

# Panama

Rising from the depths of a primeval sea, Panama was born to bridge two continents and live out a fateful history.

The Republic of Panama is located in the Central American Isthmus and has an area of approximately 77,000 square kilometers or 30,000 square miles. It has a population of approximately 2.7 million of which a little more than fifty percent live in Panama City or its suburbs. The official language is Spanish, but nevertheless English is widely spoken, especially in the cities of Panama and Colon, which are the terminal cities in both extremes of the Panama Canal

Since the days of conquest and colonization, Panama's location on the narrowest point of the isthmus joining North and South America has attracted trade and commerce. Panama is a land of opportunities for businessmen.

The Panama Canal, of course is the doyen, which thrives in Panama today. Although the Canal provides only 9.6% of Panama's gross domestic product there is no doubt about its importance. The Canal ports and maritime trade spawned the Colon Free Zone and encouraged the growth of the Panama Ship Registry, the largest in the world, since June 1993.

There are no exchange controls in Panama. Panama has no currency restrictions or reporting requirements and imposes no limits on monetary transfers to and from the country. Approx. 100 different International and National Banks have made Panama a leading Financial Centre.

## Incentives

- The Shipping Department is authorized by law to grant special discounts up to 50% in registration fees to any ship-owner. This will of course depends from the type, size and number of tonnages.
- There is no income or withholding taxes payable by non-resident shipping corporations.
- There is no minimum tonnage requirement demanded by Panamanian authorities. However, vessels of over 20 years old will have to pass a special inspection by an authorized Panamanian inspector in order to obtain the Permanent Registration.
- Shipowners who wish to transfer their ships to the Panamanian flag will not be required to have them re-surveyed if the ships possess valid safety certificates.
- Since 1977, their New York Representative Office has been providing assistance and advice on safety and technical matters concerning the Panamanian Registry. The New York Representative Office, which is commonly known as SEGUMAR directs also the inspection program of Panamanian flag vessels.

## Eligibility for Registration

Any individual or corporate entity, irrespective of nationality or country of incorporation, may register a vessel under Panamanian flag.

There is no minimum tonnage and almost any category of ships can be registered, from passenger ships to dredges and floating docks. There are no age restrictions; however vessels older than 20 years are subject to a special inspection. They will be issued a Provisional *Patent* and will have 6 months to complete the inspection.

## ***Provisional Registration***

- Upon receipt of the application, with the technical details of the ship, its ownership and trade information, a Provisional Patent of Navigation and Provisional Radio License are issued by Sec-naves valid for an initial period of six and three Months respectively. The Patent may be issued at consulates abroad provided the necessary authorization is given by Sec-naves in Panama.
- Upon receipt of the Provisional Registration the following documents must be send to the legal representative in Panama:
  - Power of Attorney to a Panamanian Lawyer;
  - Bill of Sale and Acceptance of Sale. If it is a new ship, a Builder's certificate;
  - Deletion Certificate from the vessel's previous country of registry. (If it is not a new vessel, the abovementioned documents need to be notarised and authenticated by a Panamanian Consul.);
  - Radio application form giving information about the communication equipment of the vessel.

Tonnage Certificate issued by any of the Classification Societies or other organizations authorized by the Republic of Panama.

## ***Permanent Registration***

After the Provisional Patent has been issued the Bill of Sale and Acceptance of Sale or the Builder's Certificate duly notarized and authenticated by any Panamanian Consul must be recorded at the Public Registry Office. A petition is then made to Secnaves for the issuing of a Permanent Patent of Navigation valid for four years renewable indefinitely for equal periods of time.

## ***Mortgage Registration***

Mortgages, in any language, must be recorded at the Panama Public Registry Office in order for the mortgage to acquire its full legal effect against third parties.

To register a naval mortgage:

- Bill of Sale and Acceptance of Sale. If it is a new ship, a Builder's certificate;
- Mortgage Deed and Loan Agreement;
- Power of Attorney to a Panamanian Lawyer.

(Note: The abovementioned documents need to be notarised and authenticated by a Panamanian Consul.)

## ***Seafarer Documents - Endorsements***

The Consulate General of the Republic of Panama in London, England will issue an Endorsement for all seafarers on board a Panamanian register vessel attesting the recognition of a certificate

with the same capacity, function, level, limitations and validity of the Licence attached to the application of endorsement of a Panamanian Certificate.

The issuance of the Transitional Certificate allows officers and ratings to work on board a Panamanian vessel for a period no longer than 90 days with their home country licence.

The Permanent Licence will be issued in the Technical Department situated also in London which facilitate the prompt expedition in no time.

Following instructions in accordance with STCW 78/1995 Convention, as prompt November 10/2001, Merchant Marine Consulates will only accept application forms for Endorsement of Title complying with the 1995 amendments of the STCW 78 Convention.

Any License for revalidate must have been issued by the Maritime Authority of a country within the "White List" published by the International Maritime Organisation.

## ***Company Formation***

- Two or more people of any nationality may create corporations in Panama;
- The name of the corporation and the deed may be in any language. Deeds can be produced anywhere as long as they are registered in Panama after being notarized;
- Shareholders can be "emit nominale" or bearers, and there are no restrictions on type or number of shareholders;
- There must be at least three directors, and at least three officers (President, Treasurer, Secretary) who need not be directors unless required by the articles of incorporation. The names and address of each one of the first directors and officers must be included in the articles of incorporation;
- The domicile may be anywhere in the world, but a registered agent must be maintained in Panama. A second corporation may act as registered agent;
- There are no fixed meeting requirements for directors or shareholders, although certain corporate actions require meetings which should be held in Panama. However, the corporate deed or bylaws can determine otherwise.

To incorporate a Panamanian Company the following are required:

- Name of the Company;
- Name, Nationality and Country of residence of the President, Treasurer, and Secretary of the Company. One person can hold two of these positions;
- Other Board of Directors Members, if it is so desired (optional);
- Any other special conditions requested by the clients.

## ***Authorised Classification Societies***

- American Bureau of Shipping
- Bureau Veritas
- China Classification Society
- China Corporation Register of Shipping
- Det Norske Veritas
- Germanischer Lloyd
- Hellenic Register of Shipping

- Inter Project Development Const.
- Korean Register of Shipping
- Lloyd's Register of Shipping
- National Adjuster and Surveyors Inc.
- National Shipping Adjusters, Inc
- Nippon Kaiji Kyokai
- Panama Bureau of Shipping
- Panama Maritime Documentation Services Inc.
- Panama Maritime Surv. Bureau Inc.
- Panama Register Corporation
- Panama Shipping Registrar Inc.
- Polski Rejestr Statkow
- Registro Italiano Navale