

## KEY FACTS FOUNDATIONS

THE PANAMA FOUNDATION HAS EMERGED IN RECENT YEARS AS A VIABLE CIVIL LAW BASED LEGAL STRUCTURE FOR INTERNATIONAL PRIVATE WEALTH AND CORPORATE PLANNING. THE PANAMA FOUNDATIONS LAW, ENACTED IN 1995, BUILDS ON THE EXPERIENCE OF THE FOUNDATIONS LAWS OF A NUMBER OF EUROPEAN CIVIL LAW JURISDICTIONS.

Given its competitive cost structure and the wide use of English among local professionals, use of Panama foundations has broadened beyond civil law-based advisors, to include an increasing number of professional intermediaries operating in common law jurisdictions.

### ESTABLISHMENT

- > A standard foundation charter can be used.
- > Optional use of standard foundation regulations.
- > Charter and regulations can be tailored to client's requirements.
- > Minimum assets to be transferred to the foundation to satisfy statutory requirements is US\$10,000.
- > Establishment by registration of the foundation charter with the Panama Public Registry.
- > On establishment a separate legal persona comes into existence.

### PURPOSE

The foundation cannot be used for commercial purposes but it can hold shares in a company, which itself is engaged in a commercial activity.

### GOVERNANCE

- > A foundation council is responsible for the management of the foundation.
- > The council consists of a minimum of three individuals. A company also can act as the sole member of the foundation council.
- > The foundation council is responsible for preparing financial statements if required by the charter or regulations.

### FOUNDER RIGHTS

- > Disclosure in the charter of the founder's identity is required. Nominee founders can be employed.
- > The founder can retain a right of revocation or assign that right to the foundation council.
- > The foundation can be irrevocable.

### PROTECTORS

- > Foundation law recognises the office of protector to supervise and if necessary intervene in the conduct of the foundation council.
- > Protector can also be given veto rights over foundation council decisions.

### FORCED HEIRSHIP

Rights of forced heirship are not recognised with regard to assets held by the foundation.

## ASSET PROTECTION

Foundations can be employed for asset protection planning. A transfer of assets to the foundation can be set aside within a three-year period following the transfer on the grounds that the transfer was made with intention to defraud creditors.

## FILINGS

- > The foundation charter is filed with the Public Registry and is available for public inspection.
- > The names of the founder and foundation council members are also filed with the Public Registry and are available for public inspection.

## TAXATION

- > Foundations are exempt from all Panama taxes on assets held by the foundation outside of Panama and on all income earned from non-Panamanian sources.
- > The foundation pays a licence fee of US\$350 on establishment and from the second year an annual licence fee of US\$400.

## COMPLIANCE

- > The foundations law expressly makes all foundations subject to the Anti-Money Laundering Regime of Panama.
- > A statutorily imposed confidentiality requirement is imposed on all persons dealing with a foundation and unapproved disclosure is punishable by monetary penalties.

## ADMINISTRATIVE FLEXIBILITY

- > Administration of a foundation can take place anywhere in the world.
- > The foundation council can be located outside of Panama.
- > The protector can be located outside of Panama.

## REGISTERED AGENT

- > Each foundation is required to have a registered agent in Panama at the time of its establishment and on an ongoing basis.
- > TT & Asociados is the registered agent for all foundations established through Trident Corporate Services (Panama) S.A.

- ▶ PEOPLE LED
- ▶ TECH ENABLED
- ▶ GLOBAL COVERAGE
- ▶ TAILORED SERVICE

- ▶ 1,100 STAFF
- ▶ 25 JURISDICTIONS
- ▶ 47,000 ENTITIES
- ▶ \$177BN AUA

- ▶ FUNDS
- ▶ PRIVATE CLIENTS
- ▶ CORPORATE CLIENTS
- ▶ MARITIME

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