

Economy Profile  
Panama

# Doing Business 2020

Comparing Business  
Regulation in  
**190** Economies



**Economy Profile of Panama**

*Doing Business 2020 Indicators  
(in order of appearance in the document)*

<b>Starting a business</b>	Procedures, time, cost and paid-in minimum capital to start a limited liability company
<b>Dealing with construction permits</b>	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
<b>Getting electricity</b>	Procedures, time and cost to get connected to the electrical grid, and the reliability of the electricity supply and the transparency of tariffs
<b>Registering property</b>	Procedures, time and cost to transfer a property and the quality of the land administration system
<b>Getting credit</b>	Movable collateral laws and credit information systems
<b>Protecting minority investors</b>	Minority shareholders' rights in related-party transactions and in corporate governance
<b>Paying taxes</b>	Payments, time, total tax and contribution rate for a firm to comply with all tax regulations as well as postfiling processes
<b>Trading across borders</b>	Time and cost to export the product of comparative advantage and import auto parts
<b>Enforcing contracts</b>	Time and cost to resolve a commercial dispute and the quality of judicial processes
<b>Resolving insolvency</b>	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
<b>Employing workers</b>	Flexibility in employment regulation and redundancy cost

## About Doing Business

The *Doing Business* project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.

The *Doing Business* project, launched in 2002, looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle.


*Doing Business* captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. *Doing Business* also measures features of employing workers. Although *Doing Business* does not present rankings of economies on the employing workers indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business, it does present the data for these indicators.

By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, *Doing Business* encourages economies to compete towards more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, journalists, private sector researchers and others interested in the business climate of each economy.

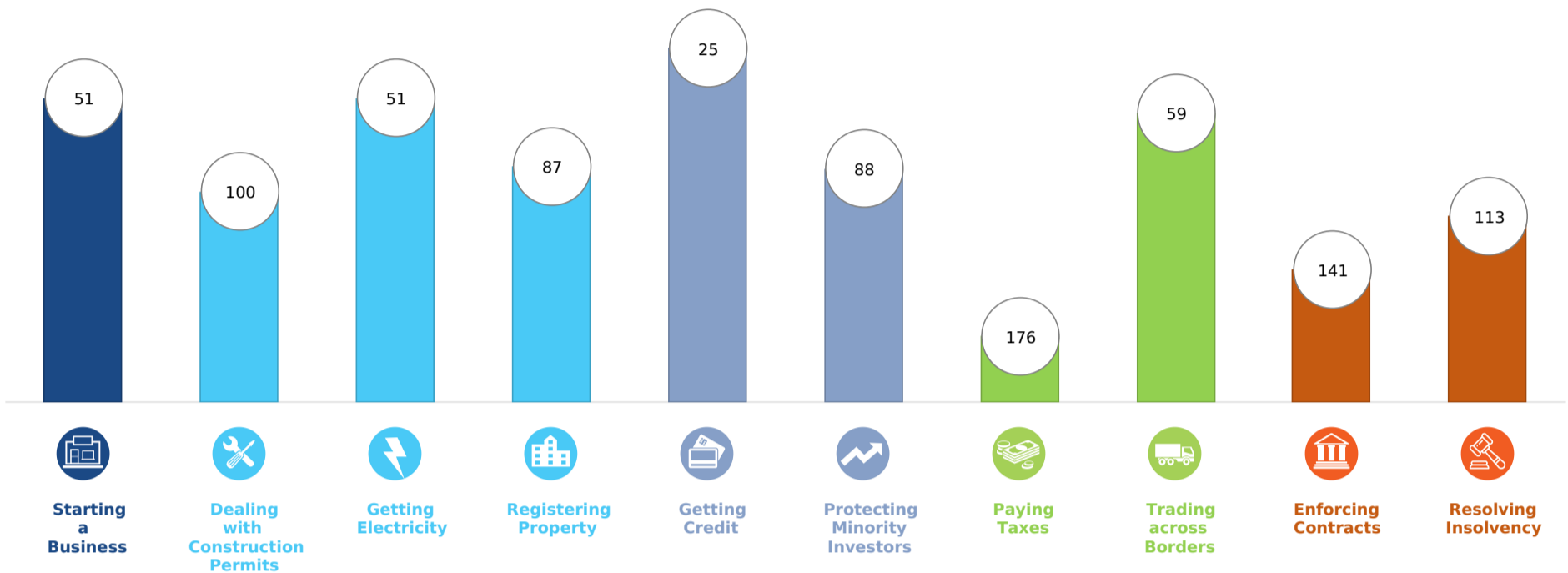
In addition, *Doing Business* offers detailed [subnational studies](#), which exhaustively cover business regulation and reform in different cities and regions within a nation. These studies provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in each of the indicator areas. Selected cities can compare their business regulations with other cities in the economy or region and with the 190 economies that *Doing Business* has ranked.

The first *Doing Business* study, published in 2003, covered 5 indicator sets and 133 economies. This year's study covers 11 indicator sets and 190 economies. Most indicator sets refer to a case scenario in the largest business city of each economy, except for 11 economies that have a population of more than 100 million as of 2013 (Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States) where *Doing Business* also collected data for the second largest business city. The data for these 11 economies are a population-weighted average for the 2 largest business cities. The project has benefited from feedback from governments, academics, practitioners and reviewers. The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business around the world.

To learn more about *Doing Business* please visit [doingbusiness.org](http://doingbusiness.org)

Ease of Doing Business in <b>Panama</b> 	<b>Region</b>	Latin America & Caribbean	<b>DB RANK</b>	<b>DB SCORE</b>
	<b>Income Category</b>	High income	86	66.6
	<b>Population</b>	4,176,873		
	<b>City Covered</b>	Panama City		

Rankings on Doing Business topics - Panama



Topic Scores



<b>Starting a Business</b> (rank)	51
Score of starting a business (0-100)	92.0
Procedures (number)	5
Time (days)	6
Cost (number)	5.8
Paid-in min. capital (% of income per capita)	0.0
<b>Dealing with Construction Permits</b> (rank)	100
Score of dealing with construction permits (0-100)	68.2
Procedures (number)	18
Time (days)	105
Cost (% of warehouse value)	2.5
Building quality control index (0-15)	9.0
<b>Getting Electricity</b> (rank)	51
Score of getting electricity (0-100)	83.5
Procedures (number)	5
Time (days)	35
Cost (% of income per capita)	15.3
Reliability of supply and transparency of tariff index (0-8)	6
<b>Registering Property</b> (rank)	87
Score of registering property (0-100)	65.2
Procedures (number)	7
Time (days)	22.5
Cost (% of property value)	2.3
Quality of the land administration index (0-30)	11.0

<b>Getting Credit</b> (rank)	25
Score of getting credit (0-100)	80.0
Strength of legal rights index (0-12)	8
Depth of credit information index (0-8)	8
Credit registry coverage (% of adults)	0.0
Credit bureau coverage (% of adults)	77.0
<b>Protecting Minority Investors</b> (rank)	88
Score of protecting minority investors (0-100)	56.0
Extent of disclosure index (0-10)	4.0
Extent of director liability index (0-10)	4.0
Ease of shareholder suits index (0-10)	8.0
Extent of shareholder rights index (0-6)	6.0
Extent of ownership and control index (0-7)	1.0
Extent of corporate transparency index (0-7)	5.0
<b>Paying Taxes</b> (rank)	176
Score of paying taxes (0-100)	46.7
Payments (number per year)	36
Time (hours per year)	408
Total tax and contribution rate (% of profit)	37.2
Postfiling index (0-100)	12.8

<b>Trading across Borders</b> (rank)	59
Score of trading across borders (0-100)	85.5
<i>Time to export</i>	
Documentary compliance (hours)	6
Border compliance (hours)	24
<i>Cost to export</i>	
Documentary compliance (USD)	60
Border compliance (USD)	270
<i>Time to export</i>	
Documentary compliance (hours)	6
Border compliance (hours)	24
<i>Cost to export</i>	
Documentary compliance (USD)	50
Border compliance (USD)	490
<b>Enforcing Contracts</b> (rank)	141
Score of enforcing contracts (0-100)	49.0
Time (days)	790
Cost (% of claim value)	38.0
Quality of judicial processes index (0-18)	8.0
<b>Resolving Insolvency</b> (rank)	113
Score of resolving insolvency (0-100)	39.5
Recovery rate (cents on the dollar)	27.0
Time (years)	2.5
Cost (% of estate)	25.0
Outcome (0 as piecemeal sale and 1 as going concern)	0
Strength of insolvency framework index (0-16)	8.0

## Starting a Business

This topic measures the number of procedures, time, cost and paid-in minimum capital requirement for a small- to medium-sized limited liability company to start up and formally operate in each economy's largest business city.

To make the data comparable across 190 economies, *Doing Business* uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times the income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. Starting a Business considers two types of local limited liability companies that are identical in all aspects, except that one company is owned by 5 married women and the other by 5 married men. The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p><b>Procedures to legally start and formally operate a company (number)</b></p> <ul style="list-style-type: none"> <li>• Preregistration (for example, name verification or reservation, notarization)</li> <li>• Registration in the economy's largest business city</li> <li>• Postregistration (for example, social security registration, company seal)</li> <li>• Obtaining approval from spouse to start a business or to leave the home to register the company</li> <li>• Obtaining any gender specific document for company registration and operation or national identification card</li> </ul>	<p>To make the data comparable across economies, several assumptions about the business and the procedures are used. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes.</p>
<p><b>Time required to complete each procedure (calendar days)</b></p> <ul style="list-style-type: none"> <li>• Does not include time spent gathering information</li> <li>• Each procedure starts on a separate day (2 procedures cannot start on the same day)</li> <li>• Procedures fully completed online are recorded as ½ day</li> <li>• Procedure is considered completed once final document is received</li> <li>• No prior contact with officials</li> </ul>	<p><b>The business:</b></p> <ul style="list-style-type: none"> <li>-Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the limited liability form most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office.</li> <li>-Operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.</li> <li>-Performs general industrial or commercial activities such as the production or sale to the public of goods or services. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It is not using heavily polluting production processes.</li> <li>-Does not qualify for investment incentives or any special benefits.</li> <li>-Is 100% domestically owned.</li> <li>-Has five business owners, none of whom is a legal entity. One business owner holds 30% of the company shares, two owners have 20% of shares each, and two owners have 15% of shares each.</li> <li>-Is managed by one local director.</li> <li>-Has between 10 and 50 employees one month after the commencement of operations, all of them domestic nationals.</li> <li>-Has start-up capital of 10 times income per capita.</li> <li>-Has an estimated turnover of at least 100 times income per capita.</li> <li>-Leases the commercial plant or offices and is not a proprietor of real estate.</li> <li>-Has an annual lease for the office space equivalent to one income per capita.</li> <li>-Is in an office space of approximately 929 square meters (10,000 square feet).</li> <li>-Has a company deed that is 10 pages long.</li> </ul>
<p><b>Cost required to complete each procedure (% of income per capita)</b></p> <ul style="list-style-type: none"> <li>• Official costs only, no bribes</li> <li>• No professional fees unless services required by law or commonly used in practice</li> </ul>	<p><b>The owners:</b></p> <ul style="list-style-type: none"> <li>-Have reached the legal age of majority and are capable of making decisions as an adult. If there is no legal age of majority, they are assumed to be 30 years old.</li> <li>-Are in good health and have no criminal record.</li> <li>-Are married, the marriage is monogamous and registered with the authorities.</li> <li>-Where the answer differs according to the legal system applicable to the woman or man in question (as may be the case in economies where there is legal plurality), the answer used will be the one that applies to the majority of the population.</li> </ul>
<p><b>Paid-in minimum capital (% of income per capita)</b></p> <ul style="list-style-type: none"> <li>• Funds deposited in a bank or with third party before registration or up to 3 months after incorporation</li> </ul>	

Starting a Business - Panama

Standardized Company

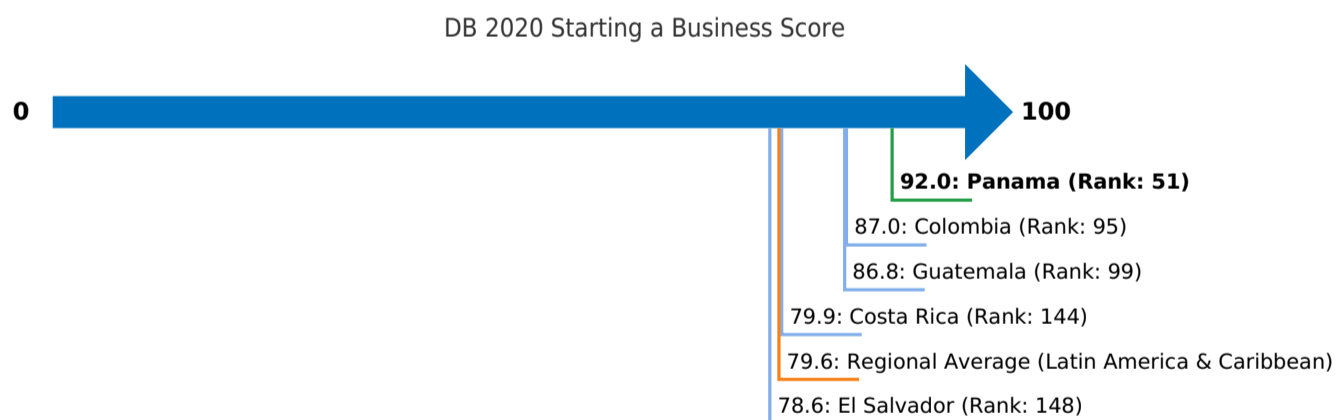
Legal form	Sociedad Anónima (S.A.) - Corporation
Paid-in minimum capital requirement	No minimum
City Covered	Panama City

Indicator	Panama	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedure - Men (number)	5	8.1	4.9	1 (2 Economies)
Time - Men (days)	6	28.8	9.2	0.5 (New Zealand)
Cost - Men (% of income per capita)	5.8	31.4	3.0	0.0 (2 Economies)
Procedure - Women (number)	5	8.1	4.9	1 (2 Economies)
Time - Women (days)	6	28.8	9.2	0.5 (New Zealand)
Cost - Women (% of income per capita)	5.8	31.4	3.0	0.0 (2 Economies)
Paid-in min. capital (% of income per capita)	0.0	0.4	7.6	0.0 (120 Economies)

Figure - Starting a Business in Panama - Score

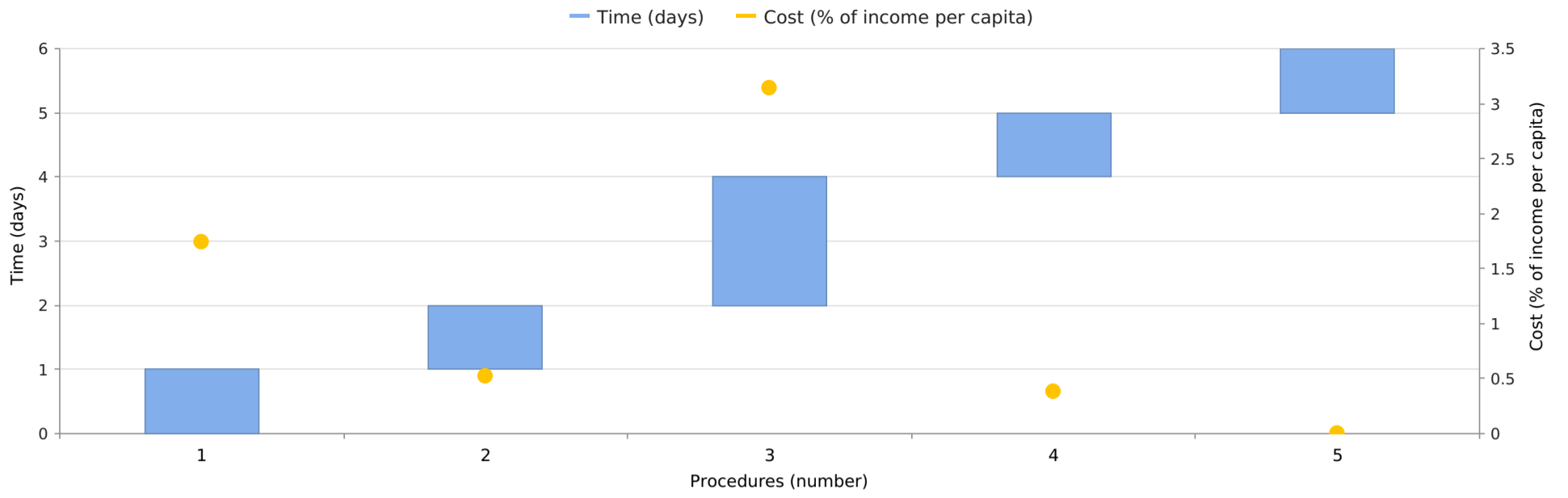


Figure - Starting a Business in Panama and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

Figure - Starting a Business in Panama - Procedure, Time and Cost



\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.



## Details - Starting a Business in Panama - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Hire a registered agent to prepare the articles of association</b>  <i>Agency</i>: Law firm            It is necessary to hire a lawyer or law firm to serve as Registered Agent of the corporation and prepare its Articles of Association.</p>	1 day	USD 250
2	<p><b>Notarize the articles of incorporation</b>  <i>Agency</i>: Public Notary            The articles of incorporation to be notarized must include:            (a) the name and domicile of each subscriber to the articles of incorporation;            (b) the domicile of the company and of the resident agent, who must be a lawyer or law firm in Panama;            (c) the names and addresses of the directors and the officers;            (d) the name of the corporation, set out in such a way to distinguish it from other registered names already registered with the Public Register;            (e) the company purpose or general objectives;            (f) the name of at least the president, the secretary, and the treasurer, who may or may not be the same as the directors and need not to be shareholders and who may hold more than one office or title;            (g) details about the capital and the type and number of shares into which it is divided;            (h) the company duration, which may be perpetual;            (i) any other provision the subscribers may wish to include;            (j) the amount of share that each shareholder will acquire.</p>	1 day	USD 75
3	<p><b>Register at the Mercantile Division of the Public Registry and pay the Annual Franchise Tax</b>  <i>Agency</i>: Mercantile Division of the Public Registry            The entry fees are the following (since July 2013):            - USD 50.00 for the first USD 10,000.00 in capital stock            - 0.75 cents for each additional 1,000.00 or fraction.</p> <p>The Annual Registration Tax of USD 300 must also be paid. Payments can be made at the National Bank of Panama or at any cashier of the Ministry of Economy and Finance. The National Bank of Panama has a booth at the Public Registry. This payment also can be done online.</p>	2 days	see comments
4	<p><b>Obtain a notice of operations (“aviso de operación”) through the “Panama Emprende” website</b>  <i>Agency</i>: Ministry of Trade &amp; Industry            A notice of operations must be obtained. Law 5 of January 11, 2007 established a new on-line system called “Panama Emprende” (www.panamaemprende.gob.pa) which facilitates the creation of companies. The new system replaces the obtainment of commercial licenses for the obtainment of a notice of operation.</p> <p>In addition, since April 24th 2012, the Ministry of Trade and Industry and the municipality of Panama are interconnected through the online platform Panama Emprende. As a result, it is no longer required to visit the municipality to obtain a taxpayer number. Now entrepreneurs receive automatically the municipal taxpayer number together with the operation permit through Panama Emprende.</p>	1 day	USD 55 for legal entities
5	<p><b>Request an employers’ inscription number and register employees at the Social Security Administration</b>  <i>Agency</i>: Social Security Institute            Employers and employees must be registered with Social Security. The Social Security Institute takes care of the registration of employees in order to report salaries and make the payments related to welfare programs and educational taxes as well as income taxes. It manages as well insurance programs for pension, health, unemployment and occupational accident and injury.</p>	1 day	no charge

⇒ Takes place simultaneously with previous procedure.



## Dealing with Construction Permits

This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, the Dealing with Construction Permits indicator measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The most recent round of data collection was completed in May 2019. [See the methodology for more information](#)

### What the indicators measure

#### Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Submitting all required notifications and receiving all necessary inspections
- Obtaining utility connections for water and sewerage
- Registering and selling the warehouse after its completion

#### Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

#### Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes

#### Building quality control index (0-15)

- Quality of building regulations (0-2)
- Quality control before construction (0-1)
- Quality control during construction (0-3)
- Quality control after construction (0-3)
- Liability and insurance regimes (0-2)
- Professional certifications (0-4)

### Case study assumptions

To make the data comparable across economies, several assumptions about the construction company, the warehouse project and the utility connections are used.

#### The construction company (BuildCo):

- Is a limited liability company (or its legal equivalent) and operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is 100% domestically and privately owned; has five owners, none of whom is a legal entity. Has a licensed architect and a licensed engineer, both registered with the local association of architects or engineers. BuildCo is not assumed to have any other employees who are technical or licensed experts, such as geological or topographical experts.
- Owns the land on which the warehouse will be built and will sell the warehouse upon its completion.

#### The warehouse:

- Will be used for general storage activities, such as storage of books or stationery.
- Will have two stories, both above ground, with a total constructed area of approximately 1,300.6 square meters (14,000 square feet). Each floor will be 3 meters (9 feet, 10 inches) high and will be located on a land plot of approximately 929 square meters (10,000 square feet) that is 100% owned by BuildCo, and the warehouse is valued at 50 times income per capita.
- Will have complete architectural and technical plans prepared by a licensed architect. If preparation of the plans requires such steps as obtaining further documentation or getting prior approvals from external agencies, these are counted as procedures.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

#### The water and sewerage connections:

- Will be 150 meters (492 feet) from the existing water source and sewer tap. If there is no water delivery infrastructure in the economy, a borehole will be dug. If there is no sewerage infrastructure, a septic tank in the smallest size available will be installed or built.
- Will have an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day. Will have a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.
- Will have a constant level of water demand and wastewater flow throughout the year; will be 1 inch in diameter for the water connection and 4 inches in diameter for the sewerage connection.

Dealing with Construction Permits - Panama

Standardized Warehouse

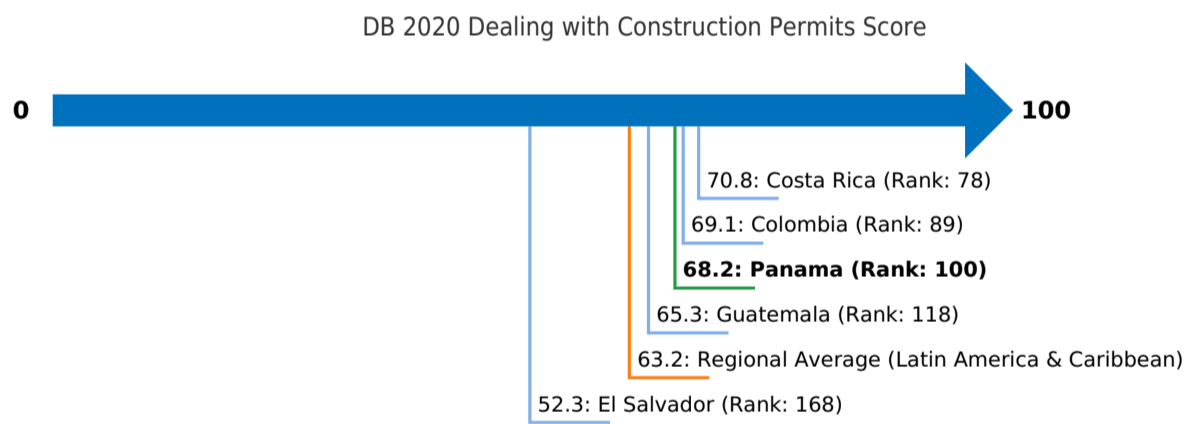
Estimated value of warehouse	USD 717,796.80
City Covered	Panama City

Indicator	Panama	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedures (number)	18	15.5	12.7	None in 2018/19
Time (days)	105	191.2	152.3	None in 2018/19
Cost (% of warehouse value)	2.5	3.6	1.5	None in 2018/19
Building quality control index (0-15)	9.0	9.0	11.6	15.0 (6 Economies)

Figure - Dealing with Construction Permits in Panama - Score

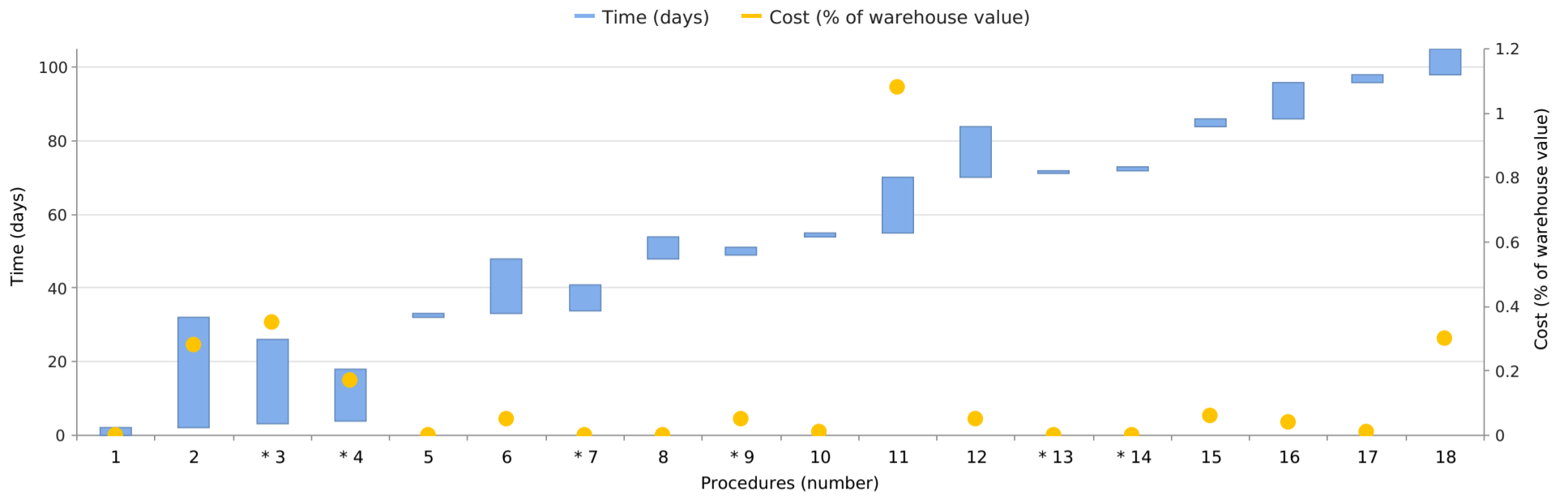


Figure - Dealing with Construction Permits in Panama and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of dealing with construction permits is determined by sorting their scores for dealing with construction permits. These scores are the simple average of the scores for each of the component indicators.

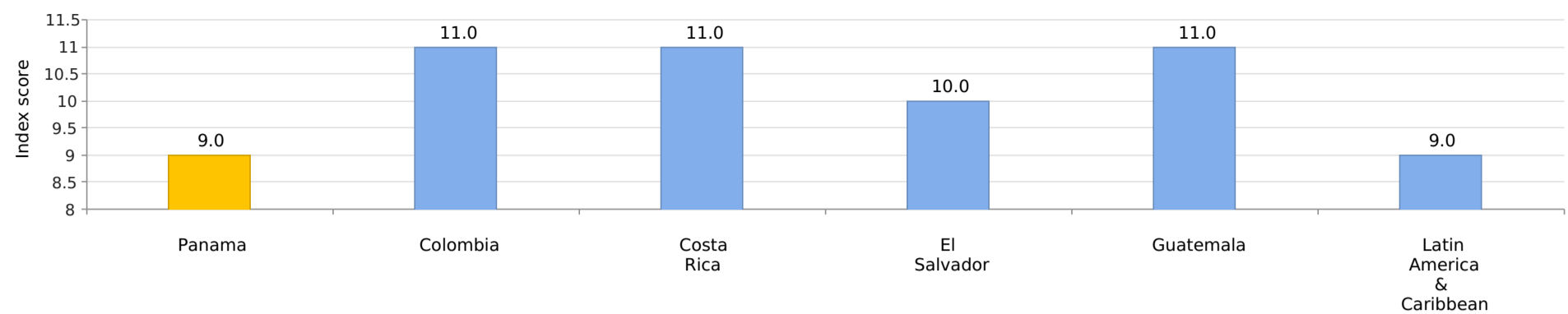
Figure - Dealing with Construction Permits in Panama - Procedure, Time and Cost



\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Dealing with Construction Permits in Panama and comparator economies - Measure of Quality



## Details - Dealing with Construction Permits in Panama - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Request and obtain a good standing certificate (certificado de paz y salvo)</b>  <i>Agency:</i> Public Registry Office (Registro Público de Panamá)            For the construction of a warehouse the first step is to obtain a good standing certificate issued by the Public Registry Office (Registro Público de Panamá). This certificate is required by the Directorate of Works and Construction of the Municipality of Panama to verify who the property owner is, where the project will be developed, the property number and the lot area. In particular, construction plans, the construction permit, and the occupation permit all must include the property number.</p>	2 days	USD 30
2	<p><b>Obtain results of geotechnical study / soil test</b>  <i>Agency:</i> Private licensed company            According to Article 21.4 from Acuerdo 281 adopted by the Consejo Municipal de Panama in December 2016, as well as its earlier versions, a soil test is required for all new constructions. A soil test is a necessary step for development of the project. The soil investigation helps to determine the bearing capacity of the land, which helps to determine the load capability, the type and depth of foundation, in order to make sure to select a suitable construction technique.</p>	30 days	USD 2,000
⇒ 3	<p><b>Request and obtain environmental study</b>  <i>Agency:</i> Independent Environmental Consultant            The environmental impact study must be conducted by an independent environmental consultant and certified by the National Environmental Authority (Ministerio de Medio Ambiente-ANAM). In the Doing Business case, given the intended use of the warehouse, the required environmental impact study is that of Type I.             The process of completing an environmental impact study may take from 15 to 30 days, but the approval by the National Environmental Authority could take approximately 45 days, depending on the category of the environmental impact study.</p>	23 days	USD 2,500
⇒ 4	<p><b>Obtain results of topographical survey</b>  <i>Agency:</i> Private Engineer            According to Article 3.02 of the Municipal Decree N°116 of July 9, 1996, Build Co. needs to obtain the topographical survey to design the location map.</p>	14 days	USD 1,250
5	<p><b>Notarize form to deposit the environmental study</b>  <i>Agency:</i> Notary            The environmental expert will issue the environmental impact study to BuildCo. BuildCo must then complete a form and both the environmental impact study and the form must be notarized. The entire file is then submitted to the Ministry of Environment for further review.</p>	1 day	USD 3
6	<p><b>Request and obtain preliminary approval from the Environmental Authority</b>  <i>Agency:</i> Municipal Office (Environmental Authority)            While BuildCo. submits the paper work to the Municipality, they can pay the fee at the head office of the Environmental Authority.</p>	15 days	USD 350
⇒ 7	<p><b>Submit drawings (anteproyecto) to the Municipality and obtain clearance</b>  <i>Agency:</i> Municipality of Panama, Works and Construction Department (Dirección de Obras y Construcciones Municipales)            The architect must fill out the petition form and submit the preliminary design (anteproyecto). The Municipal Office has created a centralized window for filing of the preliminary project design.</p>	7 days	USD 1
8	<p><b>Hold consultation with the Municipality to determine approvals</b>  <i>Agency:</i> Municipality of Panama, Works and Construction Department (Dirección de Obras y Construcciones Municipales)            This procedure is in the process of being incorporated into the online system administered through Panama Tramita. This will allow for a parallel approval process to be completed online. Until this electronic platform is fully implemented, a public official from the Municipal Office determines the government offices that must approve the project. Representatives of the different offices are located in the Municipality but in separate offices. The company or architect must obtain approvals from those offices directly.</p>	6 days	no charge

⇒ 9	<b>Request and obtain signature of certified fire specialist</b> <i>Agency</i> : Certified Fire Specialist BuildCo must receive an approval of the project drawings related to fire safety from an independent and certified specialist. This is then submitted to the Fire Department Safety Office (Benemerito Cuerpo de Bomberos de la Republica) for approval.	2 days	USD 359
10	<b>Request and obtain preliminary approval from Ministry of Public Works and Fire Department Safety Office</b> <i>Agency</i> : Ministry of Public Works and Fire Department Safety Office BuildCo must obtain a preliminary approval from the Works and Construction Department. In order to obtain the approval the project needs to comply with urban zoning regulations. The certification of land use is issued by the Land Management and Housing Department and requested by the Works and Construction Department only if the zoning lot does not appear in the following book "Documento gráfico de zonificación para la ciudad de Panamá- MIVI'2004", which is where the established land uses (zoning) are shown.	1 day	USD 80
11	<b>Request and obtain construction permit</b> <i>Agency</i> : Municipality of Panama, Works and Construction Department (Dirección de Obras y Construcciones Municipales) BuildCo must present the application to the director of the Municipal Construction and Works Authority, accompanied by two copies of the blueprints; the land use certification issued by the the approvals issued by the Fire Department Safety Office, Ministry of Health, Ministry of Public Works, and Environmental Authority; the municipal good standing certificate; and proof of registration of BuildCo with the Technical Board.	15 days	USD 7,722
12	<b>Request and connect to water and sewerage services</b> <i>Agency</i> : Water and Sewerage Authority (Instituto de Acueductos y Alcantarillados Nacionales-IDAAN) The cost is based on the latest fee schedule provided in Resolution No. 9484 (December 2015) by the Water and Sewerage Authority (Instituto de Acueductos y Alcantarillados Nacionales-IDAAN). The breakdown is as follows:  1. Water meter: USD 165.52 2. Installation USD 70.88 3. Metal deposit box: USD 48.14 4. Installation: USD 51.12	14 days	USD 336
⇒ 13	<b>Receive inspection from Municipal Office (Ministry of Public Works)</b> <i>Agency</i> : Municipal Office (Ministry of Public Works) While waiting for the water and sewerage services, BuildCo, according to Article 64 of Building Regulations, receives an inspection by the Municipal Office (Ministry of Public Works) in order to obtain the occupancy permit.	1 day	no charge
⇒ 14	<b>Receive inspection from Fire Department Safety Office</b> <i>Agency</i> : Municipal Office (Fire Department Safety Office) At the same time BuildCo receives an inspection from the Fire Department so that the department can issue a permit. Inspectors come according to a schedule of visits that is defined when the preliminary approval has been granted.	1 day	no charge
15	<b>BuildCo. obtains the permit by Fire Department Safety Office.</b> <i>Agency</i> : Municipal Office (Fire Department Safety Office) BuildCo. must obtain an approval from the Fire Department Safety Office after receiving the inspection (Benemerito Cuerpo de Bomberos de la Republica)	2 days	USD 400
16	<b>Request and obtain occupancy permit</b> <i>Agency</i> : Municipal Office (Fire Department Safety Office) After receiving the approvals, BuildCo. obtains an occupancy permit issued by the Fire Department Safety Office (Benemerito Cuerpo de Bomberos de la Republica)	10 days	USD 320
17	<b>Notary notarizes "declaration of improvement" (declaración de mejora)</b> <i>Agency</i> : Notary When the occupancy permit has been issued, BuildCo will need to notarize a declaration, which must be drafted on an official form (escritura pública)	2 days	USD 100
18	<b>Register building with the Central Property Registry</b> <i>Agency</i> : Central Property Registry According to the fees published by the Public Registry (Resolution No. 212 of April 18, 2013 ) the "entry fee" for the constitution or transfer of ownership of real property (including improvements declaration) is USD 3 for each USD 1,000 of the property value.	7 days	USD 2,153

⇒Takes place simultaneously with previous procedure.

## Details - Dealing with Construction Permits in Panama - Measure of Quality

	Answer	Score
<b>Building quality control index (0-15)</b>		<b>9.0</b>
<b>Quality of building regulations index (0-2)</b>		<b>2.0</b>
How accessible are building laws and regulations in your economy? (0-1)	Available online; Free of charge.	1.0
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0-1)	List of required documents; Fees to be paid; Required preapprovals.	1.0
<b>Quality control before construction index (0-1)</b>		<b>1.0</b>
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0-1)	Licensed architect; Licensed engineer.	1.0
<b>Quality control during construction index (0-3)</b>		<b>0.0</b>
What types of inspections (if any) are required by law to be carried out during construction? (0-2)	No inspections are legally required during construction..	0.0
Do legally mandated inspections occur in practice during construction? (0-1)	Mandatory inspections are not always done in practice during construction.	0.0
<b>Quality control after construction index (0-3)</b>		<b>3.0</b>
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0-2)	Yes, final inspection is done by government agency.	2.0
Do legally mandated final inspections occur in practice? (0-1)	Final inspection always occurs in practice.	1.0
<b>Liability and insurance regimes index (0-2)</b>		<b>1.0</b>
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0-1)	Architect or engineer; Professional in charge of the supervision; Construction company.	1.0
Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0-1)	No party is required by law to obtain insurance .	0.0
<b>Professional certifications index (0-4)</b>		<b>2.0</b>
What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0-2)	University degree in architecture or engineering; Being a registered architect or engineer.	1.0
What are the qualification requirements for the professional who supervises the construction on the ground? (0-2)	University degree in engineering, construction or construction management; Being a registered architect or engineer.	1.0

## ⚡ Getting Electricity

This topic measures the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. Additionally, the reliability of supply and transparency of tariffs index measures reliability of supply, transparency of tariffs and the price of electricity. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Procedures to obtain an electricity connection (number)

- Submitting all relevant documents and obtaining all necessary clearances and permits
- Completing all required notifications and receiving all necessary inspections
- Obtaining external installation works and possibly purchasing material for these works
- Concluding any necessary supply contract and obtaining final supply

#### Time required to complete each procedure (calendar days)

- Is at least 1 calendar day
- Each procedure starts on a separate day
- Does not include time spent gathering information
- Reflects the time spent in practice, with little follow-up and no prior contact with officials

#### Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- Value added tax excluded

#### The reliability of supply and transparency of tariffs index (0-8)

- Duration and frequency of power outages (0-3)
- Tools to monitor power outages (0-1)
- Tools to restore power supply (0-1)
- Regulatory monitoring of utilities' performance (0-1)
- Financial deterrents limiting outages (0-1)
- Transparency and accessibility of tariffs (0-1)

#### Price of electricity (cents per kilowatt-hour)\*

- Price based on monthly bill for commercial warehouse in case study

\*Note: *Doing Business* measures the price of electricity, but it is not included in the ease of doing business score nor in the ranking on the ease of getting electricity.

### Case study assumptions

To make the data comparable across economies, several assumptions about the warehouse, the electricity connection and the monthly consumption are used.

#### The warehouse:

- Is owned by a local entrepreneur and is used for storage of goods.
- Is located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is located in an area where similar warehouses are typically located and is in an area with no physical constraints. For example, the property is not near a railway.
- Is a new construction and is being connected to electricity for the first time.
- Has two stories with a total surface area of approximately 1,300.6 square meters (14,000 square feet). The plot of land on which it is built is 929 square meters (10,000 square feet).

#### The electricity connection:

- Is a permanent one with a three-phase, four-wire Y connection with a subscribed capacity of 140-kilo-volt-ampere (kVA) with a power factor of 1, when 1 kVA = 1 kilowatt (kW).
- Has a length of 150 meters. The connection is to either the low- or medium-voltage distribution network and is either overhead or underground, whichever is more common in the area where the warehouse is located and requires works that involve the crossing of a 10-meter road (such as by excavation or overhead lines) but are all carried out on public land. There is no crossing of other owners' private property because the warehouse has access to a road.
- Does not require work to install the internal wiring of the warehouse. This has already been completed up to and including the customer's service panel or switchboard and the meter base.

#### The monthly consumption:

- It is assumed that the warehouse operates 30 days a month from 9:00 a.m. to 5:00 p.m. (8 hours a day), with equipment utilized at 80% of capacity on average and that there are no electricity cuts (assumed for simplicity reasons) and the monthly energy consumption is 26,880 kilowatt-hours (kWh); hourly consumption is 112 kWh.
- If multiple electricity suppliers exist, the warehouse is served by the cheapest supplier.
- Tariffs effective in January of the current year are used for calculation of the price of electricity for the warehouse. Although January has 31 days, for calculation purposes only 30 days are used.



Getting Electricity - Panama

Standardized Connection

Name of utility	Naturgy
Price of electricity (US cents per kWh)	25.4
City Covered	Panama City

Indicator	Panama	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedures (number)	5	5.5	4.4	3 (28 Economies)
Time (days)	35	66.8	74.8	18 (3 Economies)
Cost (% of income per capita)	15.3	407.2	61.0	0.0 (3 Economies)
Reliability of supply and transparency of tariff index (0-8)	6	4.4	7.4	8 (26 Economies)

Figure - Getting Electricity in Panama - Score

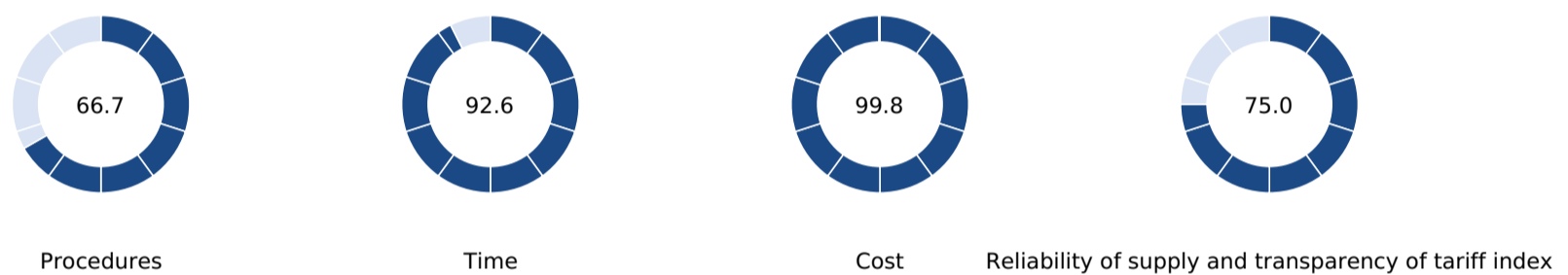
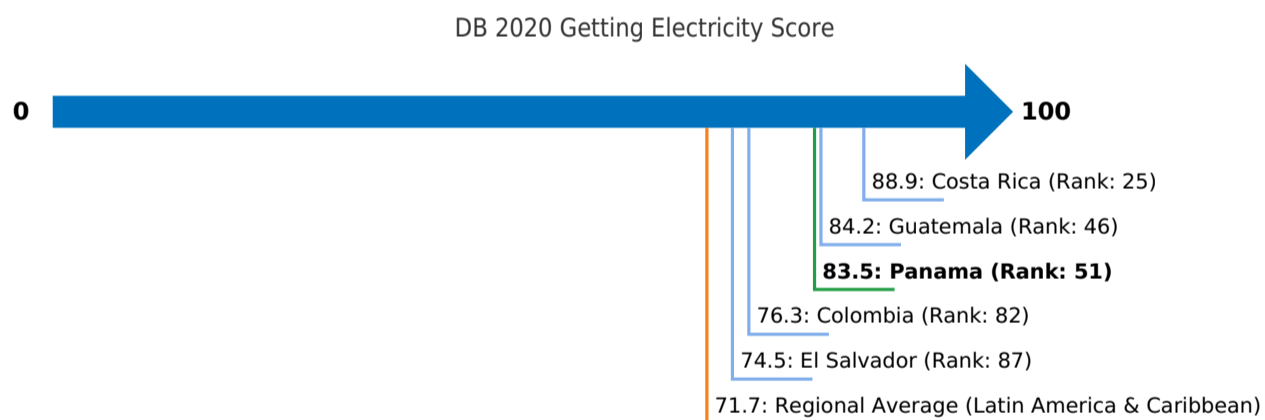
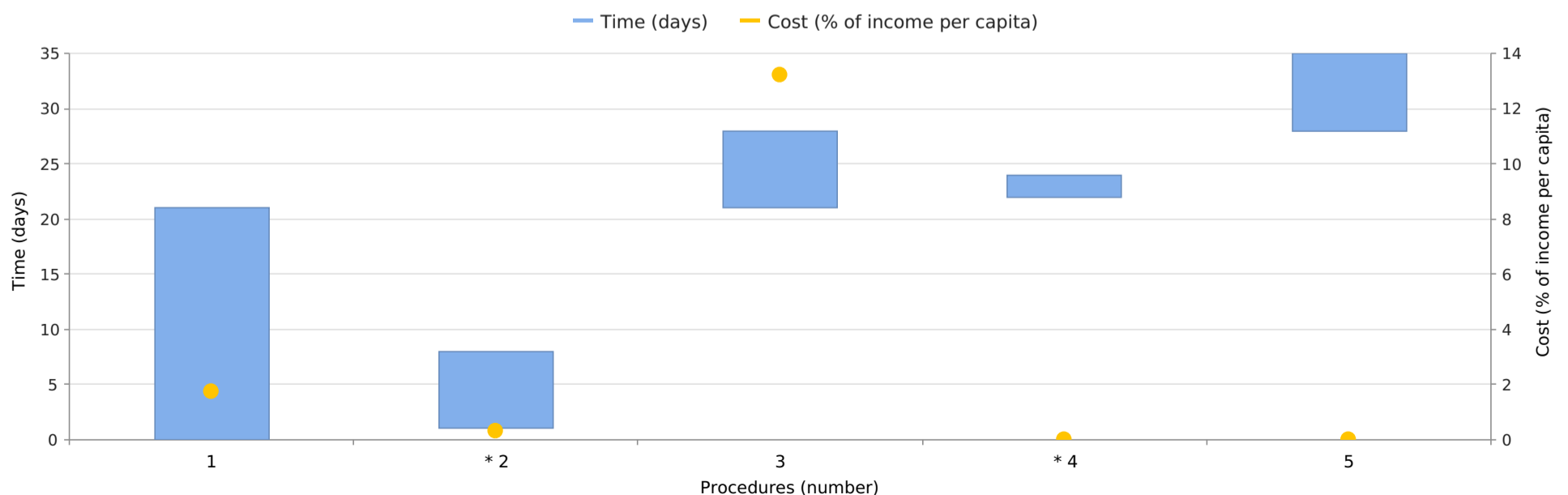


Figure - Getting Electricity in Panama and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting electricity is determined by sorting their scores for getting electricity. These scores are the simple average of the scores for all the component indicators except the price of electricity.

Figure - Getting Electricity in Panama - Procedure, Time and Cost

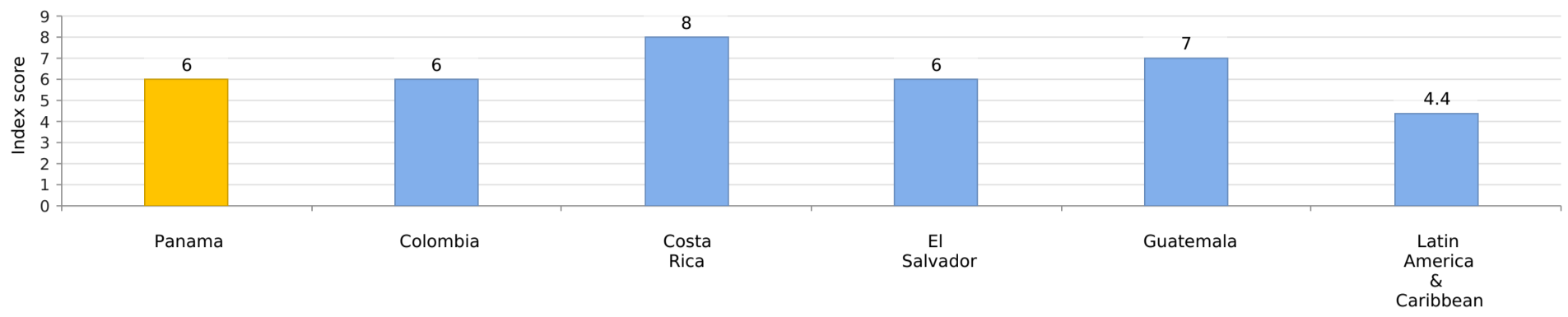


\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures

reflected here, see the summary below.

**Figure - Getting Electricity in Panama and comparator economies - Measure of Quality**



## Details - Getting Electricity in Panama - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Obtain electricity occupancy permit from the Fire Department</b>  <i>Agency</i>: The Municipality            The certification of the internal wiring (ELEC-411 resolution) is obtained from the Fire Department in the context of the occupancy permit and certifies the internal electrical wiring installation. Safety requirements are governed by RIE (NEC + local regulations) - 1999 NESC 2007 Ministerio de Trabajo (reglamento de seguridad en la construcción) 2006.</p>	21 calendar days	USD 250
⇒ 2	<p><b>Receive site visit by Fire Department for certification of internal wiring</b>  <i>Agency</i>: The Fire Department            The Fire Department will visit the site to verify that the electrical installations are in accordance with the standards and approved designs.</p>	7 calendar days	USD 45
3	<p><b>Send request for connection to Naturgy</b>  <i>Agency</i>: Naturgy            With the service application the customer must submit the following documents:</p> <ul style="list-style-type: none"> <li>• Copy of personal identification card or passport (or passport of the Directorate of Immigration and Naturalization), in the case of foreign natural person a copy of Certificate of Public Registry of the Company for the legal person.</li> <li>• If the natural person or legal representative of the company is unable to attend personally to sign the supply contract, the following will be needed:               <ul style="list-style-type: none"> <li>o For individuals: original letter of authorization with copy of identity card of the grantor and of the authorized person.</li> <li>o For legal entity: Notarized power of attorney and copy of the identity document of the grantor and of the empowered.</li> </ul> </li> <li>• For new buildings or facilities not occupied a copy of occupancy permit.</li> <li>• In cases of customers such as buildings, exhibitions, fairs, circuses, etc. requiring a temporary supply, they must submit the corresponding authorization to operate issued by competent authority.</li> <li>• Submit certification of good payment history or references of recent credit, i.e. not exceeding a period of 5 years from the date the request is made. In their absence, the applicant must pay the security deposit provisions established in the regulation.</li> <li>• Pay the connection tariff according to the fee statement in force.</li> </ul> <p>An estimate does not have to be prepared, because there is fixed installation fee of \$107. In addition, a security deposit has to be paid of one month of expected future consumption. The security deposit is returned to the customer with interest after one year of service. For a detail of charges, see: <a href="http://www.asep.gob.pa/electric/tarifas.asp">http://www.asep.gob.pa/electric/tarifas.asp</a>. If the customer's warehouse is less than 100m from power lines, the Act states that the work has to be free.            Once the customer request arrives with Naturgy, a service order is established internally.</p>	7 calendar days	USD 1,897.03
⇒ 4	<p><b>Receive external inspection by Naturgy's subcontractor</b>  <i>Agency</i>: Naturgy            After the customer has submitted the service request a subcontractor of Naturgy inspects the site and determines what type of works are needed. It is not necessary for a representative of the customer to be present.</p>	2 calendar days	USD 0
5	<p><b>Sign supply contract and await completion of external works</b>  <i>Agency</i>: Naturgy            The utility, not the customer obtains the right of way from the Ministerio de Obras Publicas (MOP). The subcontractor carries out the connection works to the low voltage network. All materials are provided by Naturgy. The customer is only responsible for the internal connection from their property to the meter box. 3 transformers of 50 kW each are installed and the connecting cables are laid out. Last, the meter is installed and the electricity starts flowing.</p>	7 calendar days	USD 0

⇒ Takes place simultaneously with previous procedure.

## Details - Getting Electricity in Panama - Measure of Quality

	Answer
<b>Reliability of supply and transparency of tariff index (0-8)</b>	6
<b>Total duration and frequency of outages per customer a year (0-3)</b>	1
System average interruption duration index (SAIDI)	7.8
System average interruption frequency index (SAIFI)	5.2
What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI	3.0
<b>Mechanisms for monitoring outages (0-1)</b>	1
Does the distribution utility use automated tools to monitor outages?	Yes
<b>Mechanisms for restoring service (0-1)</b>	1
Does the distribution utility use automated tools to restore service?	Yes
<b>Regulatory monitoring (0-1)</b>	1
Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply?	Yes
<b>Financial deterrents aimed at limiting outages (0-1)</b>	1
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	Yes
<b>Communication of tariffs and tariff changes (0-1)</b>	1
Are effective tariffs available online?	Yes
Link to the website, if available online	<a href="http://www.naturgy.com.pa/servlet/ficheros/1297162571134/Pliego_Tarifario_Edemet_Enero_-_Junio_2019.pdf">http://www.naturgy.com.pa/servlet/ficheros/1297162571134/Pliego_Tarifario_Edemet_Enero_-_Junio_2019.pdf</a>
Are customers notified of a change in tariff ahead of the billing cycle?	Yes

**Note:**

If the duration and frequency of outages is 100 or less, the economy is eligible to score on the Reliability of supply and transparency of tariff index.

If the duration and frequency of outages is not available, or is over 100, the economy is not eligible to score on the index.

If the minimum outage time considered for SAIDI/SAIFI is over 5 minutes, the economy is not eligible to score on the index.

## Registering Property

This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, the topic also measures the quality of the land administration system in each economy. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Procedures to legally transfer title on immovable property (number)

- Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration procedures in the economy's largest business city.
- Postregistration procedures (for example, filling title with municipality)

#### Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day - though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

#### Cost required to complete each procedure (% of property value)

- Official costs only (such as administrative fees, duties and taxes).
- Value Added Tax, Capital Gains Tax and illicit payments are excluded

#### Quality of land administration index (0-30)

- Reliability of infrastructure index (0-8)
- Transparency of information index (0-6)
- Geographic coverage index (0-8)
- Land dispute resolution index (0-8)
- Equal access to property rights index (-2-0)

### Case study assumptions

To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

#### The parties (buyer and seller):

- Are limited liability companies (or the legal equivalent).
- Are located in the periurban (that is, on the outskirts of the city but still within its official limits) area of the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Are 100% domestically and privately owned.
- Perform general commercial activities.

#### The property (fully owned by the seller):

- Has a value of 50 times income per capita, which equals the sale price.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone (that is, on the outskirts of the city but still within its official limits), and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A two-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition, has no heating system and complies with all safety standards, building codes and legal requirements. The property, consisting of land and building, will be transferred in its entirety.
- Will not be subject to renovations or additional construction following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants, and no other party holds a legal interest in it.

Registering Property - Panama

Indicator	Panama	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedures (number)	7	7.4	4.7	1 (5 Economies)
Time (days)	22.5	63.7	23.6	1 (2 Economies)
Cost (% of property value)	2.3	5.9	4.2	0.0 (Saudi Arabia)
Quality of the land administration index (0-30)	11.0	12.0	23.2	None in 2018/19

Figure - Registering Property in Panama - Score

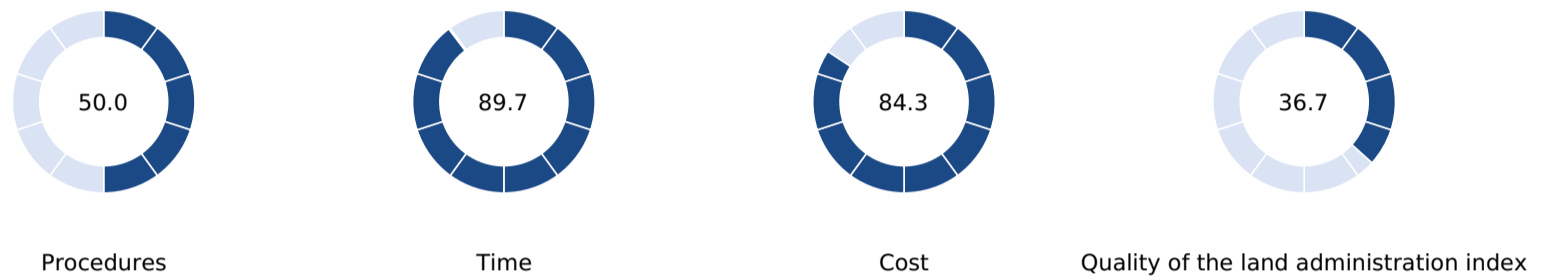
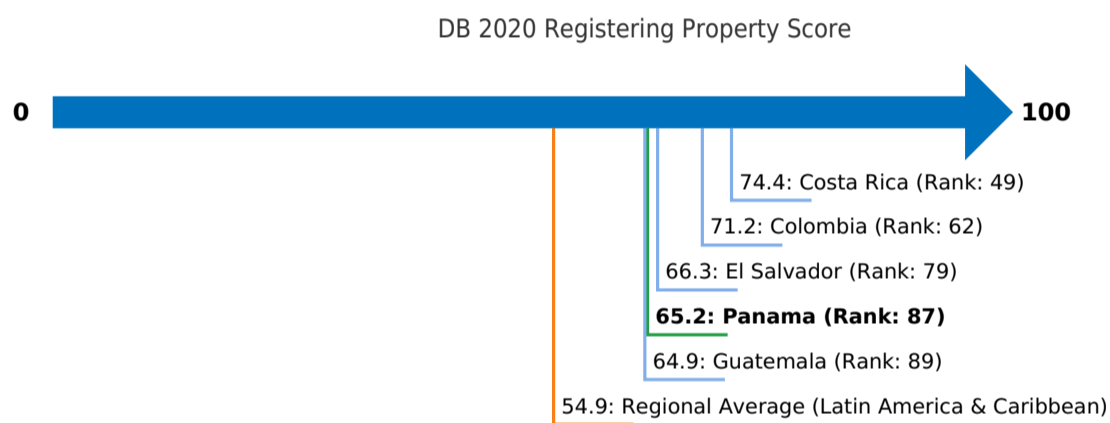
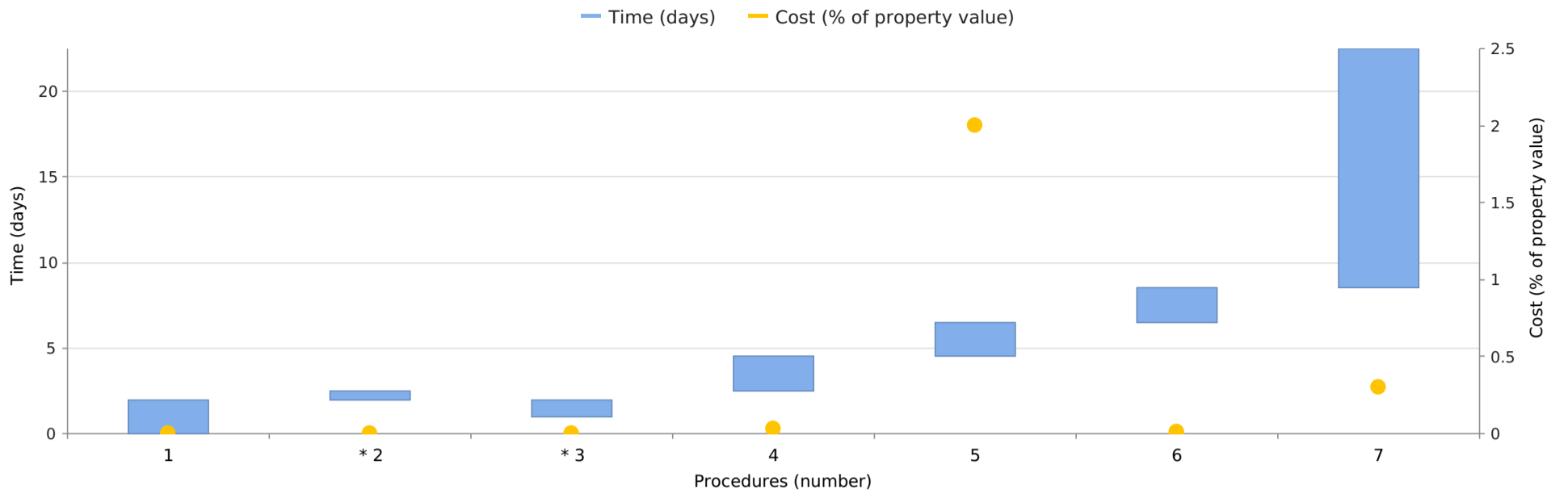


Figure - Registering Property in Panama and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of registering property is determined by sorting their scores for registering property. These scores are the simple average of the scores for each of the component indicators.

Figure - Registering Property in Panama - Procedure, Time and Cost

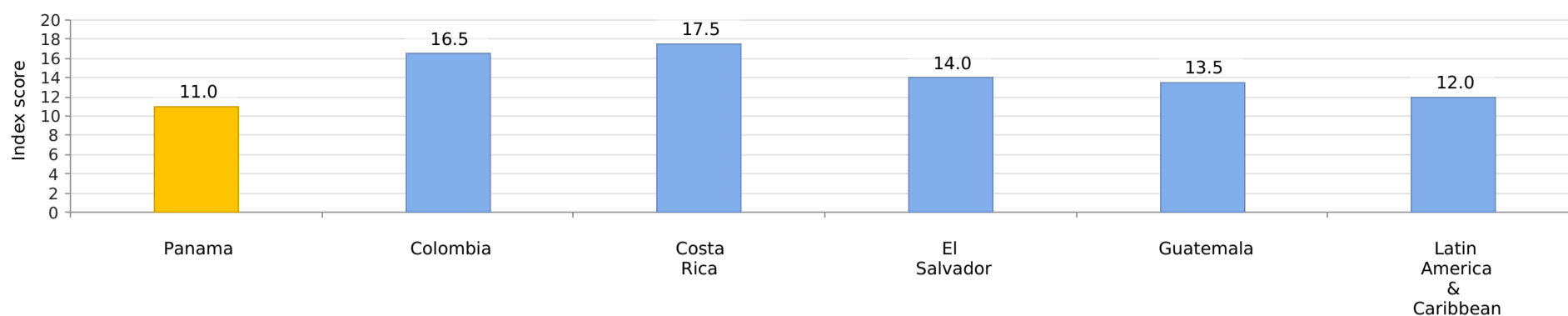


\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.



Figure - Registering Property in Panama and comparator economies - Measure of Quality



Details - Registering Property in Panama - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Obtain a non-encumbrance certificate at the Public Registry Office</b>  <i>Agency:</i> Public Registry ("Registro Público de Panamá")                      Parties obtain a non-encumbrance certificate before starting the transaction to verify if the property has any liens (e.g. mortgages, litigation). This certificate is obtained at the Public Registry of Panamá. In many cases, it is advisable for property sales, that a surveyor is engaged to verify the correct measurements and location of the properties.</p>	2 days	USD 30
⇒ 2	<p><b>Obtain a certificate of good standing online from the Autoridad Nacional de Ingresos Públicos</b>  <i>Agency:</i> Tax Agency ("Dirección General Impositiva" - DGI)                      The seller must obtain a Real Estate Tax Clearance Certificate. In order to obtain this document, the property shall be registered at the Online System of the Directorate General of Revenues (DGI). This certificate can be obtained online since 2009, and the printout must be submitted to the Public Registry. Once submitted, the Public Registry will verify it again online. This certificate can be requested by the individual or entity which has a password to enter the DGI Online System and must have the plot number and the page number (document number) issued by the Public Registry. Note that a land with a value under USD 30,000.00 is exempt of the Real Estate Property Tax. Owners pay this tax according to a progressive scale that ranges from 1.75% on the excess over USD 30,000.00 to 2.10% on the excess over USD 75,000 annually based on the cadastral value of the property.</p>	Less than one day, online	Free of charge - online
⇒ 3	<p><b>Obtain a non-debt water certificate ("certificado de Paz y Salvo")</b>  <i>Agency:</i> Instituto de Acueductos y Alcantarillados Nacionales (I.D.A.A.N.)                      According to Law 77 of December 28, 2001, it is necessary to submit to the Public Registry a certificate stating that no water bills are owed in order to register the sale and purchase deed. The "certificado de Paz y Salvo" from IDAAN will be issued in 24 hours.</p>	1 day	USD 1.25
4	<p><b>A lawyer prepares the sale agreement</b>  <i>Agency:</i> Lawyer's office                      A lawyer usually prepares the sale agreement (it can also be prepared by a real estate broker or a bank). In any case, the sale agreement -called the Minuta- needs to be stamped by a Panamanian lawyer prior to being executed in a public deed. The sale agreement should mention that there are no mortgages or limitations on the property. The documentation shall include: (i) Non-encumbrance certificate (obtained in Procedure 1)</p>	2 days	USD 200
5	<p><b>Payment of the Transfer and Capital Gains Taxes</b>  <i>Agency:</i> Autoridad Nacional de Ingresos Públicos (ANIP)                      Prior to filing and recording the public deed at the Public Registry, the Property Transfer Tax should be paid (if it is not in one of the cases exempted by law) at the Ministry of Economics and Finance, by the seller. The transfer tax rate is 2% of the price of the transaction or the cadastral value, whichever is higher. There is no VAT in Panama for transfers of property (Law No.49 of 17th September 2009, which amends the Fiscal Code and adopts other fiscal measure, sets forth the obligation for sellers to pay a sum equivalent to 3% of the total value of the sale or of the cadastral value of the property, whichever is higher, as an advance payment of the Income Tax applicable to any profit resulting from the sale operation. In such cases, the taxpayer may opt to consider such 3% as the definitive Income Tax to be paid for profits earned. However, where such 3% advance payment exceeds the amount resulting from application of the nominal rate of such tax, which is 10% of the difference between the real value of the sale and the sum of the cost to acquire the property plus the expenses required to carry out the operation, the seller taxpayer may ask the General Income Directorate for reimbursement of the sums paid in excess, whether in cash or by means of a fiscal credit that can be used to pay other taxes). Previously and since July 2006, the 10% of capital gains tax was calculated and paid at the moment of the sale as well as mentioned in the sale act by the notary; the gain was calculated as sales minus buying cost, minus expenses (lawyers, notary fees).</p>	2 days	USD 14,355.94; (2% of property value (transfer tax) + 3% of property value (capital gains tax - not included in the cost calculation per methodology))

6	<p><b>Notarization of the sale agreement and preparation of the public deed</b>  <i>Agency</i> : Notary</p> <p>The notary notarizes the sale agreement. All transfers of property must be notarized before submitting them to the Public Registry for registration. The documentation shall include: (i) Sale agreement (prepared in Procedure 4); (ii) Receipt of payment of the property transfer tax (obtained in Procedure 5); (iii) Certificate of good standing with the Real Estate tax (obtained in Procedure 2); (iv) Good standing certificate with water utility services (obtained in Procedure 3)</p>	2 days	USD 100
7	<p><b>The public deed is filed and recorded at the Public Registry Office under the name of the buyer</b>  <i>Agency</i> : Public Registry ("Registro Público de Panamá")</p> <p>The public deed is filed and recorded at the Public Registry under the name of the buyer. The registration fee is paid at the National Bank in favor of the Public Registry Office. The bank has a branch inside the registry office. Since 1999, there has been an optional expedited procedure in which one can obtain registration within 24 hours, at an additional cost of \$250 though not many people choose it because it is rather expensive.</p> <p>The documentation shall include: the notarized public deed (obtained in Procedure 6).  In May, 2013 an automated system between the Cadastre and the Land Registry was implemented. The system is responsible to share the information involving the registration with the cadastre once the application is filled. The cadastre then records the new buyer for tax purposes as the new person responsible for the payment of the property tax.  The Public Registry is implementing an online system which would allow lawyers to submit all the documents required to register the transfer of an immovable property.</p>	14 days	USD 2,168.39; (0.3% of property price (registration fee) + USD 5 for filing + USD 10 for analyzing the document)

→ Takes place simultaneously with previous procedure.

## Details - Registering Property in Panama - Measure of Quality

	Answer	Score
<b>Quality of the land administration index (0-30)</b>		<b>11.0</b>
<b>Reliability of infrastructure index (0-8)</b>		<b>3.0</b>
Type of land registration system in the economy:	Deed Registration System	
What is the institution in charge of immovable property registration?	Registro Público de Panamá	
In what format are past and newly issued land records kept at the immovable property registry of the largest business city of the economy—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Scanned	1.0
Is there a comprehensive and functional electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	Yes	1.0
Institution in charge of the plans showing legal boundaries in the largest business city:	Autoridad Nacional de Administración de Tierras	
In what format are past and newly issued cadastral plans kept at the mapping agency of the largest business city of the economy—in a paper format or in a computerized format (scanned or fully digital)?	Paper	0.0
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	No	0.0
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Separate databases	0.0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	Yes	1.0
<b>Transparency of information index (0-6)</b>		<b>3.0</b>
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the largest business city?	Freely accessible by anyone	1.0
Is the list of documents that are required to complete any type of property transaction made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	<a href="http://www.panamatramita.gob.pa/tramite/inscripci%C3%B3n-de-propiedad#Particular">http://www.panamatramita.gob.pa/tramite/inscripci%C3%B3n-de-propiedad#Particular</a>	
Is the applicable fee schedule for any type of property transaction at the agency in charge of immovable property registration in the largest business city made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	<a href="https://www.registro-publico.gob.pa/index.php/2016-03-18-19-39-36/servicios-web-sir/calculadora-registral">https://www.registro-publico.gob.pa/index.php/2016-03-18-19-39-36/servicios-web-sir/calculadora-registral</a>	
Does the agency in charge of immovable property registration agency formally commit to deliver a legally binding document that proves property ownership within a specific timeframe—and if so, how does it communicate the service standard?	No	0.0
Link for online access:		
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	No	0.0
Contact information:		
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	Yes	0.5
Number of property transfers in the largest business city in 2018:	31279.0	
Who is able to consult maps of land plots in the largest business city?	Anyone who pays the official fee	0.5

Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, in person	0.0
Link for online access:		
Does the cadastral/mapping agency formally specifies the timeframe to deliver an updated cadastral plan—and if so, how does it communicate the service standard?	No	0.0
Link for online access:		
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	No	0.0
Contact information:		
<b>Geographic coverage index (0-8)</b>		<b>0.0</b>
Are all privately held land plots in the largest business city formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the economy formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the largest business city mapped?	No	0.0
Are all privately held land plots in the economy mapped?	No	0.0
<b>Land dispute resolution index (0-8)</b>		<b>5.0</b>
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Legal basis:	Article 8 Civil Code	
Is the system of immovable property registration subject to a state or private guarantee?	Yes	0.5
Type of guarantee:	State guarantee	
Legal basis:	Law 3/1999 of the Public Registry of Panamá, and the Constitution	
Is there a is a specific, out-of-court compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	No	0.0
Legal basis:		
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Registrar; Notary;	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Registrar; Notary;	
Is there a national database to verify the accuracy of government issued identity documents?	Yes	1.0
What is the Court of first instance in charge of a case involving a standard land dispute between two local businesses over tenure rights for a property worth 50 times gross national income (GNI) per capita and located in the largest business city?	Cuarto de lo Civil del Primer Circuito Judicial de Panamá (Civil section of the first instance court of Panama)	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	Between 2 and 3 years	1.0
Are there publicly available statistics on the number of land disputes at the economy level in the first instance court?	No	0.0
Number of land disputes in the economy in 2018:		
<b>Equal access to property rights index (-2-0)</b>		<b>0.0</b>
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	
Do married men and married women have equal ownership rights to property?	Yes	0.0

## Getting Credit

This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Strength of legal rights index (0-12)

- Rights of borrowers and lenders through collateral laws (0-10)
- Protection of secured creditors' rights through bankruptcy laws (0-2)

#### Depth of credit information index (0-8)

- Scope and accessibility of credit information distributed by credit bureaus and credit registries (0-8)

#### Credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest credit bureau as a percentage of adult population

#### Credit registry coverage (% of adults)

- Number of individuals and firms listed in credit registry as a percentage of adult population

### Case study assumptions

*Doing Business* assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. For each economy it is first determined whether a unitary secured transactions system exists. Then two case scenarios, case A and case B, are used to determine how a nonpossessory security interest is created, publicized and enforced according to the law. Special emphasis is given to how the collateral registry operates (if registration of security interests is possible). The case scenarios involve a secured borrower, company ABC, and a secured lender, BizBank.

In some economies the legal framework for secured transactions will allow only case A or case B (not both) to apply. Both cases examine the same set of legal provisions relating to the use of movable collateral.

#### Several assumptions about the secured borrower (ABC) and lender (BizBank) are used:

- ABC is a domestic limited liability company (or its legal equivalent).
- ABC has up to 50 employees.
- ABC has its headquarters and only base of operations in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Both ABC and BizBank are 100% domestically owned.

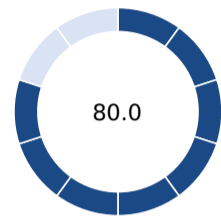
The case scenarios also involve assumptions. In case A, as collateral for the loan, ABC grants BizBank a nonpossessory security interest in one category of movable assets, for example, its machinery or its inventory. ABC wants to keep both possession and ownership of the collateral. In economies where the law does not allow nonpossessory security interests in movable property, ABC and BizBank use a fiduciary transfer-of-title arrangement (or a similar substitute for nonpossessory security interests).

In case B, ABC grants BizBank a business charge, enterprise charge, floating charge or any charge that gives BizBank a security interest over ABC's combined movable assets (or as much of ABC's movable assets as possible). ABC keeps ownership and possession of the assets.

Getting Credit - Panama

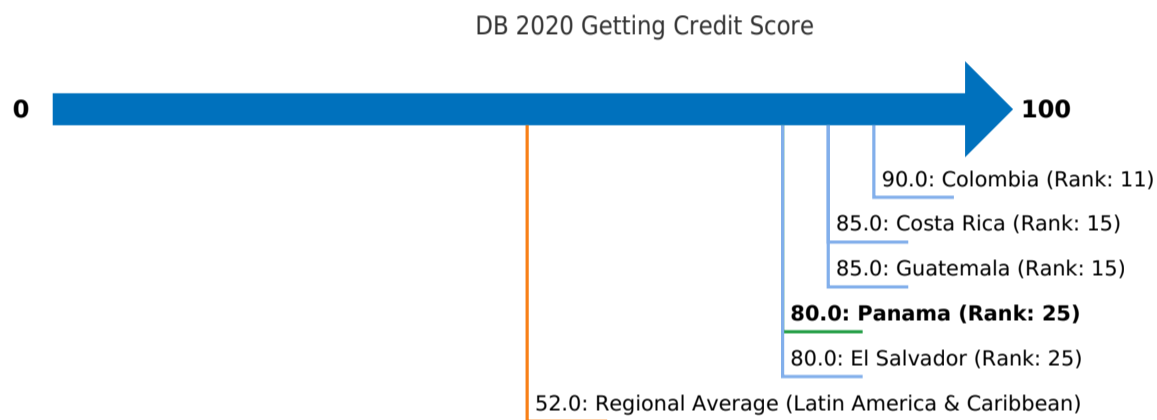
Indicator	Panama	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Strength of legal rights index (0-12)	8	5.3	6.1	12 (5 Economies)
Depth of credit information index (0-8)	8	5.1	6.8	8 (53 Economies)
Credit registry coverage (% of adults)	0.0	14.6	24.4	100.0 (2 Economies)
Credit bureau coverage (% of adults)	77.0	47.6	66.7	100.0 (14 Economies)

Figure - Getting Credit in Panama - Score



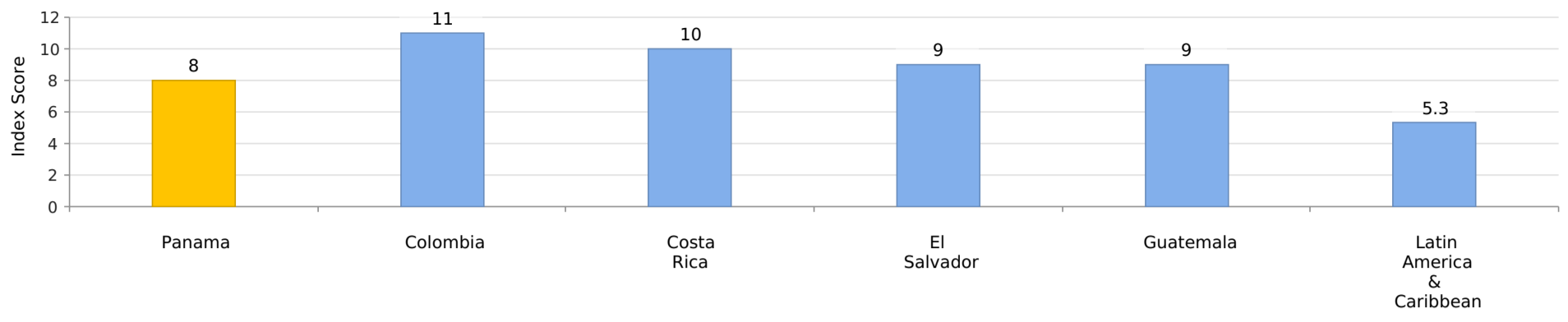
Score - Getting Credit

Figure - Getting Credit in Panama and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting credit is determined by sorting their scores for getting credit. These scores are the sum of the scores for the strength of legal rights index and the depth of credit information index.

Figure - Legal Rights in Panama and comparator economies





Details - Legal Rights in Panama

Strength of legal rights index (0-12)

8

Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy? No

Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral? Yes

Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral? Yes

May a security right extend to future or after-acquired assets, and does it extend automatically to the products, proceeds and replacements of the original assets? No

Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered? Yes

Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name? Yes

Does a notice-based collateral registry exist in which all functional equivalents can be registered? No

Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party? No

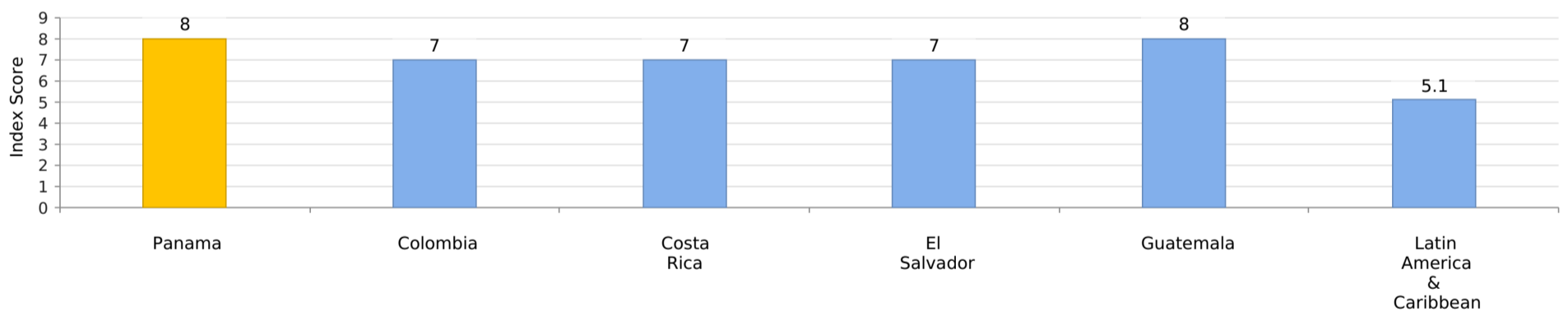
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure? Yes

Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated? Yes

Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure? Does the law protect secured creditors' rights by providing clear grounds for relief from the stay and sets a time limit for it? Yes

Does the law allow parties to agree on out of court enforcement at the time a security interest is created? Does the law allow the secured creditor to sell the collateral through public auction or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt? Yes

Figure - Credit Information in Panama and comparator economies



## Details - Credit Information in Panama

Depth of credit information index (0-8)	Credit bureau	Credit registry	Score
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative credit data distributed?	Yes	No	1
Are data from retailers or utility companies - in addition to data from banks and financial institutions - distributed?	Yes	No	1
Are at least 2 years of historical data distributed? (Credit bureaus and registries that distribute more than 10 years of negative data or erase data on defaults as soon as they are repaid obtain a score of 0 for this component.)	Yes	No	1
Are data on loan amounts below 1% of income per capita distributed?	Yes	No	1
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	Yes	No	1
Can banks and financial institutions access borrowers' credit information online (for example, through an online platform, a system-to-system connection or both)?	Yes	No	1
Are bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers?	Yes	No	1

Note: An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Coverage	Credit bureau	Credit registry
Number of individuals	1,991,236	0
Number of firms	92,393	0
Total	2,083,629	0
<b>Percentage of adult population</b>	<b>77.0</b>	<b>0.0</b>

## Protecting Minority Investors

This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

- **Extent of disclosure index (0-10):** Disclosure, review, and approval requirements for related-party transactions
- **Extent of director liability index (0-10):** Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies (damages, disgorgement of profits, disqualification from managerial position(s) for one year or more, rescission of the transaction)
- **Ease of shareholder suits index (0-10):** Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses
- **Extent of conflict of interest regulation index (0-30):** Sum of the extent of disclosure, extent of director liability and ease of shareholder suits indices
- **Extent of shareholder rights index (0-6):** Shareholders' rights and role in major corporate decisions
- **Extent of ownership and control index (0-7):** Governance safeguards protecting shareholders from undue board control and entrenchment
- **Extent of corporate transparency index (0-7):** Corporate transparency on ownership stakes, compensation, audits and financial prospects
- **Extent of shareholder governance index (0-20):** Sum of the extent of shareholders rights, extent of ownership and control and extent of corporate transparency indices
- **Strength of minority investor protection index (0-50):** Sum of the extent of conflict of interest regulation and extent of shareholder governance indices

### Case study assumptions

To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.

#### The business (Buyer):

- Is a publicly traded corporation listed on the economy's most important stock exchange.
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.
- Has a supervisory board in economies with a two-tier board system on which Mr. James appointed 60% of the shareholder-elected members.
- Has not adopted bylaws or articles of association that go beyond the minimum requirements. Does not follow codes, principles, recommendations or guidelines that are not mandatory.
- Is a manufacturing company with its own distribution network.

#### The transaction involves the following details:

- Mr. James owns 60% of Buyer, sits on Buyer's board of directors and elected two directors to Buyer's five-member board.
- Mr. James also owns 90% of Seller, a company that operates a chain of retail hardware stores. Seller recently closed a large number of its stores.
- Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its food products, a proposal to which Buyer agrees. The price is equal to 10% of Buyer's assets and is higher than the market value.
- The proposed transaction is part of the company's principal activity and is not outside the authority of the company.
- Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made—that is, the transaction was not entered into fraudulently.
- The transaction causes damages to Buyer. Shareholders sue Mr. James and the executives and directors that approved the transaction.

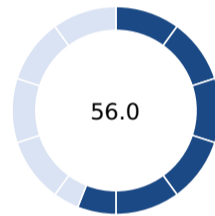
Protecting Minority Investors - Panama

Stock exchange information

Stock exchange	Bolsa de Valores de Panamá
Stock exchange URL	http://www.panabolsa.com
Listed firms with equity securities	58
City Covered	Panama City

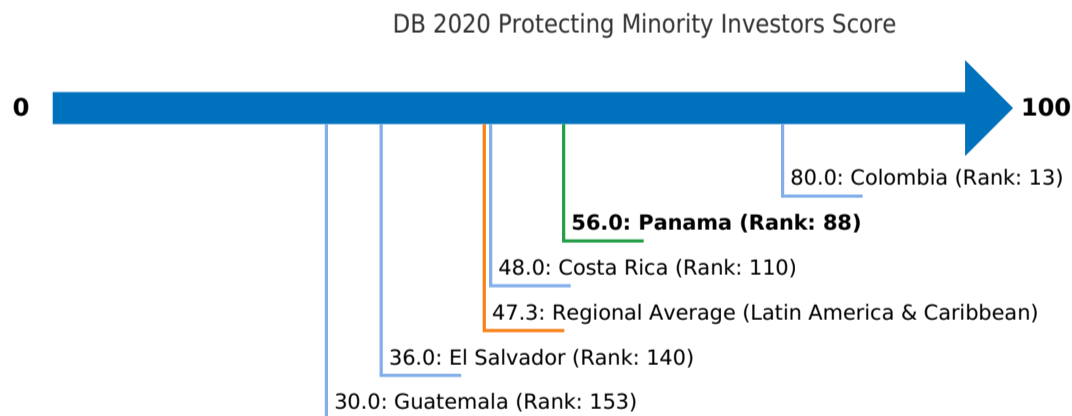
Indicator	Panama	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Extent of disclosure index (0-10)	4.0	4.1	6.5	10 (13 Economies)
Extent of director liability index (0-10)	4.0	5.2	5.3	10 (3 Economies)
Ease of shareholder suits index (0-10)	8.0	6.7	7.3	10 (Djibouti)
Extent of shareholder rights index (0-6)	6.0	3.0	4.7	6 (19 Economies)
Extent of ownership and control index (0-7)	1.0	2.3	4.5	7 (9 Economies)
Extent of corporate transparency index (0-7)	5.0	2.3	5.7	7 (13 Economies)

Figure - Protecting Minority in Panama - Score



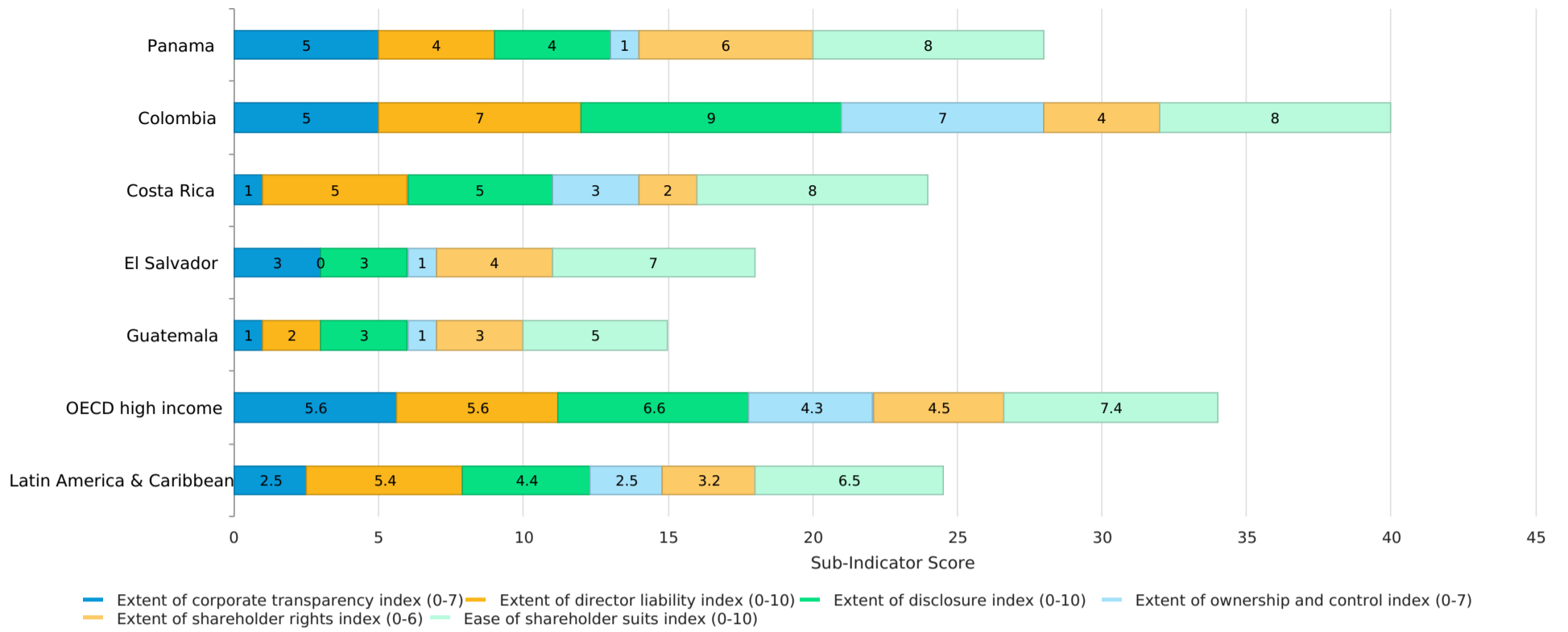
Score - Protecting Minority Investors

Figure - Protecting Minority Investors in Panama and comparator economies - Ranking and Score



Note: The ranking of economies on the strength of minority investor protections is determined by sorting their scores for protecting minority investors. These scores are the simple average of the scores for the extent of conflict of interest regulation index and the extent of shareholder governance index.

Figure - Protecting Minority Investors in Panama and comparator economies - Measure of Quality



## Details - Protecting Minority Investors in Panama - Measure of Quality

	Answer	Score
<b>Extent of conflict of interest regulation index (0-30)</b>		
<b>Extent of disclosure index (0-10)</b>		<b>4.0</b>
Whose decision is sufficient to approve the Buyer-Seller transaction? (0-3)	Shareholders or board of directors including interested parties	1.0
Must an external body review the terms of the transaction before it takes place? (0-1)	No	0.0
Must Mr. James disclose his conflict of interest to the board of directors? (0-2)	No disclosure obligation	0.0
Must Buyer disclose the transaction in periodic filings (e.g. annual reports)? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0
Must Buyer immediately disclose the transaction to the public? (0-2)	Disclosure on the transaction only	1.0
<b>Extent of director liability index (0-10)</b>		<b>4.0</b>
Can shareholders representing 10% of Buyer's share capital sue for the damage the transaction caused to Buyer? (0-1)	Yes	1.0
Can shareholders hold Mr. James liable for the damage the transaction caused to Buyer? (0-2)	Liable if negligent	1.0
Can shareholders hold the other directors liable for the damage the transaction caused to Buyer? (0-2)	Liable if negligent	1.0
Must Mr. James pay damages for the harm caused to Buyer upon a successful claim by shareholders? (0-1)	Yes	1.0
Must Mr. James repay profits made from the transaction upon a successful claim by shareholders? (0-1)	No	0.0
Is Mr. James disqualified upon a successful claim by shareholders? (0-1)	No	0.0
Can a court void the transaction upon a successful claim by shareholders? (0-2)	Only in case of fraud or bad faith	0.0
<b>Ease of shareholder suits index (0-10)</b>		<b>8.0</b>
Before suing, can shareholders representing 10% of Buyer's share capital inspect the transaction documents? (0-1)	Yes	1.0
Can the plaintiff obtain any documents from the defendant and witnesses at trial? (0-3)	Any relevant document	3.0
Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1)	Yes	1.0
Can the plaintiff directly question the defendant and witnesses at trial? (0-2)	Yes	2.0
Is the level of proof required for civil suits lower than that of criminal cases? (0-1)	No	0.0
Can shareholder plaintiffs recover their legal expenses from the company? (0-2)	Yes if successful	1.0
<b>Extent of shareholder governance index (0-20)</b>		
<b>Extent of shareholder rights index (0-6)</b>		<b>6.0</b>
Does the sale of 51% of Buyer's assets require shareholder approval?	Yes	1.0
Can shareholders representing 10% of Buyer's share capital call for a meeting of shareholders?	Yes	1.0
Must Buyer obtain its shareholders' approval every time it issues new shares?	Yes	1.0
Do shareholders automatically receive preemption rights every time Buyer issues new shares?	Yes	1.0
Do shareholders elect and dismiss the external auditor?	Yes	1.0
Are changes to the rights of a class of shares only possible if the holders of the affected shares approve?	Yes	1.0
<b>Extent of ownership and control index (0-7)</b>		<b>1.0</b>
Is it forbidden to appoint the same individual as CEO and chairperson of the board of directors?	No	0.0

Must the board of directors include independent and nonexecutive board members?	No	0.0
Can shareholders remove members of the board of directors without cause before the end of their term?	Yes	1.0
Must the board of directors include a separate audit committee exclusively comprising board members?	No	0.0
Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	No	0.0
Must Buyer pay declared dividends within a maximum period set by law?	No	0.0
Is a subsidiary prohibited from acquiring shares issued by its parent company?	No	0.0
<b>Extent of corporate transparency index (0-7)</b>		<b>5.0</b>
Must Buyer disclose direct and indirect beneficial ownership stakes representing 5%?	No	0.0
Must Buyer disclose information about board members' primary employment and directorships in other companies?	Yes	1.0
Must Buyer disclose the compensation of individual managers?	Yes	1.0
Must a detailed notice of general meeting be sent 21 days before the meeting?	No	0.0
Can shareholders representing 5% of Buyer's share capital put items on the general meeting agenda?	Yes	1.0
Must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0
Must Buyer disclose its audit reports to the public?	Yes	1.0

## Paying Taxes

This topic records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as the administrative burden of paying taxes and contributions and complying with postfiling procedures (VAT refund and tax audit). The most recent round of data collection for the project was completed in May 2019 covering for the Paying Taxes indicator calendar year 2018 (January 1, 2018 - December 31, 2018). [See the methodology for more information.](#)

### What the indicators measure

#### Tax payments for a manufacturing company in 2018 (number per year adjusted for electronic and joint filing and payment)

- Total number of taxes and contributions paid or withheld, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

#### Time required to comply with 3 major taxes (hours per year)

- Collecting information, computing tax payable
- Preparing separate tax accounting books, if required
- Completing tax return, filing with agencies
- Arranging payment or withholding

#### Total tax and contribution rate (% of commercial profits)

- Profit or corporate income tax
- Social contributions, labor taxes paid by employer
- Property and property transfer taxes
- Dividend, capital gains, financial transactions taxes
- Waste collection, vehicle, road and other taxes

#### Postfiling Index

- Time to comply with VAT refund (hours)
- Time to obtain VAT refund (weeks)
- Time to comply with a corporate income tax correction (hours)
- Time to complete a corporate income tax correction (weeks)

### Case study assumptions

Using a case scenario, *Doing Business* records taxes and mandatory contributions a medium size company must pay in a year, and measures the administrative burden of paying taxes, contributions and dealing with postfiling processes. Information is also compiled on frequency of filing and payments, time taken to comply with tax laws, time taken to comply with the requirements of postfiling processes and time waiting.

To make data comparable across economies, several assumptions are used:

- TaxpayerCo is a medium-size business that started operations on January 1, 2017. It produces ceramic flowerpots and sells them at retail. All taxes and contributions recorded are paid in the second year of operation (calendar year 2018). Taxes and mandatory contributions are measured at all levels of government.

#### The VAT refund process:

- In June 2018, TaxpayerCo. makes a large capital purchase: the value of the machine is 65 times income per capita of the economy. Sales are equally spread per month (1,050 times income per capita divided by 12) and cost of goods sold are equally expensed per month (875 times income per capita divided by 12). The machinery seller is registered for VAT and excess input VAT incurred in June will be fully recovered after four consecutive months if the VAT rate is the same for inputs, sales and the machine and the tax reporting period is every month. Input VAT will exceed Output VAT in June 2018.

#### The corporate income tax audit process:

- An error in calculation of income tax liability (for example, use of incorrect tax depreciation rates, or incorrectly treating an expense as tax deductible) leads to an incorrect income tax return and a corporate income tax underpayment. TaxpayerCo. discovered the error and voluntarily notified the tax authority. The value of the underpaid income tax liability is 5% of the corporate income tax liability due. TaxpayerCo. submits corrected information after the deadline for submitting the annual tax return, but within the tax assessment period.



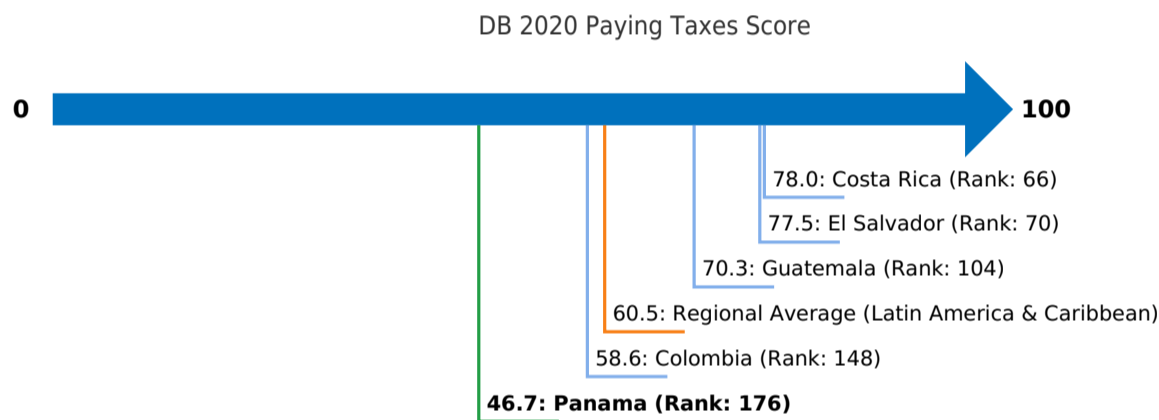
**Paying Taxes - Panama**

Indicator	Panama	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Payments (number per year)	36	28.2	10.3	3 (2 Economies)
Time (hours per year)	408	317.1	158.8	49 (3 Economies)
Total tax and contribution rate (% of profit)	37.2	47.0	39.9	26.1 (33 Economies)
Postfiling index (0-100)	12.8	47.5	86.7	None in 2018/19

**Figure - Paying Taxes in Panama - Score**

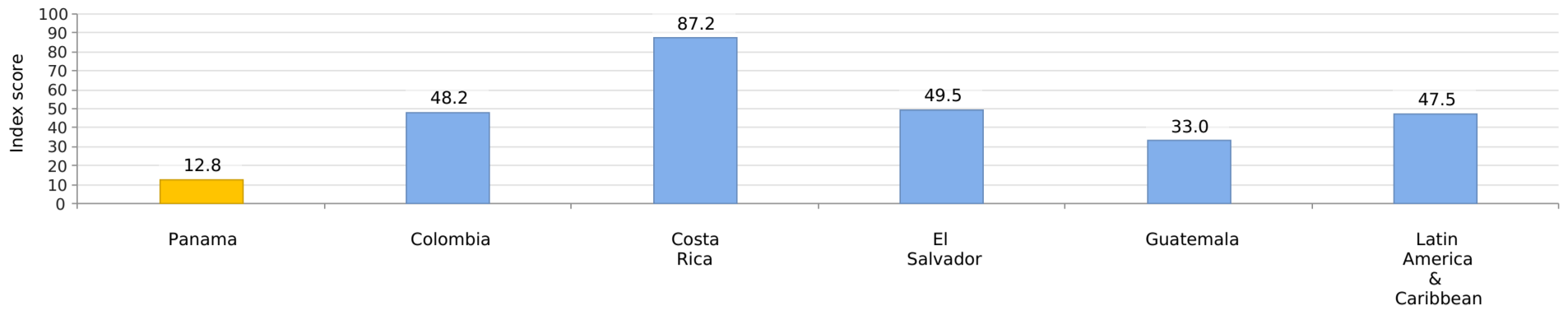


**Figure - Paying Taxes in Panama and comparator economies - Ranking and Score**



Note: The ranking of economies on the ease of paying taxes is determined by sorting their scores for paying taxes. These scores are the simple average of the scores for each of the component indicators, with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax and contribution rate. The threshold is defined as the total tax and contribution rate at the 15th percentile of the overall distribution for all years included in the analysis up to and including Doing Business 2015, which is 26.1%. All economies with a total tax and contribution rate below this threshold receive the same score as the economy at the threshold.

Figure - Paying Taxes in Panama and comparator economies - Measure of Quality



## Details - Paying Taxes in Panama

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax and contribution rate (% of profit)	Notes on TTCR
Employer paid - Social security contributions	12.0	jointly	144.0	12.25%	gross salaries	13.82	
Corporate income tax	1.0	online	83.0	25%	taxable profit	11.89	
Employer paid - Professional risk insurance	0.0	jointly		2.1%	gross salaries	2.37	
Employer paid - Workers' severance payments	4.0			1.92%	gross salaries	2.17	
Employer paid - Education contribution	0.0	jointly		1.5%	gross salaries	1.69	
Commercial license tax	0.0	online and jointly		2%	net worth	1.59	
Real estate tax	1.0	online		0% to 2.1%	real estate value	1.24	
Transfer tax	1.0			various rates	sales price	1.21	
Municipal Business Tax	12.0			375 per month	fixed fee	0.67	
Capital gains tax	1.0			various rates	capital gains	0.51	
Advertising tax	0.0	jointly		USD15 per ad per month		0.03	
Vehicle tax	1.0				fixed fee	0.02	
Value added tax (VAT)	1.0	online	181.0	7%	value added	0.00	not included
Stamp tax on check transactions	1.0			10 cents per check	number of checks	0.00	
Employee paid - Education contribution	0.0	jointly		1.25%	gross salaries	0.00	withheld
Employee paid - Social security contributions	0.0	jointly		9.75%	gross salaries	0.00	withheld
Fuel tax	1.0			0.25 per gallon		0.00	
Totals	36		408			37.2	

## Details - Paying Taxes in Panama - Tax by Type

Taxes by type	Answer
Profit tax (% of profit)	12.4
Labor tax and contributions (% of profit)	20.0
Other taxes (% of profit)	4.8

## Details - Paying Taxes in Panama - Measure of Quality

	Answer	Score
<b>Postfiling index (0-100)</b>		<b>12.8</b>
<b>VAT refunds</b>		
Does VAT exist?	Yes	
Does a VAT refund process exist per the case study?	No	
Restrictions on VAT refund process	Restricted to international traders and others	
Percentage of cases exposed to a VAT audit (%)	Not applicable	
Is there a mandatory carry forward period?	No	
Time to comply with VAT refund (hours)	No VAT refund per case study scenario	0.0
Time to obtain VAT refund (weeks)	No VAT refund per case study scenario	0.0
<b>Corporate income tax audits</b>		
Does corporate income tax exist?	Yes	
Percentage of cases exposed to a corporate income tax audit (%)	25% - 49%	
Time to comply with a corporate income tax correction (hours)	28.0	51.4
Time to complete a corporate income tax correction (weeks)	99.3	0.0

**Notes:** Names of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax correction and time to complete a corporate income tax correction.

N/A = Not applicable.

## Trading across Borders

*Doing Business* records the time and cost associated with the logistical process of exporting and importing goods. *Doing Business* measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Documentary compliance

- Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in origin economy
- Obtaining, preparing and submitting documents required by destination economy and any transit economies
- Covers all documents required by law and in practice, including electronic submissions of information

#### Border compliance

- Customs clearance and inspections
- Inspections by other agencies (if applied to more than 20% of shipments)
- Handling and inspections that take place at the economy's port or border

#### Domestic transport

- Loading or unloading of the shipment at the warehouse or port/border
- Transport between warehouse and port/border
- Traffic delays and road police checks while shipment is en route

### Case study assumptions

To make the data comparable across economies, a few assumptions are made about the traded goods and the transactions:

**Time:** Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as  $22 \times 24 = 528$  hours). If customs clearance takes 7.5 hours, the data are recorded as is. Alternatively, suppose documents are submitted to a customs agency at 8:00a.m., are processed overnight and can be picked up at 8:00a.m. the next day. The time for customs clearance would be recorded as 24 hours because the actual procedure took 24 hours.

**Cost:** Insurance cost and informal payments for which no receipt is issued are excluded from the costs recorded. Costs are reported in U.S. dollars. Contributors are asked to convert local currency into U.S. dollars based on the exchange rate prevailing on the day they answer the questionnaire. Contributors are private sector experts in international trade logistics and are informed about exchange rates.

#### Assumptions of the case study:

- For all 190 economies covered by *Doing Business*, it is assumed a shipment is in a warehouse in the largest business city of the exporting economy and travels to a warehouse in the largest business city of the importing economy.
- It is assumed each economy imports 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest value (price times quantity) of auto parts. It is assumed each economy exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. Shipment value is assumed to be \$50,000.
- The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport or land border crossing.
- All electronic information submissions requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process.
- A port or border is a place (seaport or land border crossing) where merchandise can enter or leave an economy.
- Relevant government agencies include customs, port authorities, road police, border guards, standardization agencies, ministries or departments of agriculture or industry, national security agencies and any other government authorities.

Trading across Borders - Panama

Indicator	Panama	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Time to export: Border compliance (hours)	24	55.3	12.7	1 (19 Economies)
Cost to export: Border compliance (USD)	270	516.3	136.8	0 (19 Economies)
Time to export: Documentary compliance (hours)	6	35.7	2.3	1 (26 Economies)
Cost to export: Documentary compliance (USD)	60	100.3	33.4	0 (20 Economies)
Time to import: Border compliance (hours)	24	55.6	8.5	1 (25 Economies)
Cost to import: Border compliance (USD)	490	628.4	98.1	0 (28 Economies)
Time to import: Documentary compliance (hours)	6	43.2	3.4	1 (30 Economies)
Cost to import: Documentary compliance (USD)	50	107.3	23.5	0 (30 Economies)

Figure - Trading across Borders in Panama - Score

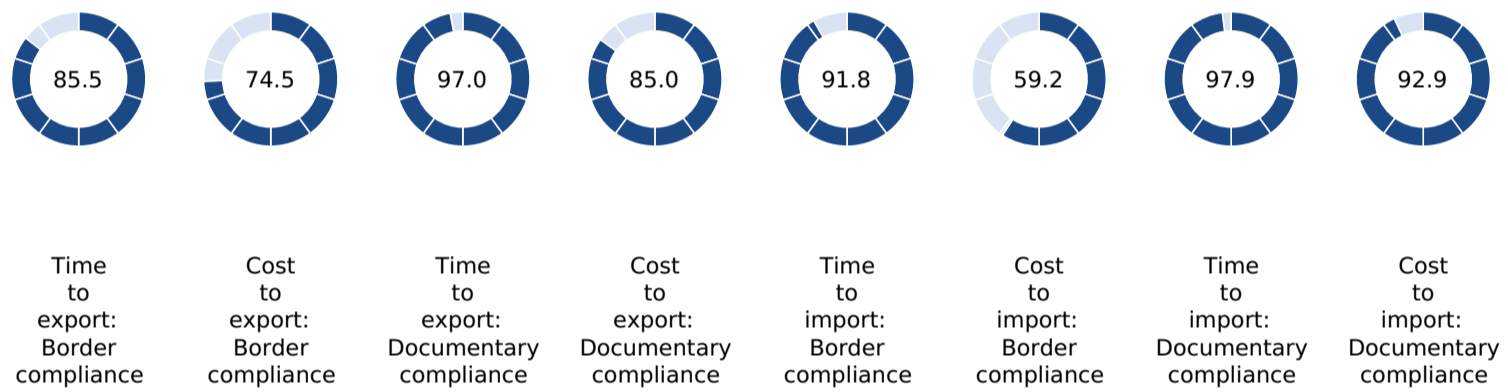
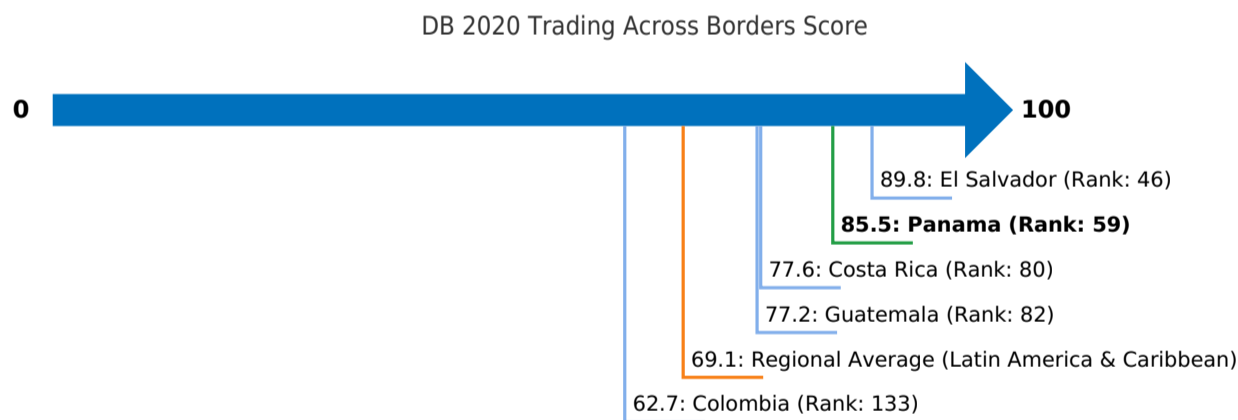
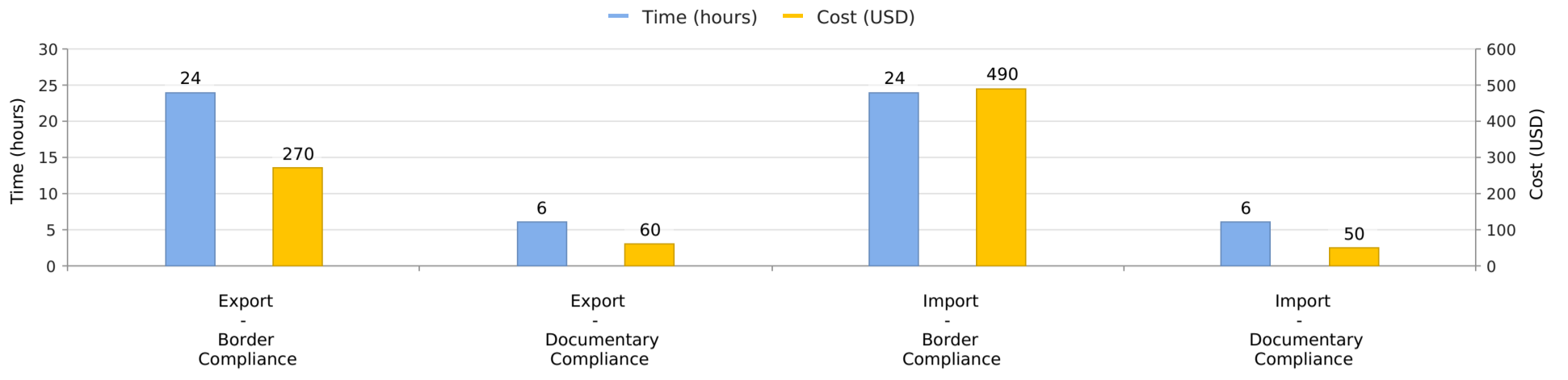


Figure - Trading across Borders in Panama and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of trading across borders is determined by sorting their scores for trading across borders. These scores are the simple average of the scores for the time and cost for documentary compliance and border compliance to export and import.

Figure - Trading across Borders in Panama - Time and Cost





## Details - Trading across Borders in Panama

Characteristics	Export	Import
Product	HS 29 : Organic chemicals	HS 8708: Parts and accessories of motor vehicles
Trade partner	United States	China
Border	Manzanillo port	Manzanillo port
Distance (km)	88	88
Domestic transport time (hours)	1	1
Domestic transport cost (USD)	390	390

## Details - Trading across Borders in Panama - Components of Border Compliance

	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	4.0	50.0
Export: Clearance and inspections required by agencies other than customs	0.0	0.0
Export: Port or border handling	24.0	220.0
Import: Clearance and inspections required by customs authorities	5.5	225.0
Import: Clearance and inspections required by agencies other than customs	0.0	0.0
Import: Port or border handling	24.0	265.0

## Details - Trading across Borders in Panama - Trade Documents

## Export

## Import

Customs Export Declaration

Customs import declaration

Bill of lading

Bill of lading

Commercial invoice

Commercial invoice

Certificate of origin

SOLAS certificate

SOLAS certificate

## Enforcing Contracts

The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system. The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Time required to enforce a contract through the courts (calendar days)

- Time to file and serve the case
- Time for trial and to obtain the judgment
- Time to enforce the judgment

#### Cost required to enforce a contract through the courts (% of claim value)

- Average attorney fees
- Court costs
- Enforcement costs

#### Quality of judicial processes index (0-18)

- Court structure and proceedings (-1-5)
- Case management (0-6)
- Court automation (0-4)
- Alternative dispute resolution (0-3)

### Case study assumptions

The dispute in the case study involves the breach of a sales contract between two domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement.

To make the data on the time and comparable across economies, several assumptions about the case are used:

- The dispute concerns a lawful transaction between two businesses (Seller and Buyer), both located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- The Buyer orders custom-made furniture, then fails to pay alleging that the goods are not of adequate quality.
- The value of the dispute is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater.
- The Seller sues the Buyer before the court with jurisdiction over commercial cases worth 200% of income per capita or \$5,000 whichever is greater.
- The Seller requests the pretrial attachment of the defendant's movable assets to secure the claim.
- The claim is disputed on the merits because of Buyer's allegation that the quality of the goods was not adequate.
- The judge decides in favor of the seller; there is no appeal.
- The Seller enforces the judgment through a public sale of the Buyer's movable assets.

Enforcing Contracts - Panama

Standardized Case

Claim value	USD 27,025
Court name	Panama Civil Circuit Court, First Judicial Circuit
City Covered	Panama City

Indicator	Panama	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Time (days)	790	774.2	589.6	120 (Singapore)
Cost (% of claim value)	38.0	32.0	21.5	0.1 (Bhutan)
Quality of judicial processes index (0-18)	8.0	8.8	11.7	None in 2018/19

Figure - Enforcing Contracts in Panama - Score

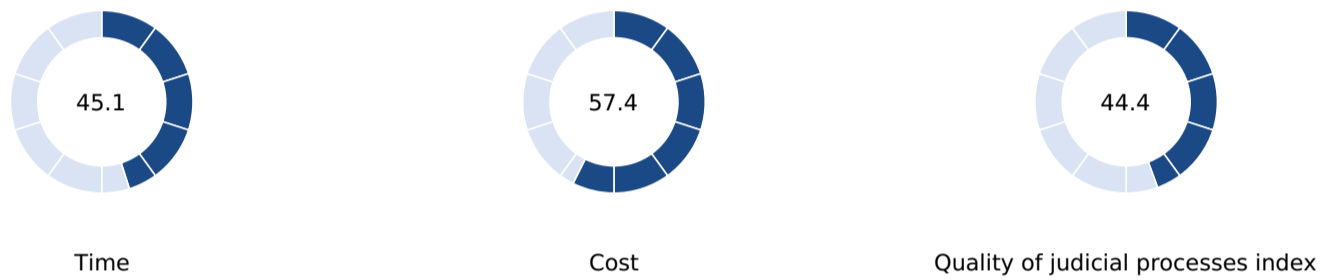


Figure - Enforcing Contracts in Panama and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of enforcing contracts is determined by sorting their scores for enforcing contracts. These scores are the simple average of the scores for each of the component indicators.

Figure - Enforcing Contracts in Panama - Time and Cost

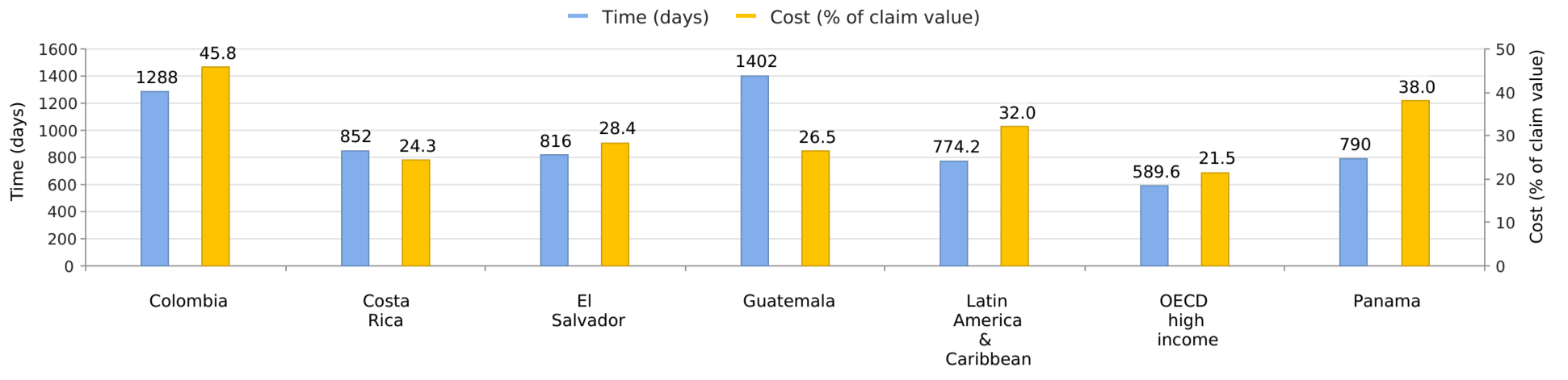


Figure - Enforcing Contracts in Panama and comparator economies - Measure of Quality



Details - Enforcing Contracts in Panama

	Indicator
<b>Time (days)</b>	<b>790</b>
Filing and service	60
Trial and judgment	365
Enforcement of judgment	365
<b>Cost (% of claim value)</b>	<b>38.0</b>
Attorney fees	24.8
Court fees	13
Enforcement fees	0.2
<b>Quality of judicial processes index (0-18)</b>	<b>8.0</b>
Court structure and proceedings (-1-5)	3.5
Case management (0-6)	1.0
Court automation (0-4)	1.0
Alternative dispute resolution (0-3)	2.5

## Details - Enforcing Contracts in Panama - Measure of Quality

	Answer	Score
<b>Quality of judicial processes index (0-18)</b>		<b>8.0</b>
<b>Court structure and proceedings (-1-5)</b>		<b>3.5</b>
1. Is there a court or division of a court dedicated solely to hearing commercial cases?	No	0.0
2. Small claims court		1.5
2.a. Is there a small claims court or a fast-track procedure for small claims?	Yes	
2.b. If yes, is self-representation allowed?	Yes	
3. Is pretrial attachment available?	Yes	1.0
4. Are new cases assigned randomly to judges?	Yes, automatic	1.0
5. Does a woman's testimony carry the same evidentiary weight in court as a man's?	Yes	0.0
<b>Case management (0-6)</b>		<b>1.0</b>
1. Time standards		1.0
1.a. Are there laws setting overall time standards for key court events in a civil case?	Yes	
1.b. If yes, are the time standards set for at least three court events?	Yes	
1.c. Are these time standards respected in more than 50% of cases?	Yes	
2. Adjournments		0.0
2.a. Does the law regulate the maximum number of adjournments that can be granted?	No	
2.b. Are adjournments limited to unforeseen and exceptional circumstances?	No	
2.c. If rules on adjournments exist, are they respected in more than 50% of cases?	n.a.	
3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report?	No	0.0
4. Is a pretrial conference among the case management techniques used before the competent court?	No	0.0
5. Are there any electronic case management tools in place within the competent court for use by judges?	No	0.0
6. Are there any electronic case management tools in place within the competent court for use by lawyers?	No	0.0
<b>Court automation (0-4)</b>		<b>1.0</b>
1. Can the initial complaint be filed electronically through a dedicated platform within the competent court?	No	0.0
2. Is it possible to carry out service of process electronically for claims filed before the competent court?	No	0.0
3. Can court fees be paid electronically within the competent court?	Yes	1.0
4. Publication of judgments		0.0
4.a. Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
<b>Alternative dispute resolution (0-3)</b>		<b>2.5</b>
1. Arbitration		1.5
1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	Yes	
1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	No	
1.c. Are valid arbitration clauses or agreements usually enforced by the courts?	Yes	

2. Mediation/Conciliation	1.0
2.a. Is voluntary mediation or conciliation available?	Yes
2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects (for example, definition, aim and scope of application, design)?	Yes
2.c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)?	No

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## Resolving Insolvency

*Doing Business* studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation or debt enforcement (foreclosure or receivership) proceedings. To determine the present value of the amount recovered by creditors, *Doing Business* uses the lending rates from the International Monetary Fund, supplemented with data from central banks and the Economist Intelligence Unit. The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Time required to recover debt (years)

- Measured in calendar years
- Appeals and requests for extension are included

#### Cost required to recover debt (% of debtor's estate)

- Measured as percentage of estate value
- Court fees
- Fees of insolvency administrators
- Lawyers' fees
- Assessors' and auctioneers' fees
- Other related fees

#### Outcome

- Whether business continues operating as a going concern or business assets are sold piecemeal

#### Recovery rate for creditors

- Measures the cents on the dollar recovered by secured creditors
- Outcome for the business (survival or not) determines the maximum value that can be recovered
- Official costs of the insolvency proceedings are deducted
- Depreciation of furniture is taken into account
- Present value of debt recovered

#### Strength of insolvency framework index (0- 16)

- Sum of the scores of four component indices:
- Commencement of proceedings index (0-3)
- Management of debtor's assets index (0-6)
- Reorganization proceedings index (0-3)
- Creditor participation index (0-4)

### Case study assumptions

To make the data on the time, cost and outcome comparable across economies, several assumptions about the business and the case are used:

- A hotel located in the largest city (or cities) has 201 employees and 50 suppliers. The hotel experiences financial difficulties.
- The value of the hotel is 100% of the income per capita or the equivalent in local currency of USD 200,000, whichever is greater.
- The hotel has a loan from a domestic bank, secured by a mortgage over the hotel's real estate. The hotel cannot pay back the loan, but makes enough money to operate otherwise.

In addition, *Doing Business* evaluates the quality of legal framework applicable to judicial liquidation and reorganization proceedings and the extent to which best insolvency practices have been implemented in each economy covered.

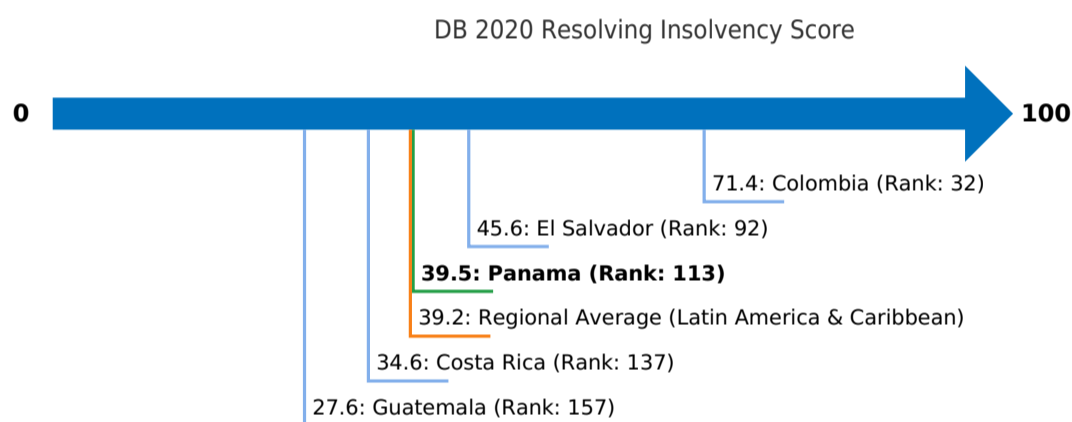
Resolving Insolvency - Panama

Indicator	Panama	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Recovery rate (cents on the dollar)	27.0	31.2	70.2	92.9 (Norway)
Time (years)	2.5	2.9	1.7	0.4 (Ireland)
Cost (% of estate)	25.0	16.8	9.3	1.0 (Norway)
Outcome (0 as piecemeal sale and 1 as going concern)	0	..	..	..
Strength of insolvency framework index (0-16)	8.0	7.2	11.9	None in 2018/19

Figure - Resolving Insolvency in Panama - Score



Figure - Resolving Insolvency in Panama and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of resolving insolvency is determined by sorting their scores for resolving insolvency. These scores are the simple average of the scores for the recovery rate and the strength of insolvency framework index.

Figure - Resolving Insolvency in Panama - Time and Cost

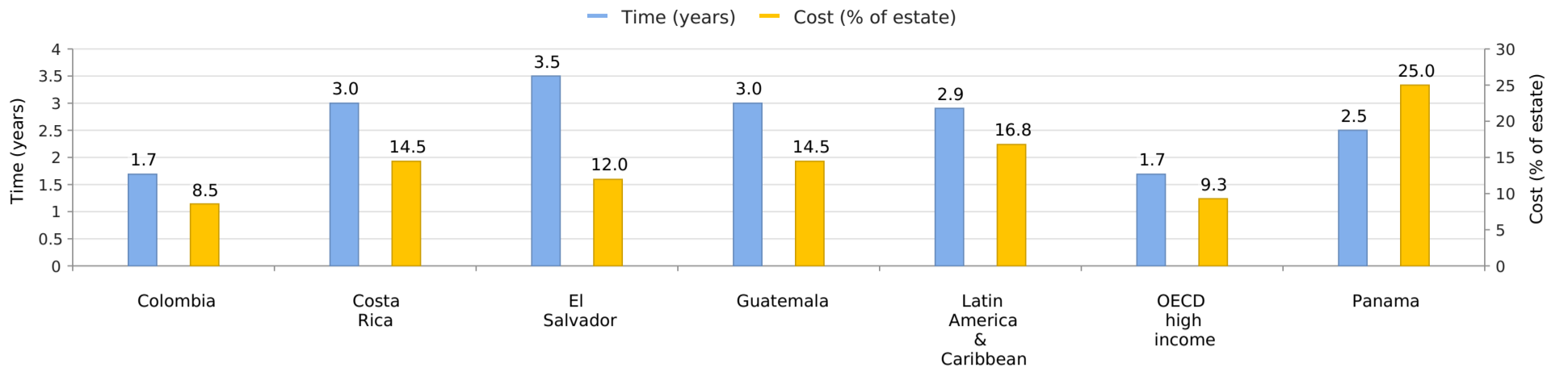
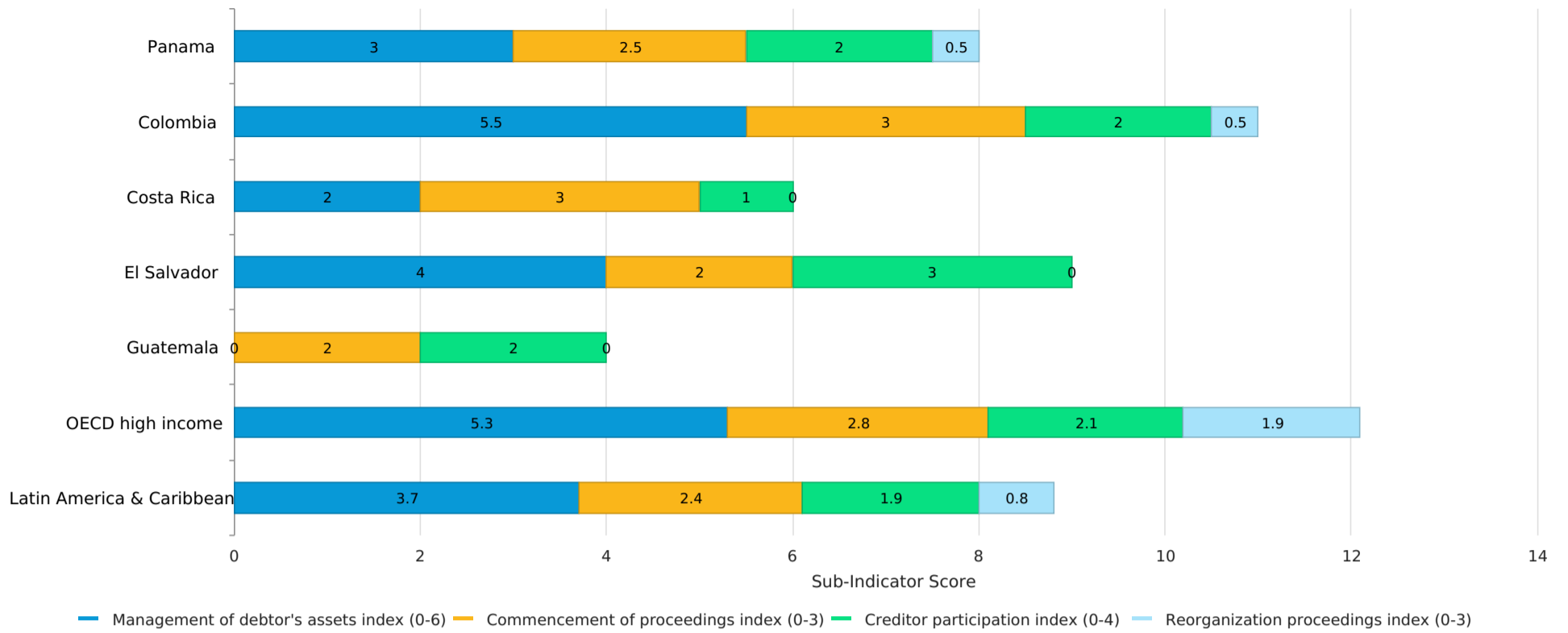
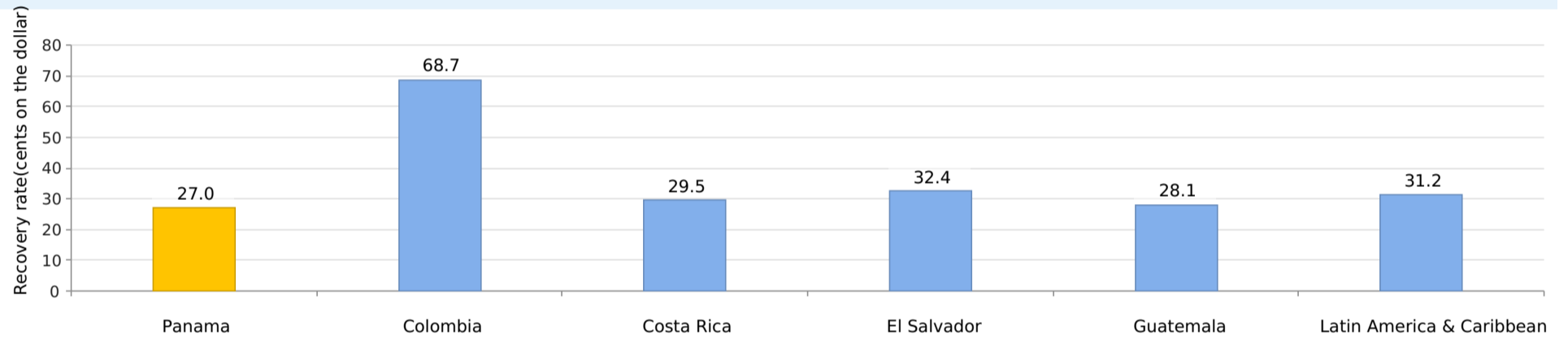


Figure - Resolving Insolvency in Panama and comparator economies - Measure of Quality



Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

Figure - Resolving Insolvency in Panama and comparator economies - Recovery Rate



## Details - Resolving Insolvency in Panama

Indicator	Answer	Score
Proceeding	foreclosure	After Mirage's default, BizBank would enforce its security interest over Mirage's assets as the debenture holder and initiate foreclosure proceeding. It is highly unlikely that the secured creditor will initiate a liquidation proceeding as a consequence of the debtor's bankruptcy. In situations like the one at stake, liquidation proceedings are not common because of its complexity and delay in time (10 years or more).
Outcome	piecemeal sale	Once the assets are sold in public auction, the hotel will cease operations and its assets will be sold piecemeal.
Time (in years)	2.5	The foreclosure procedure in Panama will take approximately 2.5 years from the moment of the debtor's default until the debt is repaid to the secured creditor. Assuming a possible counter-claim by the debtor, many hearings during the judgment procedural stage and the seizure of the assets, and it will take 1.75 years until the approval to initiate foreclosure is handed down by the Court. Henceforward, it will take 9 months for the auction to take place (including the necessary time to appoint an auctioneer, the scheduling of the auction and the sale of the real estate).
Cost (% of estate)	25.0	The cost for a foreclosure proceeding will amount to approximately 25% of the value of Mirage's estate. The main component of this expenditure would be the attorney's fees, which would amount 15% of the value of Mirage's estate (based on the agreement No. 49 issued by the Supreme Court of Justice, April 24th 2001). The rest of the cost (5%) are related to auctioneer's fees, appraisal fees and other fees related to the public auction.
Recovery rate (cents on the dollar)		27.0

## Details - Resolving Insolvency in Panama - Measure of Quality

	Answer	Score
<b>Strength of insolvency framework index (0-16)</b>		<b>8.0</b>
<b>Commencement of proceedings index (0-3)</b>		<b>2.5</b>
What procedures are available to a DEBTOR when commencing insolvency proceedings?	(a) Debtor may file for both liquidation and reorganization	1.0
Does the insolvency framework allow a CREDITOR to file for insolvency of the debtor?	(b) Yes, but a creditor may file for liquidation only	0.5
What basis for commencement of the insolvency proceedings is allowed under the insolvency framework? (a) Debtor is generally unable to pay its debts as they mature (b) The value of debtor's liabilities exceeds the value of its assets	(c) Both (a) and (b) options are available, but only one of them needs to be complied with	1.0
<b>Management of debtor's assets index (0-6)</b>		<b>3.0</b>
Does the insolvency framework allow the continuation of contracts supplying essential goods and services to the debtor?	Yes	1.0
Does the insolvency framework allow the rejection by the debtor of overly burdensome contracts?	No	0.0
Does the insolvency framework allow avoidance of preferential transactions?	Yes	1.0
Does the insolvency framework allow avoidance of undervalued transactions?	Yes	1.0
Does the insolvency framework provide for the possibility of the debtor obtaining credit after commencement of insolvency proceedings?	No	0.0
Does the insolvency framework assign priority to post-commencement credit?	(c) No priority is assigned to post-commencement creditors	0.0
<b>Reorganization proceedings index (0-3)</b>		<b>0.5</b>
Which creditors vote on the proposed reorganization plan?	(a) All creditors	0.5
Does the insolvency framework require that dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation?	No	0.0
Are the creditors divided into classes for the purposes of voting on the reorganization plan, does each class vote separately and are creditors in the same class treated equally?	No	0.0
<b>Creditor participation index (0-4)</b>		<b>2.0</b>
Does the insolvency framework require approval by the creditors for selection or appointment of the insolvency representative?	Yes	1.0
Does the insolvency framework require approval by the creditors for sale of substantial assets of the debtor?	No	0.0
Does the insolvency framework provide that a creditor has the right to request information from the insolvency representative?	No	0.0
Does the insolvency framework provide that a creditor has the right to object to decisions accepting or rejecting creditors' claims?	Yes	1.0

**Note:** Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

## Employing Workers

*Doing Business* presents detailed data for the employing workers indicators on the *Doing Business* website (<http://www.doingbusiness.org>). The study does not present rankings of economies on these indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business.

The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Hiring

(i) whether fixed-term contracts are prohibited for permanent tasks; (ii) maximum cumulative duration of fixed-term contracts; (iii) length of the maximum probationary period; (iv) minimum wage; (v) ratio of minimum wage to the average value added per worker.

#### Working hours

(i) maximum number of working days allowed per week; (ii) premiums for work: at night, on a weekly rest day and overtime; (iii) whether there are restrictions on work at night, work on a weekly rest day and for overtime work; (iv) length of paid annual leave.

#### Redundancy rules

(i) whether redundancy can be basis for terminating workers; (ii) whether employer needs to notify and/or get approval from third party to terminate 1 redundant worker and a group of 9 redundant workers; (iii) whether the law requires employer to reassign or retrain a worker before making worker redundant; (iv) whether priority rules apply for redundancies and reemployment.

#### Redundancy cost

(i) notice period for redundancy dismissal; (ii) severance payments, and (iii) penalties due when terminating a redundant worker. Data on the availability of unemployment protection for a worker with one year of employment is also collected.

### Case study assumptions

To make the data comparable across economies, several assumptions about the worker and the business are used.

#### The worker:

- Is a cashier in a supermarket or grocery store, age 19, with one year of work experience.
- Is a full-time employee.
- Is not a member of the labor union, unless membership is mandatory.

#### The business:

- Is a limited liability company (or the equivalent in the economy).
- Operates a supermarket or grocery store in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Has 60 employees.
- Is subject to collective bargaining agreements if such agreements cover more than 50% of the food retail sector and they apply even to firms that are not party to them.
- Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

## Employing Workers - Panama

## Details - Employing Workers in Panama

	Answer
<b>Hiring</b>	
Fixed-term contracts prohibited for permanent tasks?	Yes
Maximum length of a single fixed-term contract (months)	12.0
Maximum length of fixed-term contracts, including renewals (months)	12.0
Minimum wage applicable to the worker assumed in the case study (US\$/month)	612.1
Ratio of minimum wage to value added per worker	0.3
Maximum length of probationary period (months)	3.0
<b>Working hours</b>	
Standard workday	8.0
Maximum number of working days per week	6.0
Premium for night work (% of hourly pay)	13.0
Premium for work on weekly rest day (% of hourly pay)	50.0
Premium for overtime work (% of hourly pay)	50.0
Restrictions on night work?	No
Restrictions on weekly holiday?	Yes
Restrictions on overtime work?	Yes
Paid annual leave for a worker with 1 year of tenure (working days)	22.0
Paid annual leave for a worker with 5 years of tenure (working days)	22.0
Paid annual leave for a worker with 10 years of tenure (working days)	22.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	22.0
<b>Redundancy rules</b>	
Dismissal due to redundancy allowed by law?	Yes
Third-party notification if one worker is dismissed?	Yes
Third-party approval if one worker is dismissed?	Yes
Third-party notification if nine workers are dismissed?	Yes
Third-party approval if nine workers are dismissed?	Yes
Retraining or reassignment obligation before redundancy?	No
Priority rules for redundancies?	Yes
Priority rules for reemployment?	No
<b>Redundancy cost</b>	
Notice period for redundancy dismissal for a worker with 1 year of tenure (weeks of salary)	0.0
Notice period for redundancy dismissal for a worker with 5 years of tenure (weeks of salary)	0.0
Notice period for redundancy dismissal for a worker with 10 years of tenure (weeks of salary)	0.0
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure, in weeks of salary)	0.0
Severance pay for redundancy dismissal for a worker with 1 year of tenure (weeks of salary)	3.4
Severance pay for redundancy dismissal for a worker with 5 years of tenure (weeks of salary)	17.0



Severance pay for redundancy dismissal for a worker with 10 years of tenure (weeks of salary)	34.0
Severance pay for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure, in weeks of salary)	18.1
Unemployment protection after one year of employment?	No

## Business Reforms in Panama

From May 2, 2018 to May 1, 2019, 115 economies implemented 294 business regulatory reforms across the 10 areas measured by Doing Business. Reforms inspired by *Doing Business* have been implemented by economies in all regions. The following are reforms implemented since *Doing Business* 2008.

✓ = *Doing Business* reform making it easier to do business. ✗ = Change making it more difficult to do business.

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DB2019

✓ **Paying Taxes:** Panama made paying taxes easier by establishing an online system for filing and payment of corporate income tax, value-added tax and real estate tax.

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DB2018

✓ **Getting Credit:** Panama strengthened access to credit by enacting a new insolvency law. An automatic stay is now imposed on secured creditors for a period of 6 months and the law provides for reliefs from such stay when the assets are not needed for the reorganization of the company.

✓ **Resolving Insolvency:** Panama made resolving insolvency easier by adopting a new insolvency law that introduces a reorganization procedure and facilitates continuation of the debtor's business during insolvency proceedings. The new law also allows creditors greater participation in important decisions during insolvency proceedings and regulates insolvency practitioners.

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DB2015

✓ **Getting Credit:** Panama improved access to credit through a new law broadening the range of assets that can be used as collateral, allowing a general description of assets granted as collateral and allowing out-of-court enforcement of collateral.

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DB2014

✓ **Starting a Business:** Panama made starting a business easier by eliminating the need to visit the municipality to obtain the municipal taxpayer number.

✓ **Registering Property:** Panama made transferring property easier by connecting the land registry with the cadastre.

✓ **Protecting Minority Investors:** Panama strengthened investor protections by increasing the disclosure requirements for publicly held companies.

✓ **Paying Taxes:** Panama made paying taxes easier for companies by changing the payment frequency for corporate income taxes from monthly to quarterly and by implementing a new online platform for filing the social security payroll.

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DB2013

✓ **Dealing with Construction Permits:** Panama made dealing with construction permits easier by reducing the fees for a permit from the fire department's safety office and by accelerating the process at the building registry for obtaining a certificate of good standing and for registering the new building.

✓ **Registering Property:** Panama made property transfers faster by increasing working hours at the registry and reorganizing the caseload of its staff.

✓ **Paying Taxes:** Panama made paying taxes easier for companies by enhancing the electronic filing system for value added tax and simplifying tax return forms for corporate income tax—though it also began requiring companies to pay corporate income tax monthly rather than quarterly.

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DB2012

✓ **Starting a Business:** Panama extended the operating hours of the public registry, reducing the time required to register a new company.

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DB2011

✓ **Starting a Business:** Panama eased business start-up by increasing efficiency at the registrar.

✗ **Registering Property:** Panama made it more expensive to transfer property by requiring that an amount equal to 3% of the property value be paid upon registration.

✓ **Paying Taxes:** Panama reduced the corporate income tax rate, modified various taxes and created a new tax court of appeals.

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DB2010

✓ **Dealing with Construction Permits:** Panama made dealing with construction permits easier by eliminating some procedures and simplifying others.

✓ **Registering Property:** Panama reduced the time required to transfer property by making it possible to obtain the certificate of good standing from the tax agency online.

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DB2009

✓ **Starting a Business:** Panama made business start-up faster by introducing an online system that greatly reduced the time required to obtain a business license.

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DB2008

✓ **Paying Taxes:** Panama made paying taxes easier for companies by introducing and enhancing electronic tax filing systems.

*Doing Business 2020* is the 17th in a series of annual studies investigating the regulations that enhance business activity and those that constrain it. It provides quantitative indicators covering 12 areas of the business environment in 190 economies. The goal of the *Doing Business* series is to provide objective data for use by governments in designing sound business regulatory policies and to encourage research on the important dimensions of the regulatory environment for firms.

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