

# THE PANAMA PERSPECTIVE

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## Investing in Panama

September, 2009 | Tom Brymer

PANAMA. With the investment climate continuing to deteriorate back in the US, more of my friends are asking me how I am doing here in Panama and what is the attraction to investing here. To that I answer a simple fact that speaks to the fundamentals of investing anywhere – Growth. Before I get into a discussion of why Panama, I want to clarify that while I am not suggesting to move all of ones investment capital here, it does make sense to have a 10 to 15% portion of ones portfolio outside the United States.

Panama's GDP reached rates of 6.4%, 8.1% and 8 % during 2006, 2007 and 2008 respectively. While we will not experience the same growth in 2009, expectations are that we will see somewhere between 3% and 5%. That is huge when compared with the rest of the world. The Panama Canal expansion, continuing Hydro Electric plant expansion and growth in the resort development and commercial real estate market will insure that Panama continues on a forward motion of productivity for the foreseeable future. Major Corporations relocating or opening new offices include Dell, Caterpillar, Singapore Airlines, and the Colon Free Trade Zone ("CFZ") is the largest free zone in the Americas and the second largest in the world. Relating to the stability of investing in Panama, Panamanian Law provides 10 year stability as of the registration of the investment that all legal, tax, customs, municipal and labor rules will remain identical to those in force at the time of registration. This is an important guarantee to secure no-changes will affect the amortization of investments.

Another important fact about Panama and the investment climate is the existence of Law Number 8 (Enacted in 1994) is the most comprehensive law for the promotion of tourism investment in Latin America. The incentives and benefits under this law are available to natural persons or companies engaged in tourist activities registered at the National Registry of Tourism (Registro Nacional de Turismo) and certified by the Panama Government Tourism Bureau (Instituto Panameño de Turismo - IPAT). These include public lodgings, tour agencies, tourist transport services, tourist restaurants, discotheques, nightclubs, recreational or theme parks, zoos, convention centers, and marinas.

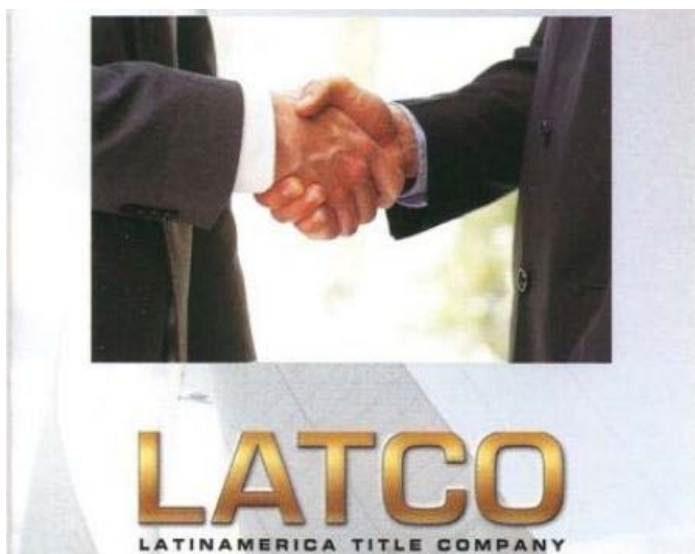


The incentives for tourism investments include:

- 20-year exoneration from real property taxes (including land)
- 20-year exoneration of import duties of all materials, vessels, vehicles, and equipment used to build and furnish public lodging establishments.
- Exonerated from any tax or assessment on its capital.
- Exonerated of all fees for using piers, airports or heliports.
- Income tax exemption on interest earned by creditors of public lodgings.
- 10% annual real property depreciation (not including the cost of the land).
  
- Twenty (20) years full exonerated from the payment of real property tax on the land or any improvements owned and being used for tourist development activities.
- Fifteen (15) years full exonerated from the payment of income tax.
- Twenty (20) years full exonerated on import duties and sales tax on imported materials, equipment, furniture, accessories and spare parts used to construct, renovate and furnish their establishments.
- Twenty (20) years exonerated from duties, contributions, taxes or fees on the use of piers or airports built by the company. The Government of Panama may use these facilities free of charges, according to the appropriate regulations.
- Twenty (20) years exonerated from the payment of income tax on interest earned by its creditors from tourist activity operations.

As more investors continue to come in from the US and Europe, I am continually asked about title to real property in Panama. Panama has an excellent Public Registry, recording title for each property. It is easily researched and Title insurance is also available. At the time of this writing we have entered into a commercial partnership with Latin American

Title Company or LATCO. LATCO is the exclusive representative in Panama for Chicago Title Insurance Co, the biggest Title Insurance Company in the world who re insures all of their policies and also provides escrow services as well. this is the first insurance company in Panama specialized In Title Insurance and they choose us for our reputation and suite of services to work in a very exclusive network.



In Summary, there are a wide range of investment opportunities in Panama including land banking, residential development from affordable housing to retirement communities. With the growth of tourism in Panama, more resort development including oceanfront resort communities will offer excellent opportunities for investment. The office market sector continues to grow as demand outstrips supply and retail development in Panama is now on the radar of most international developers and institutional investment funds. Panama will continue to grow and investors will continue to prosper here.

Tom Brymer operates the Panama Advisory International Group in Panama [www.PanamaAdvisoryInternationalGroup.com](http://www.PanamaAdvisoryInternationalGroup.com)

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**COME VISIT US IN PANAMA AND LET US SHOW YOU WHY PANAMA SHOULD BE IN YOUR PORTFOLIO.**

**PROUD TO BE A PANAMANIAN, PROUD TO BE AN AMERICAN.**

**VERY TRULY YOURS,**

**TOM BRYMER**

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