

# PANAMA PRIVATE INTEREST FOUNDATION

ABOGADOS-ATTORNEYS AT LAW



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ESTABLISHED 1920



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## PANAMA PRIVATE INTEREST FOUNDATIONS

### Private Interest Foundations Law

Law No. 25 of June 12, 1995.  
Executive Decree No. 417 of August 8, 1995.

### Organization of a Foundation

To proceed with the organization of a Private Interest Foundation, the client must provide us the name of the Foundation, names and domiciles of whom integrate the Foundation Council and, finally, the capital of the Foundation. Once we received this information, it will take more than five (5) workable days to protocolize the Foundation Act and subscribe it at the Public Registry.

### Stipulations which must by law to be set forth in the Foundation Charter

- a. The name of the Foundation set forth in any language of the Latin alphabet, which shall not be identical or similar to the name of another Foundation already in existence in the Republic of Panama, in order that it may not lead to confusion. The name must include the word Foundation to distinguish same from other natural or juridical persons of a different nature.
- b. The initial assets of the Foundation expressed in any currency of legal tender, which shall in no case be less than the sum equivalent to ten thousand dollars (US\$10,000.00).
- c. The complete and clear designation of the member or members of the Foundation Council, which might include the founder, setting forth their addresses.
- d. The domicile of the Foundation.
- e. The name and domicile of the resident agent of the Foundation in the Republic of Panama, which must be an attorney-at-law or a law firm, who must countersign the Foundation Charter before it is filed for registration.
- f. The purposes of the Foundation.
- g. The manner in which the beneficiaries of the Foundation are appointed, among which the founder may be included.
- h. The reservation of the right to amend the Foundation Charter, whenever it is deemed advisable.
- i. The duration of the Foundation.
- j. The use to be made of the assets of the Foundation, and the manner in which same may be liquidated in the event of dissolution.
- k. Any other lawful provisions which the founder may deem convenient.

*For additional information please contact our Corporate Services Department [offshorebvi@icazalaw.com](mailto:offshorebvi@icazalaw.com)*

### Subscribers to the Foundational Act

One or more natural persons (or juridical) can constitute a Private Interest Foundation.

### Registered Agent

The Law establishes that all Private Interest Foundation must have a Registered Agent in Panama, which must be an attorney or a law firm. The usual procedure is to establish our law firm, ICAZA, GONZALEZ-RUIZ & ALEMAN, as registered agent.

### The initial capital of the Foundation

Shall not in any case be less than a sum equivalent to US\$10,000.00, and may be expressed in any currency of legal course.

### Foundation Council

The administrative body is the Foundation Council, having the powers set forth by the Founder in the Foundation Charter, which must be constituted by natural person (in a minimum of three), who need not be citizens or residents of Panama and/or a juridical person constituted under the laws of Panama or any other jurisdiction. The council must be constituted by a one juridical person.

The Foundation Council will be entrusted with the fulfillment of the purposes of the Foundation.

### Governmental Annual Tax

All private interest foundation must pay an annual tax of US\$300.00 to the government in order to maintain its good standing. The due date of the annual license tax is as follows: June 30<sup>th</sup> of every year for companies incorporated in the first semester of the calendar year and December 31<sup>st</sup> of every year for companies incorporated in the second semester. The surcharge for late payment of the annual license tax is US\$50.00. In addition to this surcharge, a restoration fee of US\$300.00 will be required to restore the company that is late in its payments.

### A brief description of the Foundations

- ◆ It is a non-profit organization that may engage however, in commercial activities in a non habitual manner, or exercise the rights arising from titles representative of the capital of mercantile corporations which are part of the assets of the Foundation, provided all economic proceeds be devoted exclusively for the purposes of the Foundation.
- ◆ It can be constituted to function throughout the founder's life; or after his death; as can be established by the Founder in the Foundation Act.
- ◆ The assets of the Foundation constitute assets separate from the personal assets of the Founder, for all legal purpose. Such assets may not attached, executed neither be object of any action or security measure, except, for obligations of the Foundation, or for the lawful rights of the beneficiaries of the Foundation. Such, assets may not in any case be liable for the personal obligations of the Founder or of the beneficiaries.

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- ◆ The assets transferred to the foundation are administrated by the Foundation Council.
- ◆ The constitutional instrument is the Foundation Act, submitted by the Founder, and recorded in the Public Registry of Panama. However, confidentiality may be assured in different ways, among which is the action through a third party attorney in fact (which appears in the Act as a formal Founder), in the place of the true Founder. On the other hand, the truly confidential information and the distribution of the patrimony among these, such as the names of the beneficiaries of the Foundation and the way the Foundation properties must be distributed among the beneficiaries, appear in the By-Laws which have a private character, not subject to public registration.
- ◆ A Panamanian Foundation may migrate to other jurisdictions which accept it - or it can accept a foreign one, as may well be the case with one from Liechtenstein.
- ◆ Panamanian Foundations are not subject to tax by reason of income from foreign sources.
- ◆ A Foundation can be used to set assets under their name. One of their principal objectives is to ease the administration of the estate and to avoid hereditary processes.

**IMPORTANT NOTE:** In accordance with regulatory and legal provisions, our firm maintains internal policies related to the processes of “Due Diligence” and “Know your Client”, as routine to avoid the occurrence of illicit activities, protecting our clients and our business.