

# Panama

## 1. Government requirements

### Registration requirements

Panamanian Social Security Fund (CSS) or Caja de Seguro Social Panameña

Any natural or legal person of public or private right that operates in the national territory and that there is an employee-employer relationship has the obligation to register with the Social Security Fund. The requirements are as follows

- a. The employer must have at least one employee at the start of operations.
- b. Complete and sign the "EMPLOYERS REGISTRATION APPLICATION BEFORE THE PROFESSIONAL RISK PROGRAM" which is available on the web. Print on bond paper 8½ x 11 and submit the original form along with three copies (without blots or studs).
- c. Complete and sign the Employer Registration application which is available on the web. Print front and back, on bond paper 8½ x 11 and submit the original form along with three copies (without blots or studs).
- d. List of employees indicating details such as full name, Social Security Number (if any), Certificate Number, salary, date of commencement, position held, and signed by the legal representative or representative. Print on bond paper 8½ x 11 and submit the original form along with three copies (without blots or studs).
- e. Notary Power that authorizes the delivery of the confidential envelope that contains the username and password to download the digital signature. If the presentation of documents is made by a person other than the legal representative, a copy of the identity card of the attorney and the legal representative must be presented (legible)
- f. If legal person, Certificate of Public Registry in force (three copies) Social Pact or copy of the document of the RUC NT of the DGI, Notice of Operations and copy of identity card, passport or migration card of the legal representative. (readable)
- g. In the case of companies incorporated as of October 24, 2014, Constitution Pact and Proof of Registration of the Public Registry.

### For Tax administration (DGI)

The Directorate General of Revenue of Panama (DGI) issues a RUC, which is the identification number of taxes on the income of the company. This number is used for all purchases and sales of the company along with the income statement

You can register your RUC number by contacting the Provincial Administrations of the General Directorate of Revenue or online, via the website of the Directorate General of Revenue, [www.dgi.gob.pa](http://www.dgi.gob.pa)

Once the registration is made, your Digit Verifier number is supplied, which corresponds to an internal control digit used in the collection and inspection processes of the General Revenue Office.

### General requirements:

- Proof of registration issued by the Public Registry: Either photocopy of the Constitution or Social Pact, or photocopy of the certification issued by the Public Registry
- Photocopy of the Personal Identity Card of the legal representative
- Photocopy of the Commercial License or Commercial Registry issued by the Ministry of Commerce and Industries. (In case of obtaining it) or Operation Notice
- Photocopy of the last payment receipt of a public service (electricity, water or telephone) updated, corresponding to the address, that matches the address which appears on the record

of the Public Registry, or that matches the address which appears in the License or Commercial register

- RUC registration form duly completed and signed

In accordance with Law 76 of 1976-Articles from 7 to 10, legal entities are obliged to register in the RUC, within the month following their registration in the Public Registry.

#### Ongoing compliance requirements

For the monthly reporting of social security and income, a unique invoice is generated from the SIPE system, with which both income and social security are paid. The payments are due within 30 days of the following calendar month.

The annual income statement is made using the official form “Planilla 03” (also known as Anexo 03) which contains information on the withholding of income tax for all workers. This form must be submitted to the “Dirección General de Ingresos” (DGI) within the first five months of the year (by 31 May at the latest).

## 2. Pension requirements

### Registration requirements

The severance fund (Fondo de Cesantía) in Panama is a mechanism established by law that guarantees that employers pay a seniority premium and compensation to employees with an indefinite contract. The fund itself is not a worker's right. The right of the worker is to receive the payment of the premium and compensation that are guaranteed with the unemployment fund (provided that the relationship ends because of unjustified dismissal or justified resignation).

This fund was conceived with the purpose of assuring or guaranteeing workers full and effective payment of their seniority premium and compensation at the time when their employment relationship ends.

The funds must be constituted through trusts in private entities authorized by law for the administration of funds. The trust for the severance fund is established through an agreement or contract between the employer and Progreso, the official administrator of severance funds in Panama.

### Ongoing compliance requirements

Report each quarter to the pension funds administration the corresponding accrual amounts per Severance and Seniority bonus

## 3. Employment obligations

Employer contribution	Percentage
Social Security Regular Salary	12.25%
Social Security Representation Expense	12.25%
Educational insurance	1.50%
Professional Risk	0.98%
Social Security Salary - XIII Month (Aguinaldo)	10.75%
Social Security Salary Rep. Exp- XIII Month (Aguinaldo)	10.75%
XIII Month Accrual	8.33%
Seniority bonus accrual	1.92%
Severance accrual	0.33%

Vacation accrual	8.33%
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Employees in Panama have the benefit of receiving an additional salary known as the 13th month, the payment of the 13th month is made in three installments: April, August and December.

It takes into consideration the salaries paid from the second fortnight of December through the first fortnight of April (for the payment of April 15th), from the second fortnight of April through the first fortnight of August (for the payment of August 15th) and from the second fortnight of August through the first fortnight of December (for the payment of December 15th).

Employees are eligible to 30 days of vacation for every 11 months worked.

## 4. Payroll requirements

As per statutory requirements, employees in Panama must receive biweekly payment.

For the monthly reporting of social security and income, a unique invoice is generated from the SIPE system, with which both income and social security are paid. The payments are due within 30 days of the following calendar month. And the salaries presentation must be done before the 21st of each month.

The annual income statement is made using the official form "Planilla 03" (also known as Anexo 03) which contains information on the withholding of income tax for all workers. This form must be submitted to the "Dirección General de Ingresos" (DGI) within the first five months of the year (by 31 May at the latest).

The employer must withhold by payroll any loan that the employee has with any financial entity and make the corresponding payment on behalf of the employee.

## 5. Banking requirements related to payroll

This information is not available.