

GREY RIVER ASSOCIATES

International Tax Advisory & Wealth Structuring

CLIENT MEMORANDUM

Panama Residency Programs

Friendly Nations Visa | Qualified Investor Visa | Comparative Analysis

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This memorandum provides a comprehensive overview of Panama's principal residency-by-investment programs, with particular emphasis on the Friendly Nations Visa (FNV) and the Qualified Investor Visa (QIV). It includes a comparative analysis against competing jurisdictions and outlines the strategic value of obtaining permanent residency in Panama for purposes of international tax planning, including the severance of Canadian tax residency. This memo is focused on the tax residency mechanics for Canadians, however similar concepts can be applied to many other friendly nation countries (UK, Australia, France, Italy, Spain etc.), with the notable exception of the United States (which has global tax regardless of fiscal residence).

1. Why Permanent Residency Matters

For Canadian tax emigrants, establishing permanent residency in a foreign jurisdiction is a critical step in severing ties with Canada. The Canada Revenue Agency (CRA) evaluates the totality of an individual's residential ties when determining tax residency. Among the most important secondary ties is the establishment of permanent residency status in another country.

Temporary visas, tourist stamps, and non-permanent arrangements are generally insufficient to demonstrate a clean break from Canada. Permanent residency status provides the strongest available evidence that an individual has established a settled, ongoing connection to a new jurisdiction, and it is precisely for this reason that the Friendly Nations Visa is of such strategic importance.

Key Point: The Friendly Nations Visa confers permanent residency status from the date of approval. It has been used successfully by numerous Grey River clients to support the severance of Canadian tax residency, and the CRA has accepted this status in practice as a meaningful indicator of emigration.

2. The Panama Friendly Nations Visa (FNV)

The Friendly Nations Visa is a permanent residency program designed for citizens of over 50 countries that maintain strong professional, economic, and investment ties with Panama. Eligible countries include Canada, the United States, the United Kingdom, all European Union member states, Australia, Japan, and several Latin American nations. The FNV is one of the most efficient and cost-effective permanent residency programs

available globally. It provides a clear, well-established pathway to Panamanian permanent residency and, ultimately, citizenship.

Qualification Pathways

Applicants must demonstrate an economic tie to Panama through one of the following three pathways:

Pathway	Investment Requirement	Key Details
Real Estate	USD 200,000 minimum in Panamanian real estate	May be financed through a local bank. Owned personally, through a Panamanian company, or private interest foundation.
Fixed-Term Deposit	USD 200,000 certificate of deposit in a Panamanian bank	Minimum 3-year term, free of encumbrances. May be held personally or through a legal entity.
RE Bypass Exemption (MITRADEL)	Requires special approval (cannot be utilized by everyone - discuss with us details). No minimum investment required if approved.	Real estate investment bypass via Ministry of Labour exemption. Requires a Panamanian company structure with proper registration and licensing.

3. The FNV Process: Step by Step

The Friendly Nations Visa follows a clear, predictable process. Grey River coordinates the entire timeline with licensed Panamanian immigration counsel to ensure a seamless experience. *Prior to planning your travel to Panama, please provide us with a federal background check from your country of citizenship and allow for enough time for us to arrange the real estate purchase or obtain the real estate bypass exemption.*

STEP 1	<p>Arrival & Temporary Visa (4-5 Business Days)</p> <p>Upon arrival in Panama, your temporary residency visa is processed within 4-5 business days. Grey River’s legal team coordinates with the Ministry of Labour and Immigration ministries to ensure all documentation is filed correctly from day one.</p>
STEP 2	<p>Resolution Issued (4-5 Months)</p> <p>Approximately 4-5 months after submission, the National Immigration Service issues a resolution signed by the minister of immigration. At this point, you return to Panama to receive a 2-year provisional residency card with full legal standing.</p>
STEP 3	<p>2-Year Provisional Period</p> <p>The provisional card is valid for two years. This period was established as a safeguard allowing authorities to revoke residency in the event of any criminal or compliance issues. Absent such issues, residency converts automatically to permanent status.</p>
STEP 4	<p>Permanent Residency & Cedula</p> <p>Upon completion of the provisional period without incident, your status automatically converts to a national ID card. You receive the cedula, which is a national identification card granting you the same standing as any Panamanian resident. This is permanent and does not expire.</p>

CRITICAL FOR CANADIAN TAX EMIGRATION

Immediate Usability: For purposes of severing ties with Canada, the Friendly Nations Visa is immediately usable upon approval. You do not need to wait for the provisional period to conclude.

Proven Track Record: Grey River has used the FNV successfully with many Canadian clients to support emigration from Canada. The permanent residency status is recognized by the CRA as a meaningful indicator of settled intention to reside abroad.

No Physical Presence Mandate: There is no strict annual minimum-stay requirement, though residents must enter Panama at least once every two years to maintain status.

4. The Qualified Investor Visa (QIV / Golden Visa)

For clients seeking a faster, more premium pathway, Panama's Qualified Investor Visa (commonly referred to as the "Golden Visa") provides immediate permanent residency with processing times of approximately 30 to 90 days.

Investment Thresholds

- **Real Estate:** USD 300,000 minimum, free of liens. The investment must be maintained for at least 5 years. Note: this reduced threshold (down from USD 500,000) has been extended until October 2026 and represents a limited window of opportunity.
- **Securities:** USD 500,000 in Panamanian-listed securities through a licensed broker, maintained for 5 years.
- **Fixed-Term Bank Deposit:** USD 750,000 in a Panamanian bank, maintained for 5 years.

Key Advantages Over the FNV

The QIV grants immediate permanent residency upon approval, with no provisional period. Processing is typically completed within 30 to 90 days. The application can be initiated remotely, with biometrics completed in Panama within two years of approval. The program has a reported 96% approval rate as of 2025, and family members (spouse, children under 25, and dependent parents) may be included. Both the QIV and FNV provide the same tax benefits under Panama's territorial tax system.

Special Travel Document (Investor Passport)

Under Law No. 493 of October 28, 2025, Panama has introduced a Special Travel Document exclusively for Qualified Investor Visa holders and their dependents. This is a travel credential issued by the Republic of Panama that functions as an additional passport-like document tied to the holder's residency status. It was previously available only to holders of Panama's Retiree Visa and has now been extended to the QIV category.

Important Distinctions: The Special Travel Document does not confer Panamanian citizenship. It does not grant voting rights, diplomatic protection, or unconditional entry as a national. It functions as a recognized travel credential that confirms the holder's permanent residency status and facilitates international travel, particularly to countries with which Panama maintains visa-waiver agreements. The Panamanian passport currently provides visa-free or visa-on-arrival access to over 140 destinations, including the Schengen Area and the United Kingdom.

Implementation Status: The Panama Passport Authority has been given six months from the enactment of Law 493 to develop and implement the regulatory framework for issuance. Grey River is monitoring implementation closely and will advise clients when the application process becomes operational.

5. Panama's Tax Advantages

Panama operates under a territorial tax system. This means that only income sourced within Panama is subject to Panamanian taxation. Income earned from foreign sources is completely exempt, regardless of whether it is remitted to Panama. This applies equally to FNV and QIV holders.

NO TAX ON GLOBAL EARNED INCOME

Salaries: Foreign-source employment income is not subject to Panamanian income tax.

Consulting Income: Fees earned for services rendered outside Panama are fully exempt.

Advisory Fees: Professional advisory fees from non-Panamanian clients are not taxable in Panama.

NO TAX ON INVESTMENT INCOME

Dividends: Dividends from foreign corporations are not subject to Panamanian tax.

Capital Gains: Gains on the sale of foreign assets, securities, and investments are fully exempt.

Interest Income: Interest earned on foreign bank accounts and fixed-income instruments is not taxable.

Panama's tax regime is among the most favourable in the world for internationally mobile professionals, entrepreneurs, and investors. Combined with the low cost of permanent residency through the FNV, Panama represents an exceptional value proposition.

Note: the Grey River team works with our clients to ensure full compliance with annual tax reporting (both personally and for corporate entities) to ensure the tax-free status of income sources at a reasonable cost.

[residency comparables table follows]

6. Comparative Analysis: Global Residency Programs

The following table compares Panama's residency programs against competing jurisdictions commonly considered by Canadian tax emigrants and internationally mobile investors.

Jurisdiction	Min. Investment	Residency Type	Tax on Global Income	Tax on Investment Income	Time to PR	Path to Citizenship
Panama (FNV)	USD 200,000 (unless obtain bypass)	Permanent	None (Territorial)	None (Foreign-Source)	Immediate - cedula in ~2.5 years	5 years after cedula issued
Panama (QIV)	USD 300,000	Permanent	None (Territorial)	None (Foreign-Source)	Immediate - cedula and travel document in 45-90 days	5 years
Spain*	EUR 500,000	Temporary (3 yr)	Yes, if 183+ days	Yes, if tax resident	5 years	10 years
Portugal	EUR 500,000	Temporary (2 yr)	IFICI regime avail.	Varies by regime	5 years	5 years**
Greece	EUR 250,000 - 800,000	5-yr Renewable	Yes, if 183+ days	Yes, if tax resident	5 years (renew)	7 years
Uruguay	USD 2M (tax holiday)	Permanent	11-yr holiday	Exempt (11 yrs)	Immediate	3-5 years (depending on marital status)
Cayman Islands	USD 1.2M - 2.4M	25-yr / Permanent	None	None	Immediate	15+ years
Bahamas	USD 1,000,000	Permanent	None	None	Immediate	10 years

* Spain's Golden Visa ended on April 3, 2025. New real estate-based applications are no longer accepted; existing holders may renew. Other non-real estate investment options may still be available.

** Portugal's citizenship timeline may extend to 10 years pending parliamentary amendments under review as of early 2026. Real estate is no longer a qualifying investment for Portugal's Golden Visa.

Key Observations

Panama (FNV) offers the lowest investment threshold among all programs reviewed at USD 200,000 in real estate or a bank deposit, and is the only program that provides immediate permanent residency status combined with a fully territorial (zero foreign-source) tax system at this price point.

The Cayman Islands and Bahamas offer comparable zero-tax environments, but their investment thresholds are dramatically higher (USD 1.2 million to USD 2.4 million for Cayman; USD 1.0 million for the Bahamas). Both also impose meaningful physical presence requirements (30 to 90 days annually).

European programs (Spain, Portugal, Greece) subject residents to local taxation once physical presence exceeds 183 days per year, and often impose worldwide taxation on income. These are better suited to clients who wish to physically relocate to Europe and are prepared for a higher tax burden. Spain's Golden Visa is now closed to new applicants.

Uruguay offers an attractive tax holiday (11 years under the 2026 regime enacted via Ley 20.446), but as of January 1, 2026, the minimum real estate investment to qualify for the tax holiday has increased to approximately USD 2,000,000 (12.5 million Unidades Indexadas), up from approximately USD 559,000 under the prior regime. An alternative path of USD 100,000 per year into a government innovation fund is also available. Basic legal residency without the tax holiday remains accessible through a passive income demonstration of approximately USD 1,500 per month.

7. Conclusion & Next Steps

Panama's Friendly Nations Visa is, in our professional opinion, one of the most attractive residency-by-investment programs available globally. The combination of a low investment threshold (USD 200,000 - with opportunity for many clients to obtain an exemption), immediate permanent residency status (for purposes of severing ties), a fully territorial tax system with zero taxation on foreign-source income, and a clear pathway to citizenship within 5 years after receipt of the cedula is unmatched at this price point.

For Canadian clients seeking to sever tax ties, the FNV provides immediate, recognized permanent residency status that strengthens the case for emigration. For clients seeking a premium, expedited pathway, the Qualified Investor Visa offers the same tax advantages with a faster timeline and no provisional period.

Grey River Associates is pleased to coordinate all aspects of the residency process, from initial structuring advice and investment selection to coordination with licensed Panamanian immigration counsel and ongoing tax compliance.

About the Author



Nathan Elliott Shantz is Founder and Managing Partner of Grey River Associates. He has over a decade of experience in the capital markets, wealth management, and global tax and structuring. Prior to Grey River, he worked on two global ventures that each raised over \$50M of capital and went public on the Toronto Stock Exchange. Previously, he worked in investment banking in Toronto, Canada.

Mr. Shantz holds an MBA from Yale University and a BBA in Finance with minors in Economics and Psychology from Wilfrid Laurier University, where he was a President's Gold Scholar. He is a CFA charterholder, holds the Advanced Diploma in International Taxation (ADIT), and is an Affiliate of the Society of Trust and Estate Practitioners (STEP). He has traveled to over 70 countries and is fluent in Spanish and proficient in Portuguese.

Work with Grey River

Grey River Associates works with a limited number of families and entrepreneurs on international tax planning, wealth structuring, and jurisdictional diversification.

Our expertise lies in working with clients on bespoke plans tailored to their unique circumstances. This includes restructuring companies for tax efficiency and operational flexibility, estate planning and offshore trust work to preserve wealth across generations, managing trading positions and providing comprehensive wealth management, structuring exits from businesses or investments, and providing advice on important legal matters where there may be a gap left by current counsel. We often serve as the connective tissue between lawyers, accountants, and investment managers, ensuring that all pieces work together toward a coherent strategy.

If the themes in this memo resonate with your situation, we welcome a confidential conversation to explore whether we might be of service.

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To discuss your specific situation, please contact:

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