

# PANAMA at a glance:



## Moss-Fon Papers

"Panama's financial system and banking regulation requires - since many years ago - the final beneficiary's identity, as well as incorporating the custody regime or the final beneficiary to bearer shares. It came as no surprise that not a single Panamanian bank was included in the wrongly-named "Panama Papers" report." - Vice-minister of Economy and Finance Eyda Varela de Chinchilla.

Source: Victoria Isabel Cardiel. - *La Prensa* (July 7, 2016)

## JPMorgan: Panama Bonds are a Buy

The bank raised its recommendation on the country to "overweight" from "marketweight", saying that the bonds have under-performed this year, even as the economy remains a top performer.

"The real consequences of this fiasco are not going to be all that severe," said Franco Uccelli, an emerging market analyst at JPMorgan. "Everything else that has been sustaining growth in the country is very much there, and is there to stay."

Source: Matthew Bristow. - *Bloomberg* (July 8, 2016)



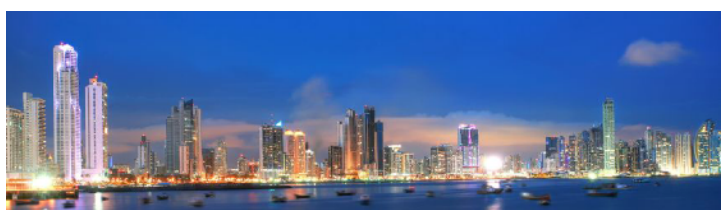
Panama's Ambassador to France, María Del Pilar Arosemena de Alemán, with Angel Gurría, Secretary-General of the OECD. (Source: oecd.org)

## Panama signs international tax convention, OECD says

Panama signed a multilateral convention to share foreign taxpayers' details with other governments, the Organization for Economic Cooperation and Development (OECD) said, making a big step towards ending its status as an offshore tax haven.

"Panama's decision to sign the multilateral convention is a confirmation of its commitment to take the necessary steps to meet international expectations in the fight against tax evasion," OECD Secretary-General Angel Gurría said in a statement.

Source: Michel Rose - *Reuters* (October 27, 2016).



## *Convention on Mutual Administrative Assistance in Tax Matters*

The Global Forum on Transparency and Exchange of Information for Tax Purposes is expected to publish in early November a peer review assessment of how Panama's legal framework and practices over the last three years match up against existing international standards of transparency and exchange of information on request.

"The forthcoming report will reflect Panama's past record on transparency issues. (This) signing, combined with very recent legislative changes opening the door for wide-ranging international cooperation, illustrates the good disposition and commitment by Panama to move forward in the area of tax transparency," said Gurria.

*Source: OECD (October 27, 2016).*

## **Joining forces to tackle tax evasion**

In the fight against tax evasion, Germany and Panama are to enter into an information sharing agreement as well as enhancing transparency, reported Chancellor Angela Merkel following a meeting with President Varela Rodriguez at the Federal Chancellery. In future the two countries intend to expand their economic relations.

Panama is "a partner with a dynamically developing economy", which is becoming the centre of Central America, said the Chancellor. The strong presence of German companies and good flight connections further strengthen economic and business relations.

The Chancellor praised Panama's efforts to achieve greater transparency in the field of fiscal policy. "Panama has responded very swiftly and we are delighted that Panama has now declared its readiness to adopt OECD standards."

Merkel stressed that it is hoped that bilateral negotiations between Germany and Panama regarding an information sharing agreement, which began this July, can be finalized by the end of this year or the beginning of next year.

Looking at the cooperation between Panama and the Global Forum on Transparency and Exchange of Information for Tax Purposes, she said, "I can only encourage Panama to clearly and unambiguously regulate past matters, because this is extremely important in order to cultivate trust."

"We want to fight together to achieve greater transparency in the financial system," said President Varela. Panama intends to play a leading part in combating tax evasion and in closing gaps in the financial system so that tax revenues can be used for genuinely social purposes.

*Source: The Federal Chancellor (October 18, 2016).*



Panama's President Juan Carlos Varela and Germany's Chancellor Angela Merkel. (Source: Bundesregierung/Güngör)

## **Tax Information Exchange**

Since 2009, Panama has signed over 30 Tax Information Exchange Agreements (TIEA). Also, 16 Double Taxation Treaties (DTTs) and 9 tax information exchange treaties have been signed with countries from Europe, Asia, the Middle East and Latin America.

*Source: José Arcia. - La Estrella de Panamá (October 19, 2016)*

## Global Forum on Transparency and Exchange of Tax Information

The Global Forum on Transparency and Exchange of Information for Tax Purposes held its annual meeting in Tbilisi, Georgia on November 2-4, bringing together 220 delegates from 84 jurisdictions and 12 International organizations to further their shared goal of improving tax transparency and achieving a level playing field.

The meeting marked the completion of the first round of the Forum's peer review process, with the release of 17 new reports assessing the level of compliance with the international standard for exchange of information on request (EOIR).

Many jurisdictions which received less than satisfactory ratings announced that they had already taken or were taking steps to address recommendations made in the review process.

Panama reminded the group of recent significant action taken, both in terms of amending legislation, reorganizing its competent authority and signing the multilateral Convention on Mutual Administrative Assistance in Tax Matters on 27 October 2016.

A special fast-track review procedure was agreed at the meeting to enable Global Forum to recognize, by mid-2017, progress made and to assess changes being made in various jurisdictions.

*Source: OECD (November 4, 2016).*

### OECD Report on Panama

Panama failed to satisfactorily meet standards put in place by the Global Forum on Transparency from the Organization of Economic Cooperation and Development (OECD), but the agency acknowledged the series of measures adopted by

the country since the review.

The report examined Panama's practices between 2012 and 2015. In October of last year, Panama passed phase I of the peer review. The second phase assessed the effective capacity of the country to comply with requests for the exchange of tax information.

"In view of the qualifications of each of the essential elements taken into account, the overall score for Panama is that it fails to be satisfactory," the report concluded.

The evaluation excludes the latest measures adopted by Panama to improve transparency.

"In general, we can say that Panama took a series of measures to address the concerns reflected in this report," said Pascal Saint-Amans, director of the Center for Tax Policy and Administration of the OECD.

*Source: Victoria Isabel Cardiel - La Prensa (November 4, 2016).*



Panama's General Revenue Director Publio Cortés (center) represented Panama at the Global Forum in Tbilisi, Georgia. (Source: Panama's Chancellery)

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