

The patent owner has the exclusive right to exploit an invention for a specified period. Otherwise, a compulsory license for non-working or insufficient working must be granted, after a reasonable period of time.

Registration. Patents are protected by registration at the Industrial Property Office (IPO).

Enforcement and remedies. The patent owner can bring a civil or criminal action in court.

Length of protection. The patent is protected for 20 years from the filing date. Nonetheless, the term of a patent must be adjusted to compensate for unreasonable delays that occur in granting the Panamanian Letters Patent.

National phase application under the PCT is now possible.

Trade marks

Definition and legal requirements. A trade mark is any sign or word, or combination of these, or any other graphical medium, whose characteristics identify a product or service. Non-traditional trade marks such as sounds and odours can also be protected. The registered trade mark owner has exclusive rights to use the trade mark, but the earliest user has a preferential right to registration.

Protection. A trade mark is protected by registration with the IPO.

Enforcement and remedies. A trade mark owner can bring a civil or criminal action in court.

Length of protection and renewability. A trade mark is protected for ten years from the filing date, renewable indefinitely for ten-year periods.

Registered designs

Definition. Any new and unique two- or three-dimensional design which acquires a special appearance once turned into a product to serve as a pattern or model for manufacture or commercial purposes can be protected and registered. The design right gives the exclusive right to use the registered design.

Registration. The design is protected by registration at the IPO.

Enforcement and remedies. The owner of a registered design can bring a civil or criminal action in court.

Length of protection and renewability. The design is protected for ten years from the filing date, renewable for one additional five-year period.

Unregistered designs

Unregistered designs must be protected for a period of three years from the date of the first disclosure in Panama.

Copyright

Definition and legal requirements. Any literary, scientific and artistic work resulting from an original intellectual creation can be protected by copyright. The copyright owner has the exclusive right to authorise use of the work.

Protection. Copyright protection arises on the work's creation. Registration is not required but is recommended to ensure enforceability.

Enforcement and remedies. The copyright holder can bring a civil or criminal action in court.

Length of protection and renewability. Copyright remains for the life of the author plus 70 years, and is transferred at death. The lapse of economic rights causes the work to pass into the public domain.

ONLINE RESOURCES

Panama Trade and Investment Agency (*Agencia de Promoción de Inversiones y Exportaciones*) (PROINVEX)

Main activities. PROINVEX is a new agency for investment attraction and export promotion, ascribed to the Ministry of Commerce and Industry (MICI). It manages a one-stop-shop integrated information system that allows the investors to easily identify all the instruments that the national government has available for the direct foreign investment.

W *http://proinvex.mici.gob.pa*

Official government companies register:

Panama Public Registry (*Registro Público*)

Main activities. Any two persons, regardless of their nationality and domicile, can organise a corporation by executing articles of incorporation before a Notary Public and filing them at the Public Registry.

W *www.registro-publico.gob.pa/*

PanamaEmprende

Main activities. Any person that intends to engage a commercial and industrial activity in Panama must obtain an Operations Permit from the Ministry of Commerce and Industry. The Operations Permit is obtained by completing a simple process through the online system *PanamaEmprende*, which is administered by the Ministry of Commerce and Industry.

W *www.panamaemprende.gob.pa*

Micro, Small and Medium Sized Business Authority (*Autoridad de la Micro, Pequeña y Mediana Empresa*) (AMPYME)

Main activities. The AMPYME manages an official registry of micro, small and medium sized business, which carries no cost to the registered businesses.

W *www.ampyme.gob.pa/*

Financial services regulators and organisations:

Superintendence of Banks (*Superintendencia de Bancos*)

Main activities. In Panama, the Superintendence of Banks is the authority which grants banking licenses and authorise banking activities according to the law.

W *www.superbancos.gob.pa/*

Superintendence of Capital Markets (*Superintendencia del Mercado de Valores*)

Main activities. Under the Securities Act, any issuer, underwriter or agent of an issuer that sells or offers to sell securities to the public must first register the securities with the Superintendence of Capital Markets.

W *www.supervalores.gob.pa/*

Superintendence of Insurance and Reinsurance (*Superintendencia de Seguros y Reaseguros*)

Main activities. Insurance companies in Panama are supervised by the Superintendence of Insurance and Reinsurance at Panama's Ministry of Commerce and Industry. Licences to operate are issued by the Superintendence.

W *www.superseguros.gob.pa/*

Revenue and customs/tax authorities:

Customs National Authority (*Autoridad Nacional de Aduanas*)

Main activities. This office is responsible for facilitating and controlling the processes of customs clearance in the Republic of Panama.

W *www.ana.gob.pa/*

General Directorate of Revenues of the Ministry of Economy and Finance (*Ministerio de Economía y Finanzas, Dirección General de Ingresos*)

Main activities. This office has primary responsibility for the collection of most national taxes.

W *www.dgi.gob.pa/*

Employment and immigration organisations:

Labour Ministry (*Ministerio de Trabajo y Desarrollo Laboral*)

Main activities. The Labour Ministry is responsible for giving work permits to foreign personnel.

W *www.mitradel.gob.pa/*

National Immigration Service (*Servicio Nacional de Migración*)

Main activities. This office is responsible for giving different types of visa for foreigners.

W *www.migracion.gob.pa/*

Local land registry:

Panama Public Registry (*Registro Público*)

Main activities. All transactions about local land registry must be registered in the Public Registry.

W *www.registro-publico.gob.pa/*

MARKETING AGREEMENTS

29. Are marketing agreements regulated?

There are no laws regulating agency, distribution or franchise agreements. These agreements are governed by general commercial laws.

E-COMMERCE

30. Are there any laws regulating e-commerce (such as electronic signatures and distance selling)?

The laws on e-commerce in Panama regulate information and data protection, and the use of e-banking services. They provide that:

- Electronic signatures certified by qualified providers registered with the regulatory agency are valid.
- Electronic signatures and documents are admissible as evidence, subject to certain criteria.
- Businesses engaged in commercial transactions and providers of information over the internet must provide certain disclosures and opt-out provisions to end users and consumers.

ADVERTISING

31. Outline the regulation of advertising in your jurisdiction.

The Law on Consumer Protection contains special provisions that apply to the advertisement of goods and services offered to consumers. As a general rule, providers of goods and/or services are bound by their marketing material and public communications of any nature regarding the promotion of their products and/or services. Providers have a duty to accurately represent the conditions of their products and/or services, and the promotional material cannot confuse or mislead the public. Promotional material is part of the contract between providers and consumers. Any representation of a product's or service's qualities has to be accurate and verifiable at any moment. The latter applies to testimonials used in commercials. Failure to accurately represent the product or service qualities, or the use of otherwise exaggerated, limited, fabricated, or simply false information in marketing activities, can lead to the termination of the relevant contract with the consumer. The same applies to promotional material regarding special offers and discounts. Any restriction or particular condition that may apply to a special offer, has to clearly appear in the relevant advertisement or commercial, and explain how it affects the special offer. Providers have a duty to rectify unclear or confusing advertisements and commercials, through publications and communications of same relevance as the original advertisement or commercial.

DATA PROTECTION

32. Are there specific statutory data protection laws? If not, are there laws providing equivalent protection?

The Constitution and several other laws contain data protection provisions which state that:

- Businesses must preserve the confidentiality of books and other documents stored in databases or elsewhere.
- Internet, telephone and mobile phone providers must preserve data collected and provided by consumers.
- Providers of electronic document storage must guarantee the protection of data stored by them.
- Banks are prohibited from disclosing client information without consent, unless they are required to do so under the banking, credit agency or anti-money laundering and terrorist financing laws.
- Credit card issuers must keep information they collect on users confidential, unless disclosure is required by law in the course of criminal investigations, and must ensure the security of that information.

PRODUCT LIABILITY

33. How is product liability and product safety regulated?

Product liability rules are mainly found in the following:

- **Civil Code.** Generally, when a person causes injury to another person, the tortfeasor is liable and must compensate that person.
- **Consumer Protection Laws.** It is a manufacturer's duty to provide adequate labels, instructions and/or warnings regarding its product. The manufacturer is responsible for damages caused to the consumer only in cases of negligence or willful misconduct.

A health authorisation certificate from the Health Ministry is required to import and market certain goods, for example drugs, medicated cosmetics and cleaning products.

CONTRIBUTOR PROFILE

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Areas of practice. Anti-trust; trade and competition; banking and finance; M&A and joint ventures; securities regulation; tax.

Recent transactions

- US$110 million road reorganisation financing for the historic Old Panama.
- US$115 million Luis "Chicho" Fabrega hospital financing. Establishing the financing regulatory precedent for Panama's most important public healthcare initiative in a decade.
- Multiple financings for Panama City Metro System, the most important public infrastructure project in Panama.
- New prepaid card mechanism for Panama City public transport.
- Modified Dutch auction for the Republic of Panama.
- Acquisition of 51% of Banco Colpatria by Scotiabank.
- Financing for phase III of road reorganisation program: Cinta Costera.
- US$395 million acquisition of the Corredor Sur by state-owned ENA, first bond issued by state-owned SPV and largest bond offer ever in the Panamanian market.

Languages. Spanish, English