

Frequently Asked Questions

Q: Who are Mossack Fonseca's clients?

Mossack Fonseca provides legal solutions, trust services, company formations and foundations and intellectual property services. We receive most of the instructions for company formation from banks, law firms, accountants and trust companies. Clients seek services such as these for commercial reasons such as to establish an entity for conducting cross-border mergers and acquisitions, bankruptcies and restructurings and pooling investment capital from investors residing different jurisdictions who want a legal and tax regime that does not benefit or disadvantage any one investor. Others seek our services for confidentiality and protection of their privacy, especially when legal systems in their home country are prone to compromise or do not provide the levels of privacy protections that are taken for granted in more developed countries.

Q: Isn't Panama a tax haven?

Panama's offshore jurisdiction is strictly regulated by extensive legislation and allows the country to provide a wide range of financial services including offshore banking, offshore company incorporation and registering trusts and foundations. According to Panamanian law, companies incorporated in Panama receive certain tax benefits that make the country a strategic and legal option for a variety of cases. These benefits include no income tax or capital gains tax on investments or transactions in other jurisdictions. However, Panama's financial services sector is tightly regulated and must comply with strict global protocols to prevent abuse of the financial system. This includes preventing money-laundering, combatting terrorist financing and preventing tax evasion.

Q: Isn't Mossack Fonseca in the business of creating shell companies?

Mossack Fonseca provides a wide range of legal services including legal solutions, trust services, company formations and foundations and intellectual property services. Our company formation and foundation offering helps our clients find the most suitable alternative when it comes to choosing a company formation jurisdiction, which is a function of their business, the location of their clients and other commercial factors. We provided this service from our offices in many well-regulated global business capitals allows. This practice is well-established around the world and regulated by several oversight and enforcement agencies including the Banking Superintendence of Panama and the Intendancy of Non-financial Regulated Services Providers. Our firm has never once in its history been charged with criminal wrong doing or even been formally investigated in connection with allegations of the same.

Q: Aren't Panamanian or BVI-domiciled companies used for tax evasion?

Incorporating companies, in Panama, BVI and around the world, is the normal activity of lawyers and agents. The company formation, registered agent and other services that we provide are no different than those provided in jurisdictions worldwide including the United States and United Kingdom. Unlike tax evasion, company incorporation is perfectly legal. The companies we incorporate are incorporated for strictly legal business. If we at any point in time find out that any such company is used in an illegal or inappropriate form, we terminate our relationship with the concerned client.

Both Panama and the British Virgin Islands are signatories to several bilateral tax information exchange agreements approved by the OECD. In addition, Panama has several bilateral double taxation agreements that include a provision for information sharing intended to facilitate investigations into tax evasion. These agreements ensure that Panama shares information with authorities in most of the major industrialized countries, including Canada, the United States and many European Union countries.

It is important to note that Panama respects the laws of other jurisdictions and cooperates with requests from authorities in countries investigating tax evasion despite the fact that tax evasion is a misdemeanor in Panama.



Lastly, domiciles such as the British Virgin Islands that are known to have a stable political climate. Jurisdictions such as BVI have laws that are based on the United Kingdom common law and Delaware corporate law and are hence known and understandable to lawyers worldwide. In addition, many offshore jurisdictions do not impose a local income or capital gains tax, even for investments or transactions in other jurisdictions. As such, they offer a tax neutral platform that is ideal for cross-border commerce between jurisdictions with varying tax rates.

Q: Isn't a registered agent responsible for operations of the companies that are their clients?

The registered agent function is a well-established service offering in our industry, and exists in jurisdictions around the world, including the United States and United Kingdom. Under Panamanian law, newly formed corporations must have a resident agent, and that agent must be a lawyer or law firm that is based in Panama.

Our registered agent and corporate secretarial services are limited to a narrow set of administrative services related to facilitating document filings before the authorities and registry of a company's jurisdiction, and helping a company register for taxes and file for licenses, manage patents and trademarks, file tax returns and other documentation.

The resident agent is not involved in managing the business in any way. We do not open or manage accounts, take custody of money or assets (aside from fees paid to us for our services), monitor transactions, perform audits, advise on transactions or have discretionary authority to make decisions on behalf of the companies for which we serve as registered agents or for which we perform corporate secretarial services.

We comply with our responsibility to identify customers and report unlawful activity to the relevant authorities. As a registered agent, we are obligated to work with authorities in cases in which individuals are linked to an entity under investigation. We have and will continue to cooperate with authorities under such circumstances.

Q: What are the companies Mossack Fonseca creates used for?

Mossack Fonseca's wide range of services includes company formations. Clients seek services such as these for commercial reasons such as to establish an entity for conducting cross-border mergers and acquisitions, bankruptcies and restructurings and pooling investment capital from investors residing different jurisdictions who want a legal and tax regime that does not benefit or disadvantage any one investor. Others seek our services for confidentiality and protection of their privacy, especially when legal systems in their home country are prone to compromise or do not ensure levels of privacy that are taken for granted in more developed countries. In many cases, clients use companies we incorporate for the protection of intellectual property, such as trademarks, patents and copyrights.

Q: What responsibility does Mossack Fonseca have to know the beneficial owners of the companies it has created?

Mossack Fonseca conducts thorough due diligence on all new and prospective clients that often exceeds in stringency the laws and standards to which we and others are bound. If a new client is not willing and/or able to give us the appropriate documentation indicating who they are, and (when applicable) from where their funds are derived, we will not work with that entity.

In some cases, due to banking secrecy laws in certain jurisdictions, Mossack Fonseca is now allowed to access information regarding the final beneficiary of a company. In other cases, companies incorporated by Mossack Fonseca are resold to other beneficiaries without our knowledge and we are not told who the final beneficiary is. But in all other cases we comply with our responsibility to identify customers and report unlawful activity to the relevant authorities. As a registered agent we are obligated to report suspicious behavior and to work with authorities in cases in which individuals are linked to an entity under investigation. We have and will continue to cooperate with authorities under such circumstances.



Q: How is your business regulated?

Our business is regulated by several different oversight and enforcement agencies, including the Banking Superintendence of Panama and the Intendency of Non-financial Regulated Services Providers. In addition, we have always complied with international protocols such as the Financial Action Task Force and the U.S. Foreign Account Tax Compliance Act (FATCA).

Q: How do you prevent money-laundering or other illicit uses of the companies you incorporate?

Mossack Fonseca conducts thorough due diligence on all new and prospective clients that often exceeds in stringency the existing rules and standards to which we and others are bound. Many of our clients come through established and reputable law firms and financial institutions across the world, including the major correspondent banks, which also are bound by international “know your client” protocols and their own domestic regulations and laws. If a new client is not willing and/or able to provide to us the appropriate documentation indicating who they are, and (when applicable) from where their funds are derived, we will not work with that entity.

We also comply with our responsibility to report unlawful activity to the relevant authorities. As a registered agent we are obligated to report suspicious behavior and to work with authorities in cases in which individuals are linked to an entity under investigation. We have and will continue to cooperate with authorities under such circumstances.

Q: To what extent is Mossack Fonseca responsible for its clients’ activities?

Mossack Fonseca fully complies with our responsibility to identify customers and report unlawful activity to the relevant authorities. As a registered agent, we are obligated to work with authorities in cases in which individuals are linked to an entity under investigation. We have and will continue to cooperate with authorities under such circumstances. However, we are limited legally and operationally in how much we can do. We are not involved in managing our clients’ companies, their money or their assets. We do not link ourselves in any way to companies we help incorporate. Excluding the professional fees we earn, we don’t take possession or custody of clients’ money, or have anything to do with any of the direct financial aspects related to operating these businesses.