

Reading Time: 3 minutes

Establishing a Panama subsidiary is the first step to legally working in Panama. However, it takes a considerable amount of time to establish an entity according to Panama's subsidiary laws, and that's before you can hire employees, pay them, and provide benefits. After weeks or months, you can finally start to benefit by working in the country.

Your other option is working with Globalization Partners, a global PEO. We have subsidiaries in countries all around the world that you can use for a fast and easy expansion. Instead of setting up your own subsidiary, you can use ours while we manage all the risks of compliance. With our help, you'll be free to make your company a global success.

How to Set up a Panama Subsidiary

The process setting up a Panama subsidiary depends on several factors that you need to discuss before beginning the expansion process. Just as Panama has different minimum wages according to region, Panama subsidiary laws can also vary by region or city. If you're not familiar with the different areas, we recommend working with an expert who can help you find the best place with the friendliest incorporation laws.

Panama allows three different subsidiary options — a limited liability company (LLC), branch office, or representative office. An LLC is the most popular option because it gives you the most freedom for operating, while branch and representative offices are more limiting. Work with other company executives to figure out what activities you plan to perform in Panama and decide on the best subsidiary structure.

If you decide to set up your Panama subsidiary as an LLC, you must follow these steps:

- Complete an online order form with your personal contact details.
- Indicate a name choice for your new LLC and check to see if it's available.
- Name who you want to appoint as director of the LLC for public record.
- Decide how you wish to issue share certificates.
- Indicate your preferred method of payment on the online order form.

Panama's Subsidiary Laws

LLCs have Panama subsidiary laws that vary from the laws related to branch and representative offices. For example, you'll need to appoint at least three directors and one shareholder who can be of any nationality and live anywhere in the world. The minimum share capital for incorporation is only \$1.

The Panama subsidiary setup process also requires appointing a company secretary, who can be an individual or corporation. Your director can also act as the company secretary if you don't want to hire another person. To meet Panama's subsidiary laws, you should keep accounting records and all underlying documentation for five years. You must keep those records at your LLC's office in Panama or somewhere stipulated by the board of directors.

Benefits of Incorporating

LLCs are the most popular type of Panama subsidiary for many reasons. One of the reasons people choose an LLC is because it protects the parent company and subsidiary. Your parent company won't have to worry about any fines, losses, or litigation from the subsidiary, and the subsidiary can operate independently with its own culture.

Despite these benefits, you can get more through Panama subsidiary outsourcing. When you choose to work with Globalization Partners, you can work in Panama in as little as a day or two. Since we act as the Employer of Record, our team will be responsible for meeting Panama's subsidiary laws, so you can focus on building and growing your company.

What Do You Need for the Process?

Companies that expand on their own need to prepare for a long incorporation process. It can take weeks, months, or as much as a year to set up your Panama subsidiary, which is time you would lose to turn a profit in the country. It can take even longer if you don't understand Panama's subsidiary laws. Work with an expert such as a lawyer or accountant to make sure you stay compliant throughout the entire process.

Choose Globalization Partners Today

Our team members are experts in Panama subsidiary laws and the incorporation process. Trust us for your expansion today, and benefit from a fast and easy process. [Contact us today](#) to learn more about Panama subsidiary outsourcing.

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