Multinational Corporation Headquarters

www.sem.gob.pa
The government of the Republic of Panama, with the support of the private sector, and through Law no.41 issued on August 24, 2007, created the special regime for the establishment and operation of multinational companies headquarters and the Multinational Corporation Headquarters license committee to attract and promote investments, job creation, and technology transfer, as well as ensuring a greater competitiveness in the global economy for the Republic of Panama, by making optimal use of its geographical position, its infrastructure, and international services.

¿What is the SEM regime?

The Multinational Corporation Headquarters can provide the following services to their business group both outside and inside Panama:

**Multinational Corporation Headquarters can provide the following services to their business group both outside and inside Panama**

- Financial management, corporate treasury, and accounting
- Operations Support, and products and services research & development
- Technical assistance to group companies or customers who have purchased a product or service
- Development of construction and design drawings
- Logistics, warehousing of components for production
- Consulting services, marketing guidelines and advertising of group services and goods
- Electronic processing of any activity, consolidation of operations and networks
- Management and administration of regional operations
- Migratory Benefits

**SEM benefits**

**Tax benefits**

- Exemption from the payment in dividend taxes, surtaxes and tax on branches
- Exemption in the use of fiscal equipment
- Exemption from the Goods And Services Sales Tax (ITBMS - by its acronym in Spanish), for services provided abroad
- Exemption from the Commercial License tax payment
- Fixed rate of 5% on the Income Tax in the Republic of Panama
- Exemption from the import tax (ISC - by its acronym in Spanish) for a motor vehicle for personal or family use every 2 years
- The profit or loss in the transfer of shares issued by the SEM company is subject to the capital gains regime, but at a fixed rate of 2%

**Other benefits**

- Automatic legal stability from the time of issuance of the license
- Exemption from mandatory affiliation to the Social Security Fund
- Import duty exemption for household goods when the worker moves for the first time to Panama
- Exemption from import tax (ISC - by its acronym in Spanish) for a motor vehicle for personal or family use every 2 years

**Benefits for foreign executives hired by the SEM**

- Income tax exemption
- Exemption from mandatory affiliation to the Social Security Fund
- Import duty exemption for household goods when the worker moves for the first time to Panama
- Exemption from import tax (ISC - by its acronym in Spanish) for a motor vehicle for personal or family use every 2 years
- The profit or loss in the transfer of shares issued by the SEM company is subject to the capital gains regime, but at a fixed rate of 2%

**Migratory Benefits**

Special short and long-term visas for foreign workers which can be extended to dependent family members are offered:

- Visas for SEM’s permanent personnel and their Dependents. Visas for permanent workers may be granted for a 5-year period which can be extended
- Permanent residence for SEM’s permanent personnel, after having worked for five (5) years in the SEM
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- Short-term visas for technicians (3 extendable months)
- Trusted staff
- Expedited visa program

**What is a SEM?**

A Regional Multinational Company Headquarters (SEM by its acronym in Spanish) is an office with management control in the region and which provides services from Panama to its Parent Company, Subsidiary or Branch in other countries. They may operate as a foreign company registered in Panama or as a Panamanian company owned by the transnational corporation.

**Halliburton**

The main reasons why Halliburton has invested in Panama include its strategic geographic location and the Multinational Corporation Headquarters (SEM) system, which has turned Panama into a very competitive cost destination. In addition, Panama offers a good quality of life and a wide variety of schools—thus being a favorable destination for both, Halliburton and its employees.”

- Francisco Tarazona, vice-president, Latin America
Panama is the ultimate destination for multinationals to address global operations and the LatAm market.

- More than 7,000 jobs created
- More than 3,000 Million USD in contributions to the national economy
- +150 multinationals registered under the SEM Act (Act 41 of 2007)
Key factors that influence our investment in Panama include its economic stability, its strategic geographic location and its excellent connectivity with other Latin American countries. In addition, the incorporation of Adidas into the Multinational Corporation Headquarters Act (SEM Act) in 2010, has enable the Adidas Latin America regional offices to continue improving the business and strengthening its organizational structure by hiring the most talented executives in Panama and around the world.

Marcos Antonio Tajara, General Manager for Central America and the Caribbean, Adidas

Panama has the most productive workforce in Central America according to the International Labour Organization

Competitive advantages of Panama for your regional headquarters

**Economy**
- 5 Years: The foreign direct investment has 5 consecutive years of growth in Panama
- Dynamic GDP growth between 2012 and 2017; more than double than Latin America and the Caribbean
- Investment-grade rating since 2010: Panama has received investment grade ratings with stable prospects, by important credit rating agencies

**Financial center**
- 84 Local and international banks
- Unlimited broadband connection
- Global fiber optic telecommunications link

**Strategic geographic location**
- 6.3% more than 90 International air destinations
- Direct air connection to 17 Cities in the United States and Canada
- Direct flights to Latin American cities
- Direct flights or layovers to cities in Europe
- Panama shares the same time zone as the United States east coast, thus ensuring synchronization of operations

**Workforce**
- The International Labour Organization (ILO) estimates that Panama is home to the most productive workforce in Central America
- Qualified and Dynamic Workforce: Panama has a qualified workforce, with around 1.9 million economically active people

**Telecommunications**
- The fastest broadband download speed throughout Central America
- Unlimited broadband connection
- Global fiber optic telecommunications link

**What type of business qualifies for SEM?**
- Multinational companies with:
  - Assets as business group equal to or greater than USD 200 million (two hundred million US dollars) or the applicant company must provide services to at least seven (7) branches, subsidiaries or associated companies.

**Requirements to qualify for the SEM license**
- Through a letter addressed to the technical secretariat committee with the following attachments:
  - License Application or form LS-RG 001 completed
  - Power of attorney granted to the lawyer duly notarized
  - Articles of incorporation
  - Affidavit signed by the company’s legal representative
  - Consolidated financial statements of the business group
  - Bank certificate of the applicant company or its parent company
  - Organization chart

**How to register your company in the SEM System?**
- In the Ministry of Commerce and Industries operates a one-stop service which makes the process easy to apply for a SEM license and visas for foreign workers and their dependents
- All applications must be submitted to the Technical Secretariat of the Multinational Corporation Headquarters license committee
- The SEM Management has a Quality Management System under the ISO 9001:2015 standard

**Moody’s**
- Standard 
- S&P
- Fitch Ratings
- Baa2 - Positive
- BBB - Stable
- BBB - Stable

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