



Panama Real Estate FAQ's

Q. Do foreigners enjoy the same property rights as Panamanian citizens?

A. Yes, except foreigners cannot acquire land within 10 kilometers of the country border and there are certain limitations for purchasing on islands. Contact us for further information.

Q. Is obtaining title free and clear of all encumbrances relatively safe and easy?

A. In Panama, all property titles are registered at the "Registro Público" (Public Registry) through a bureaucratic yet straight forward process, but we strongly recommend title insurance.

Q: When I was in Bocas del Toro it was mentioned that some of the property was titled land while other property was Right of Possession. What exactly is the difference between titled land and "right to possession", and how should it effect the decision of someone purchasing property in Panama?

A. Not all properties in the Republic of Panama are of private domain and are subject to registry in the Public Registry Office. Many beach front properties, islands and real estate in special tourism zones such as "Bocas del Toro" and "Portobelo" are owned and managed by the national or local municipal governments and only "possession rights" are granted for a determined period of time over these lands.

Possession rights are basically land use acknowledgments which are essentially recognized based on the occupation and use of a certain area of land over time.

Persons interested in investing in projects located in these restricted areas should be very careful to ensure that the award of the "possession right" or "limited ownership" be duly granted by the pertinent national or local municipal government authorities. In this sense, it is important to verify the following aspects before investing in this type of real estate:

1. That the award of the piece of land is issued by the correct authorities.
2. That the award contains a complete description, including limits, boundaries, encumbrances, and other important details of the land. A complete blueprint shall be drawn and approved.
3. That the activity to be undertaken by the purchaser is allowed, that is, that the construction or building to be made is acceptable to the national or local government.
4. That the award be extensive for a period of time suitable for the purchaser.

Due to the lack of uniformity regarding the granting entity for "possession rights" it is of utmost importance to review each purchase individually and make recommendations specifically for each land option. The length of the transaction process for the possession rights transfer will vary

and can take up to 6 months, depending on many factors, such as the date of recognition of the possession rights, inspection by the granting entity, among others.

Many land developers in these special areas have undertaken the task of procuring the possession title documents and transfer the ownership of the same by means of the sale of a Panamanian corporation and its assets. Special caution should be taken with these transactions as the Panamanian corporation could have undertaken other businesses besides that related to the property and there is no official registry of the commercial undertakings of the same.

Now, by Law 80 of December 2009, those possession rights can be titled following certain requirements and with some restrictions.

For more information, please read our article on [Update on Purchasing Property in Panama](#).

Q. What are the laws regarding water front property or the maritime zone? What constitutes the maritime zone?

A. By law, all beaches are public; hence all beachfront properties must provide a right of way starting 22 lineal meters from the highest tide to the property line in the Pacific Coast and 10 lineal meters from the highest tide to the property line in the Atlantic Coast.

Q. Can property be owned by a Panama Corporation as well as an individual?

A. Yes.

Q. Can a Panamanian Corporation sell its shares?

A. Yes.

Q. Are concessions available, and if so what are the requirements?

A. Concessions are similar to a lease and are available; however, the terms may vary for each case depending of the type of property and use.

Q. What is the normal closing cost associated with purchasing property in Panama?

A. Realtor commissions are 5% of the selling price, in practice and following regulations from the Real Estate Technical Board; although this varies depending on the location and developer. *In Panama, the general rule is that the real estate commission is paid by the Seller.* The buyer must pay the expenses including the registration of title and lawyers' fees.

Q. Are there any specific tax incentives relating to the purchase or development of real estate?

A. The [principal incentives for the development of real estate projects in special tourism zones](#) are contained in Law 8 of 1984. Additionally, from time to time, the government enables an incentive of real estate tax exemption for up to 20 years for new constructions, but to confirm if it is currently available, please contact info@businesspanama.com.

Q: Does the land registration system indicate the value of the real property interest? Does it indicate the amount for the interest, the amount secured by the interest (as in a loan), or the present value of the interest?

A. The Public Registry denotes the amounts paid and amount secured but not the present value of the interest.

Q: If loss or damage is sustained by injured party because of a defect in a registration, is the party compensated at a value based on full or market value or at some lesser amount?

A. Again, the general principles of civil liability apply. Compensation would be made for any loss or damage that can be evidenced in court.

Q. Is title insurance available in Panama?

A. Yes, title insurance is available in Panama. The **BusinessPanama Group** works with a well known US Title Insurance group. There are many buyers – from the U.S. and abroad – who are looking for that same security and assurance as they invest in real estate where you live and work; in other words, outside of the United States.

Now you can find answers to many other questions about buying real estate, immigration, forming a corporation, opening a bank account, retiring & living in Panama and more in our new eBook entitled “**The Ultimate Guide to Investing, Living & Retiring in Panama**” available in this website.

The **BusinessPanama Group**, owner of this website, is one of the largest full services groups in Panama with experienced real estate brokers, lawyers, bankers, title insurance experts and other professionals to assist clients on any business they need.

At the BusinessPanama Group, we can help you with:

- Buying a property or home in Panama City, Bocas del Toro, Boquete, Beaches, Islands or Mountains
- Forming a company to own your property
- Legal services to purchase the property
- Applying for your residence program
- Title insurance
- Home owners insurance
- Bank mortgage financing
- Others

We provide you a "**One Stop Solution**" for all your real estate services in Panama.

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