

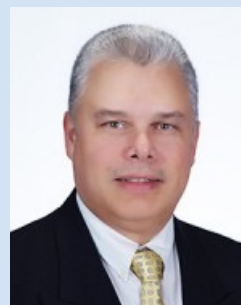


In the second of his recent Country Insights, Eduardo Montúfar, Senior Partner at MGI Montúfar & Asociados talks about global trade opportunities in Panama’s Colón Free Zone and some of the attractive tax and migration incentives aimed at encouraging investment.

The Colón Free Zone (CFZ), located in Panama, stands as the largest free trade zone in the Western Hemisphere, offering extraordinary advantages for businesses looking to expand their operations into Latin American markets. Its strategic location at the crossroads of international commerce has turned the CFZ into a vibrant hub for trade and distribution, creating efficient pathways for businesses aiming to broaden their global footprint. Whether you’re seeking to establish a physical presence or operate remotely, the CFZ offers a one-of-a-kind platform for businesses to thrive.

Geographical Advantage & Maritime Connectivity

The CFZ’s geographical position, at the entrance of the Panama Canal on the Caribbean side, provides an unparalleled logistical advantage. Panama serves as a bridge between the Americas, with access to over 144 shipping routes and hundreds of ports worldwide. For companies looking to reduce shipping times and costs, proximity to both North and South American markets is key. Panama’s strategic positioning not only enables faster delivery to customers but also enhances a company’s competitiveness within the region.



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Air Connectivity and Political Stability

Complementing its maritime strength, Panama is also renowned for its world-class air connectivity. Tocumen International Airport, often referred to as the “Hub of the Americas,” links Panama to all major cities across the Americas, Europe, and the Caribbean. The ease of moving goods and personnel via daily direct flights reinforces Panama’s position as a global logistics hub and offers a seamless connection point for businesses operating regionally.

In addition to its logistics strengths, Panama’s political and economic stability serves as a reliable foundation for international business. The country’s dollarized economy, strong legal framework, and robust financial sector have earned it a reputation as one of the most secure and business-friendly environments in Latin America. For businesses seeking long-term growth, Panama provides the peace of mind necessary for stable and predictable operations.

Ease of Setting Up Operations

Panama’s commitment to fostering a business-friendly environment ensures that the process of setting up operations in the Colón Free Zone is streamlined and efficient. Foreign companies can easily register and incorporate their business with minimal bureaucratic obstacles. This efficiency, coupled with a regulatory framework designed to promote quick market entry, allows businesses to focus on what truly matters: growth and innovation.

Attractive Tax and Migration Incentives

One of the most attractive features of the Colón Free Zone is its competitive tax incentives. The CFZ has established itself as a prime destination for foreign investment, offering several benefits, including:

- **Exemption from Import and Export Taxes:** Businesses in the CFZ enjoy full exemption from customs duties, taxes, and levies on goods entering or leaving the zone.
- **Corporate Income Tax Exemptions:** Profits derived from re-exporting goods to international markets are exempt from income tax.
- **No Value Added Tax (VAT):** Transactions within the CFZ are exempt from VAT, reducing operational costs.
- **Migration Benefits:** Special immigration permits make it easier to recruit international talent, adding flexibility to workforce management.

These incentives, combined with Panama’s favorable regulatory environment, make the CFZ an ideal hub for businesses seeking to expand globally while minimizing costs.

For more information visit mgiworld.com or contact Eduardo Montúfar at montufar@montufarcpa.com

Legal Framework and Recent Updates

Panama’s legal framework governing the CFZ has evolved to keep pace with global trade standards. Recent reforms, such as Law 8 of 2016 and Resolution No. 6 of 2018, have strengthened the competitiveness of the CFZ by introducing modern customs procedures, greater warehousing flexibility, and enhanced protections for investors. These regulations also encourage the digitalization of business operations, making it easier for companies to manage their CFZ-based activities from abroad.

A Hub for Innovation and Growth

The CFZ has not only maintained its status as a regional logistics hub but has also embraced the digital economy. With an increasing focus on e-commerce and remote trading operations, the CFZ offers businesses a dynamic environment to integrate global supply chains, reduce operating costs, and expand their reach in Latin America.

Proximity to Key Markets

Another key advantage of operating within the CFZ is its proximity to major markets such as the United States, Colombia, Venezuela, Peru, Brazil, Argentina, and Mexico, among others. This geographic closeness translates into shorter shipping times, quicker delivery to customers, and reduced logistics costs—all of which boost a company’s competitiveness in fast-paced industries.

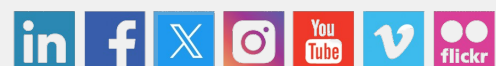
The Colón Free Zone offers a comprehensive platform for businesses looking to tap into Latin American markets. Its strategic location, extensive connectivity, business-friendly environment, and attractive tax incentives create the ideal conditions for success. At MGI Montúfar & Asociados, we are committed to guiding you through every step of establishing your operations in the CFZ. Contact us today to explore how the CFZ can serve as a powerful engine for your business’s growth and success in Latin America.



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