

# How to do business with Panama

## Legal considerations

In Panama, there are no legal requirements for the following:

- export percentages
- local equity interests
- technology transfers

All available incentives are offered equally to both Panamanian and foreign investors.

## Standards and technical regulations

Companies and individuals doing business with Panama have access to trademarks, designs, patents and copyright as the main forms of IP protection in the country.

Both Panama and the UK are part of the Berne Convention for the Protection of Literary and Artistic Works.

The Copyright and Neighbouring Law 1994 protects original literary work in Panama. There are, however, considerable flaws in copyright protection. Piracy remains a problem in the country, especially regarding sound recording and films.

## Labelling your products

Labels on imported goods should contain:

- the name and address of the manufacturer
- expiration date
- list of ingredients
- lot number
- product form (powder, liquid, etc.)

Labels on all medicines, household products and foods with special instructions, must be in Spanish. It is acceptable for labels to be written out in English for all other products.

**Commercial disputes** It can be time consuming and complex to resolve a commercial or investment dispute in Panama. Although protections are built into trade and investment agreements, there have been numerous struggles for investors attempting to resolve investment issues in court.

The World Economic Forum's Global Competitiveness Report 2018-19 ranks Panama 64th out of 140 (the UK ranks 8th): <http://reports.weforum.org/global-competitiveness-report-2018/country-economy-profiles/#economy=PAN>.

Panama's court system is frequently called biased and there have been many claims of favouritism. The courts lack adequate titling and trained officials, and regulations can be inconsistent. Businesses connected politically tend to benefit from court decisions and some cases can be delayed for years with no action taken by the judge.

Many Panamanian legal firms advise that binding arbitration clauses are written into all commercial contracts as the Panamanian Government accepts binding international arbitration of disputes with foreign investors. Panama is a party to both the New York Convention of 1958 and the 1975 Panama Convention. In 1996, the country became a member of the International Center for the Settlement of Investment Disputes (ICSID). The UNCITRAL model arbitration law as amended in 2006 was adopted, and Law 13 regulates national and international commercial arbitrations in Panama.

*[Source – DIT Trade and Export guide: Panama, gov.uk, FCO Overseas Business Risk: Panama]*

### **Product liability insurance**

Product liability insurance covers the cost of compensation for anyone injured by a faulty product. If you design, manufacture or supply a physical product that is sold or given away for free, you should therefore consider taking out product liability insurance.

See the Association of British Insurers (ABI) website at: <https://www.abi.org.uk/products-and-issues/choosing-the-right-insurance/business-insurance/liability-insurance/product-liability-insurance/> for further information, or alternatively, contact the DIT team in Panama at: <http://www.gov.uk/world/organisations/department-for-international-trade-panama#contact-us> for contacts of local insurers or specialist brokers.

*[Source – DIT Trade and Export guide: Panama, gov.uk]*

### **Taxation**

In 1983, Panama and the UK signed an Investment Protection Treaty, and in 2013 they signed a Double Taxation Agreement. This allows some taxes paid in one country to be

deducted in the other, so should prevent any double tax liability from UK and Panama authorities over the same income. See: <https://www.gov.uk/government/publications/panama-tax-treaties>.

The cost, insurance and freight (CIF) value is assessed on duties on an 'ad valorem' basis. Tariffs can be reduced by the Panamanian Government so that they meet the WTO membership requirements. The harmonised system (HS) is used for custom codes.

All imports into Panama are subject to a 7% value added tax (ITBMS) in addition to the duty. This tax is levied on the CIF level. However, pharmaceuticals, food and school supplies are all exempted from this tax. The tax may also be applied to certain services.

Import tariffs average at 9%, although in some cases there are exceptions. These exceptions include agricultural products that are crucial to the rural economy and automobiles.

*[Source – DIT Trade and Export guide: Panama, gov.uk]*

## Customs and documentation

**Complying with HMRC regulations to export** To export your goods to Panama, you must make export declarations to HMRC through the National Export System (NES). Visit: <https://www.gov.uk/guidance/export-declarations-and-the-national-export-system-export-procedures> for further details.

You can find out how to declare your exports to Panama through the NES at: <https://www.gov.uk/guidance/export-declarations-and-the-national-export-system-export-procedures>. You must classify your goods as part of the declaration, including a commodity code and a customs procedure code (CPC).

Commodity codes and other details applying to exports in the UK Trade Tariff can be found at: <https://www.gov.uk/trade-tariff>.

Contact the HMRC Tariff Classification Service at: <https://www.gov.uk/guidance/finding-commodity-codes-for-imports-or-exports#list-of-useful-contacts> for more help.

The EU's Market Access Database (MADB) also has details about import tariffs. Visit: <http://madb.europa.eu/madb/indexPubli.htm>.

You must declare any goods that you take with you in your luggage to sell outside the EU. See: <https://www.gov.uk/take-goods-sell-abroad> for further information.

*[Source – gov.uk]*

**Temporary export of goods** Panama does not recognise the ATA (Admission Temporaire/Temporary Admission) Carnet system. You therefore need to use a duplicate list to temporarily export goods to Panama. As with an ATA Carnet, you do not have to pay customs duty or tax. There is no fee. See: <https://www.gov.uk/taking-goods-out-uk-temporarily/duplicate-list>.

Before you export the goods, prepare a list on company stationery, including:

- a description of the goods
- how many there are
- serial numbers, if the goods have them
- value of the goods

At customs, you will need to provide:

- two copies of the list
- a completed HMRC form C&E 1246.  
See: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/374161/ce1246.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/374161/ce1246.pdf) (PDF, 638 KB)

Contact the HMRC Imports and Exports Helpline in advance to make the arrangements:

- Telephone: 0300 200 3700
- Textphone: 0300 200 3719
- Outside the UK: +44 29 2050 1261
- Monday to Friday, 8am to 6pm

Visit: <https://www.gov.uk/taking-goods-out-uk-temporarily> for further information.

To apply for a temporary export licence, you will need to use the SPIRE system at: <https://www.spire.trade.gov.uk/spire/fox/espire/LOGIN/login>.

*[Source – gov.uk]*

## **Documentation**

A customs broker, licensed by the Panamanian Government, must clear any goods exported into Panama.

When your goods arrive into Panama, documentation is required. The type of documentation requested by Panamanian Customs varies depending on how the products have been imported. The most common documents are:

- air waybill or bill of lading
- packing list
- commercial invoice

*[Source – DIT Trade and Export guide: Panama, Institute of Export & International Trade, gov.uk]*

## **Regulations**

Panama does not have an independent monetary policy. Capital outflows or transfers of funds abroad do not have any legal restrictions.

*[Source – DIT Trade and Export guide: Panama, gov.uk]*

## Shipping your goods

You can use a freight forwarder to move your goods if you are not knowledgeable about international shipping procedures. A freight forwarder will have vast expertise and familiarity with local documentation requirements, regulations, transportation costs and banking practices in Panama.

The British International Freight Association (BIFA) at: <http://www.bifa.org/home> and the Freight Transport Association (FTA) at: <http://www.fta.co.uk/> can assist in locating freight forwarders to transport your goods to Panama.

## **Posting goods**

For information about sending goods by post to Panama, visit Royal Mail at: <https://www.royalmail.com/panama>.

*[Source – Royal Mail]*

## **Shipping restricted, banned and dangerous goods**

Certain goods are classed as restricted or dangerous. If you wish to import any of these goods into Panama, they are subject to special rules. For more information visit: <https://www.gov.uk/shipping-dangerous-goods/what-are-dangerous-goods>.

Prohibited items include:

- certain livestock or crops that are prohibited by the Ministry of Agriculture
- counterfeit currency, and equipment to create counterfeits
- alcohol and medicines without correct labelling
- foreign gambling tickets
- obscene literature or literature that negatively represents the country
- armament

You can employ a local agent who will have knowledge of the latest import licensing requirements. For information and assistance, contact the Department for International Trade (DIT) team in Panama at: <https://www.gov.uk/world/organisations/department-for-international-trade-panama#contact-us>.

*[Source – gov.uk, DIT]*

**Terms of delivery** You should have a clear written contract in all international commercial transactions to minimise any risk of misunderstanding.

Incoterms are a series of widely used commercial terms for international trade in goods, which clarify for example:

- where the goods will be delivered
- who arranges transport
- who handles customs procedures
- who is responsible for insuring the goods, and who pays for insurance
- who pays any duties and taxes

Incoterms do not apply to the delivery of services. Contracts for the international delivery of services should include a Service Level Agreement (SLA), focusing on desired outcomes such as what the service should achieve.

International trade rules changed in September 2019, so you should check with the International Chamber of Commerce (ICC), which publishes Incoterm rules, at: <https://iccwbo.org/resources-for-business/incoterms-rules>, for details of the new rules, and also with the UK Government for further general advice and details about current Incoterms at: <https://www.gov.uk/guidance/international-trade-paperwork-the-basics#international-trade-contracts-and-incoterms>.

## UK Export Finance

The UK Government's credit agency, UKEF, wins export contracts by providing attractive financing terms to their buyers. They can help you:

- fulfil orders by supporting working capital loans
- get paid by insuring against buyer default

You can find out more about UKEF's services and products at: <https://www.gov.uk/government/collections/our-products>.

For new business enquiries, email UKEF at: [customer.service@ukexportfinance.gov.uk](mailto:customer.service@ukexportfinance.gov.uk) or telephone: 020 7271 8010 between 9am and 5pm.

For up-to-date country-specific information on the support available, see UKEF's cover policy and indicators for Panama at: <https://www.gov.uk/guidance/country-cover-policy-and-indicators#panama>.

*[Source – ICC, UKEF, gov.uk, DIT Trade and Export guide: Panama]*

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