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## About Benefits

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#### Tax Benefits

To encourage long-term foreign investment, Panama requires no special authorizations, permits or prior registration for foreign investors. The Investment Stability Law, passed in 1998, protects foreign investors from any change in tax, customs, municipal and labor rules for a period of 10 years after an investment is registered. Major companies doing business in Panama include Procter & Gamble, HP, Dell, John Deere, Grainger, Federal Express, DHL, Sears, Price Costco, BellSouth, Kansas City Southern Railways, Continental and American Airlines, Warranty Company of the Americas and Hutchison Whampoa. Plus, you'll find just about every American franchise you can imagine on the streets of Panama City.

#### Other Incentives for Foreigners

Other incentives for foreigners to spend time here, invest here, or retire here include:

- Newcomers who buy or build a new house won't owe any property taxes for 20 years.
- Residents do not pay taxes on foreign-earned income.
- Personal income tax is based on a sliding scale from a minimum of 4% to a maximum of 30%. A Value Added Tax of 5% to 10% is charged on most products and services. Transfer taxes on real estate are paid by the seller, and there is no inheritance tax or gift tax.
- Tourism related investments have 20-year exemptions from import duties, fees for construction materials and equipment, and from income, real estate and other taxes.

The government of Panama has announced it will extend the 20 year tax exoneration law. The law states that any new development which obtains a certificate of occupancy before December 31, 2009 will enjoy a property tax break for the next 20 years.

[Click here for more information.](#)

Panama's "Pensionado" program - for anyone over the age of 18

Once you become a resident "pensioner" of Panama under the Tourist Pensionado Visa, you are eligible for the most appealing program of benefits for retirees available anywhere in the world right now.

All you need is a guaranteed pension income of \$500 per month (\$600 for a couple). It must be a pension from a government agency (e.g. Social Security, disability, armed forces, etc.) or a defined-benefit pension from a private company. An immediate, fixed annuity doesn't qualify.

- As a qualified pensioner in Panama, you would be entitled to:  
50% off entertainment anywhere in the country (movies, theaters, concerts, sporting events, etc.)
- 30% off bus, boat, and train fares
- 25% off airline tickets
- 50% off hotel stays Monday through Thursday, 30% off Friday through Sunday
- 25% off restaurant meals
- 15% off at fast-food restaurants
- 15% off hospital bills (if no insurance applies)
- 10% off prescription medicines
- 20% off doctors' consultations
- 15% off dental and eye exams

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- 20% off professional and technical services
  - 50% off closing costs for home loans and more

Click here for more information.

#### Really Low Cost of Living

If you're a consumer, you won't be disappointed in Panama.

Panama has one of the lowest costs of living in all Central and South America: A U.S.-style home can be built for about \$40 per square foot; unskilled labor costs \$6.40 per day; a full-time live-in maid costs \$120 to \$160 a month; a bottle of beer at a bar costs \$ 1; a sandwich around \$ 2.50; a cup of coffee, 30 cents; a haircut and shave can cost as little as \$2; an afternoon at a beauty salon is \$8; electricity is about 10 cents per kilowatt-hour; water bills are \$18 per year; telephone service costs roughly \$30 a month; Internet access is \$14 a month; wireless is available for a bit more; cellular-telephone service costs about \$30 a month plus a per-minute charge of around 22 cents; and cable TV will cost you about \$30 a month, - and just about any product you can think of that comes through the canal is available at great prices.

Taxi rides around the city are incredibly affordable. For \$2.00 you can get just about anywhere. Outside the city prices get lower although access to the same goods and services is obviously more difficult. Medical costs are a fraction of those in the U.S. Retirees enjoy numerous discounts on automobiles, medical services, insurance and simple things like movies.

#### Zoning Laws in Panama

If you are looking to develop real estate in Panama, it is imperative that you know the zoning laws that apply in the city and in the interior of Panama. Using the link below, you can download a copy of the zoning laws (in Spanish) as published by the Ministry of Housing of Panama (MIVI).

Click here for more information

A very useful tool to determine Panama City zoning is available at:

<http://www.selectpanamarealestate.com/properties.php>