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The Supreme Court of Justice reinforces the legal certainty of investments under the Multinational Companies Headquarters Regime.

The Plenary session of the Supreme Court of Justice, in its October 17, 2022 judgment, declared that the exemption from income tax, social security and educational contributions for employees with a Multinational Company Headquarters Visa is NOT unconstitutional, contained in the last paragraph of article 26 of Law No. 41 of August 24, 2007 “That creates the Special Regime for the Establishment and Operation of Headquarters of Multinational Companies.”

To deny the declaration of unconstitutionality against article 26 of Law No. 41 of August 24, 2007, the Court noted in the aforementioned judgment, among other matters, that article 26 seeks to attract foreign exchange imports as means to achieve its objectives, since it dynamizes different sectors of the national economy through domestic consumption, aggregate demand, and direct and indirect investment, contributing to the production of national wealth, and the growth of the gross domestic product. The presence of companies under the Multinational Companies Headquarters regime in the country and, together with these, of foreigners holding the Visa of Permanent Personnel of Headquarters of Multinational Companies and their families, generate important direct or indirect tax collections to the tax authorities, which benefit the creation of public funds and the national production.

We must emphasize that Panama has had significant success in attracting foreign investment through the Special Regime for the Establishment and Operation of Multinational Companies Headquarters in Panama,



contained in Law No. 41 of August 24, 2007. During the first semester of 2022, there existed one hundred and eighty-one (181) companies with Multinational Company Headquarters (SEM) Licenses granted by the Ministry of Industries and Commerce.

The Special Regime for the Establishment and Operation of Multinational Companies in Panama contained in Law No. 41 of August 24, 2007, has represented for Panama more than USD 1,200,000,000.00 in investments, a sum that excludes other expenses that these companies carry out that are not classified as investments. This has greatly dynamized the national economy and positioned Panama as a regional and global business hub, which translates into benefits for Panamanians.

Alemán, Cordero, Galindo y Lee (Alcogal) represented a group of companies licensed as Multinational Company Headquarters, including Procter & Gamble International Operations and Liberty Iberoamerica, to oppose the unconstitutionality claim filed against Article 26 of Law No. 41, of August 24, 2007.

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