

# Panama: The World's Best Residency Option Even If You're Not A Retiree



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# PANAMA: THE WORLD'S BEST RESIDENCY OPTION EVEN IF YOU'RE NOT A RETIREE

BY THE EDITORS OF LIVE AND INVEST OVERSEAS

One of your first considerations in moving overseas is how easy it will be to become a legal resident. Panama offers perhaps more good options than any other country. The challenge in Panama isn't qualifying for residency; it's choosing which residency option best suits your financial status and other circumstances.

Panama's retiree (or *pensionado*) visa is by far the most popular option. The program has drawn thousands of retirees to Panama to take advantage of the tax status, the discounts, and the other benefits that come along with it. The *pensionado* visa comes with not only financial advantages, but social ones, as well. In Panama people of retirement age enjoy special benefits under the law. For instance, banks and other businesses have lines for retirees only, which can shorten an otherwise sometimes very long wait for service.

The *pensionado* visa option is certainly easy and appealing, but what if you don't earn a pension?

Again, Panama offers many good visa options, including one that allows you to make an US\$80,000 (in at least 5 hectares) hard-asset investment in a reforestation project (that is, timber plantation). You own the trees and the land they're planted on. You reap the profits when the trees are harvested for timber. Someone else manages the entire operation for you. And, meantime, you get your full-time residency visa for Panama.

Want to open a business in Panama? All it takes is five Panamanian employees and an investment of at least

US\$160,000. Again, in return, you get your full-time Panama resident status.

Panama's newest visa offer, the "Friendly Nations" visa, launched in 2012, offers not just the chance for easy residency but also a work permit.

In general, for any Panama residency visa, you'll need to provide a report from the police department in your home town, a medical exam report from a doctor in Panama, and blood test results, including the results of an HIV test. In addition to these basic requirements, each visa option comes with other particular requirements, as follows...

## **Pensioner Visa (*Pensionado*)**

The *pensionado* program is by far the most popular visa option Panama offers. Panama's *pensionado* visa has become the Gold Standard, providing one of the most generous retiree packages in the world. To reap these benefits, you don't need to invest a cent up front. You need only receive a pension or an annuity that meets the requirements.

The government of Panama is fairly relaxed with regards to the minimum age to apply for this visa. Typically if you are over the age of 18 and if you receive a guaranteed pension from any government entity, Social Security, Armed Forces, or private company, then you can apply.

Your pension must be at least US\$1,000 per month, plus US\$250 per month for each dependent, including children under 18.

You enjoy all pensioner visa benefits for life. These include:

- 50% off entertainment anywhere in the country (movies, theaters, concerts, etc.);
- 30% off bus, boat, train fares;
- 25% off airline tickets;
- 50% off hotels stays Monday through Thursday;
- 25% off hotels stays Friday through Sunday;
- 25% off at sit-down restaurants;
- 15% off at fast food restaurants;
- 15% off hospital bills (if no insurance applies);
- 10% off prescription medications;
- 20% off medical consultations;
- 15% off dental and eye exams;
- 20% off professional and technical services;
- 50% off closing costs for home loans.

With the *pensionado* visa, you are also entitled to a one-time tax exemption on the importation of household goods (up to US\$10,000) and a tax rebate on every two years of import duties for the importation of a car (sales tax and luxury tax still apply).

You used to be able to apply for your pensionado visa on your own, but the Panamanian government recently enacted a law requiring a lawyer to submit all visa applications. In fact, it is much easier and less time-consuming to engage a Panamanian lawyer to handle the process for you. This way, the one-time application is fast and simple.

These are the documents you must submit to your lawyer:

Your original passport must be valid for at least another six months or more from the date of application. If your passport expires before this time, you must have it renewed. To be safe, the passport



should be good for a year from the date of application, in case of any delays.

You need to get a police record check from your national law enforcement agency regarding any criminal record within the last five years. This document must be notarized. In addition, it must be “authenticated” at a Panamanian Consulate and have the appropriate stamps affixed. The cost of authentication is US\$30 per page and can be done in person or by mail. If by mail, include a letter to the Consulate General of Panama who serves your area. Include your name, address, telephone number, and e-mail address, along with a self-addressed, stamped envelope and a check in the amount of US\$30 for each page, payable to: Consulate General of Panama. It is not necessary to have the document translated into Spanish at the Consulate, as this can be done by an attorney in Panama at a lower cost. You should always fax the documents to the Consulate first, to make sure they are able to authenticate the document in the form that you have it. Otherwise, you may waste your money mailing documents they cannot authenticate.

If you are retiring with a government pension, you must present a letter or form from your government pension plan (and/or pension administrator, if you are retiring before you receive a government pension) which shows that you will be receiving at least US\$1,000 a month for you and an additional US\$250 for each dependent. These forms/letters will need to be authenticated as well. If you are receiving your pension from a non-governmental agency or business, then you will also need to provide a check stub or a statement of account showing the pension being deposited, and a good-standing certificate from the company issuing the pension. This must be authenticated, as well.

If you are married, you need a copy of your marriage license and a copy of the birth certificates for any dependent children. Have these authenticated as well. You must provide a copy issued by the authority in charge of recording the marriage or birth certificates. Photocopies will not be accepted.

When you arrive in Panama, present documents 1-4 to your attorney and he/she will process the application for you. In Panama you will be required to undergo a basic medical exam, an HIV test, and you must have passport-type photos taken. Your lawyer will help you arrange all of this.



If all goes well, you should receive your pensionado visa card, or carnet, in about a month. Attorneys tend to charge between US\$800 and US\$1,500 to process the visa.

## Private Income Retiree (*Rentista Retirado*)

You can apply for a Private Income Retiree visa if you have received a lump sum of retirement money or inheritance, as opposed to a pension.

To qualify for this visa, you must deposit enough money in a Panamanian national bank (Banco Nacional de Panama or Caja de Ahorros) to yield at least US\$850 per month.

The deposit must be a five-year CD, and your visa status is reviewed at the end of the term. There is no age requirement to apply for this visa.

## Person of Means (*Solvencia Economica Propia*)

If you are able to support yourself financially in Panama with no need to work or start a business, the Person of Means Visa may suit your needs.

To obtain a Person of Means visa, you must deposit a minimum of US\$300,000 in any local bank in Panama.

You can also use that US\$300,000 to invest in real estate. You must pay for the property in full and the title must be in your name, or under a private interest foundation, of which you are named as the founder and the beneficiaries are you and/or the dependents.

You can also combine the two options, investing, for example, US\$125,000 in real estate and then deposit US\$175,000 in a bank account in Panama.

Once you have been approved for the visa, you will receive a provisional one-year visa. At the end of that year, the government will verify the requirements are still being met, and then you receive a national identity card (*cedula*).

Once you have possession of a *cedula* for five years, you can apply for Panamanian citizenship.

## Investor Visa (*Inversionista*)

The Investor Visa can be ideal for you if you plan to open a business in Panama. Note, though, that there are some restrictions on the types of businesses foreigners can own and operate in Panama.

To apply for an investor visa, you must invest a minimum of US\$160,000 in a new or established business in Panama. If you are applying with dependents, you must increase your minimum investment by US\$2,000 for each dependent.

The company you invest in must be registered in Panama's Social Security program, and the investment funds must come from abroad.

A minimum of five permanent Panamanian employees must be hired by your company. The employees must be given Social Security benefits, and they must be paid no less than minimum wage, which differs throughout the country.

Only one investor visa request can be made by each company.

Once approved, you are provided with a two-year provisional residency permit. After the two-year period, a permanent visa is issued. At the end of five years, you can apply for a passport and citizenship.

To apply for the investor visa you must provide the following:

- A sworn declaration
- A letter from the company's accountant attesting to your investment in the company. The investment must be at least US\$160,000.
- A letter from either the secretary or treasurer of the company certifying the investment
- Certification of the Public Registry that credits the following:
- Purpose of the corporation

- Capital
- Your appointment as director of the corporation
- Copy of the Social Security payroll certifying that the company is operating
- Declaration before a notary certifying the investment
- Employer's Social Security payroll (minimum five Panamanian employees)
- Social Security good standing certificate
- First tax return
- Lease agreement or property title deeds and public utility bills



## Forestry Investor Visa (*Inversionista Forestal*)

The idea behind the forestry investor visa is to produce and preserve Panama's primary forests.

You can apply as a large forestry investor and invest at least US\$80,000 in timber (plus US\$2,000 for each dependent) in an approved reforestation project that is at least 5 hectares.

Your forestry investment must be kept until final harvest, which is approximately 10 years.

As a large forestry investor, you receive a two-year renewable immigrant visa card. You must apply for permanent residency immediately after it expires.

If you apply as a small forestry investor, you will receive a one-year renewable immigrant visa. You must renew it annually until the sixth year, when you can apply for permanent residency.)

Both large and small investors are eligible to apply for citizenship five years after your approval of permanent residency. This is a separate application process.

It is now even easier to obtain a Forestry Investor Visa. You can now use your IRA funds to invest in forestry projects in Panama and still qualify for the forestry investor visa. (You can't qualify for a resident visa if you use IRA funds to invest in other types of Panama



real estate, because the property must be owned by an IRA-owned corporation or foundation – not in your personal name.)

It is fairly quick and simple to apply for a Forestry Investor Visa. The initial application takes about five working days. You are then given a three- to four-month provisional visa.

If you leave the country in the meantime, you must return to Panama no later than the date of the expiration of your provisional visa. You can then apply for a one-year immigrant visa.

Your one-year residency card must be renewed every year for the next three years. After five years, you can apply for Panamanian citizenship and a passport.

## The “Friendly Nations” Visa Program

Furthering its reputation as one of the premier destinations for permanent residency, Panama, through an executive order by previous president Ricardo Martinelli in 2012, made a significant addition to its already generous list of residency programs with what is being referred to as the “Specific Countries” program, which opens Panama’s doors even wider to citizens of countries deemed “friendly” by the Panamanian government.

Panama is experiencing unprecedented growth, and with a population of only 4 million, there’s an increasing demand for qualified labor. The objective of the new residency program is to fill the employment gap and make it easier for foreign nationals to work and conduct business in Panama. In May 2021, current President Laurentino Cortizo, implemented a new executive order changing the requirements and provisions of the Friendly Nations Program. Additional changes were announced in July 2021. These changes are discussed below and went into effect on Aug. 7, 2021.

### Who’s Eligible?

The most recent list of friendly countries now offers residency to citizens of the following 50 countries:

- |                    |                   |                 |                    |
|--------------------|-------------------|-----------------|--------------------|
| 1. Andorra         | 14. Estonia       | 27. Luxembourg  | 40. Serbia         |
| 2. Argentina       | 15. France        | 28. Malta       | 41. Singapore      |
| 3. Australia       | 16. Finland       | 29. Mexico      | 42. Slovakia       |
| 4. Austria         | 17. Germany       | 30. Monaco      | 43. South Africa   |
| 5. Brazil          | 18. Greece        | 31. Montenegro  | 44. South Korea    |
| 6. Belgium         | 19. Hong Kong     | 32. Netherlands | 45. Spain          |
| 7. Canada          | 20. Hungary       | 33. New Zealand | 46. Switzerland    |
| 8. Chile           | 21. Ireland       | 34. Norway      | 47. Sweden         |
| 9. Costa Rica      | 22. Israel        | 35. Paraguay    | 48. United Kingdom |
| 10. Croatia        | 23. Japan         | 36. Peru        | 49. United States  |
| 11. Cyprus         | 24. Latvia        | 37. Poland      | 50. Uruguay        |
| 12. Czech Republic | 25. Liechtenstein | 38. Portugal    |                    |
| 13. Denmark        | 26. Lithuania     | 39. San Marino  |                    |



In addition to the principle applicant, the following dependents are also eligible for residency:

- Spouse and parents of the main applicant
- Children under 18 years old
- Children with disabilities
- Children 18 to 25 who are single and registered at universities

## Obtaining A Work Permit

- Be a citizen of one of the 50 countries on the Friendly Nations List
- Have US\$5,000 in a Panama bank
- And have one of the following:
  - A work offer from a Panamanian company
  - Hold title to property in Panama in your own name that you paid at least US\$200,000 for

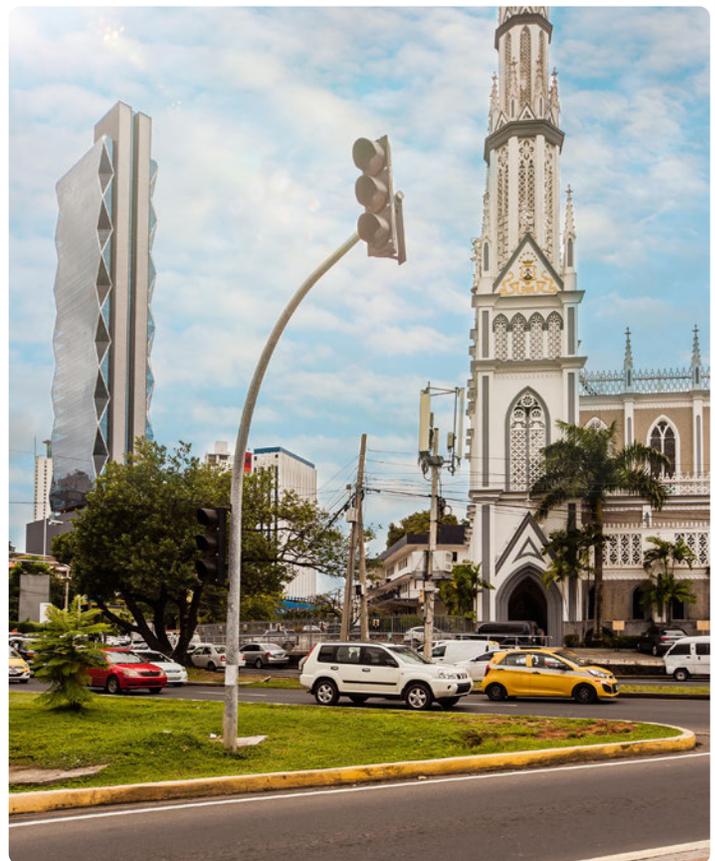
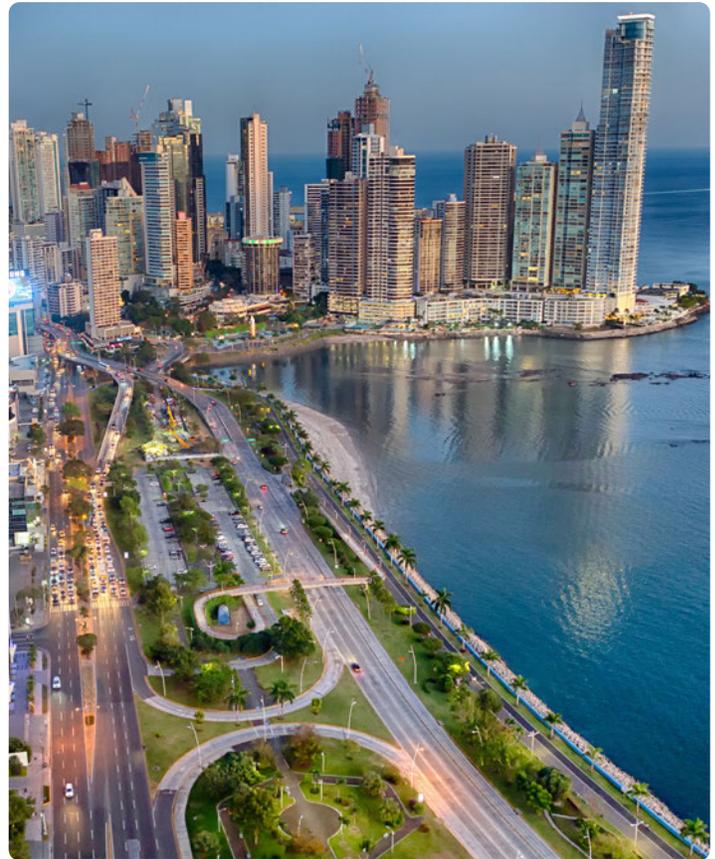
You can no longer simply set up a Panama corporation and qualify for the residency program. That option became the most popular one as it was fast and relatively cheap. A Panama corporation costs as little as US\$1,200 to set up depending on the attorney you use. Once your residency was approved, you could let the corporation die on the vine.

## Provisions Of The Friendly Nations Visa

At its birth, the Friendly Nations Program was designed to grant immediate permanent residency to the applicant upon approval. Under the new stipulations, though, a two-year temporary residency is first granted to the applicant. Once the two years are up, you can apply for permanent residency if you still meet the requirements of the program. Once you hold permanent residency, you'll be eligible to apply for citizenship after five years.

## Application Procedure

The procedure to get any residency visa is carried out at the central offices of the National Immigration Service of



the Republic of Panama, located at the Ricardo J. Alfaro Avenue. You need to be present in the country when you apply. First, you'll need to register your passport in the Affiliation Department of the National Immigration Service. Your passport will get a seal with a sequential registration number. After this is taken care of, you will file for the residency application. All this will be carried out by your lawyer, although you need to be here for the application. Your lawyer will make sure you meet all the requirements for the specific visa you are applying for.

You will then go with your lawyer to the Migration Department, where you will get an ID card, valid for six months. At this point your status as a foreigner will change from tourist to resident in process. During this six-month period, you need to stay in the country while your application is being processed. If for some reason you need to leave the country, you can apply for a special permit. It is recommended that you apply immediately for the authorization to leave the country as you are applying for your visa to save you the trouble in case of an emergency. Traveling out of the country during the processing period without the special authorization will be penalized with a US\$2,000 fine.

## Required Application Documents

You'll need to bring a police background check (FBI background check if you're from the States), your birth certificate, birth certificates for your children if they're dependents under 25 years of age, and your marriage certificate (if you want your spouse to be considered a dependent) with you from your home country. These documents need to be authenticated by a Panama consulate in your home country.

Once you're in Panama, you can source the following documents:

1. Copy of your passport authenticated by a Panamanian public notary.
2. Copy of your driver's license or identity card authenticated by a Panamanian public notary.
3. Health certificate issued by a qualified physician in Panama.
4. Receipt of payment of US\$250 to the National Treasury for your migration application.
5. Receipt of payment of US\$800 to the National Immigration Service as a repatriation deposit.
6. Six ID-sized photos.

Your lawyer can take care of authenticating your documents at the notary and making your payments. [Get in touch with our preferred lawyer here.](#)

## Most Important, Get Good Advice

All residency visa applications in Panama must be made through an attorney. There are many attorneys in Panama, but you need to make sure the one you hire is reliable, honest and knowledgeable. Lawyers do not charge a standard rate for visa applications. You don't necessarily want to choose the lawyer with the lowest fee. In many cases, you get what you pay for. Your visa application process will be quicker and easier if you hire a reliable, knowledgeable attorney. They understand the advantages and downsides to every one of this country's many visa options, and can help you choose the best option for your personal situation.



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