

Panama

1. Panama was reviewed as part of the 2017/2018 and the 2018/2019 peer reviews. This report is supplementary to those previous reports (OECD, 2019^[1]) (OECD, 2018^[2]).
2. The first filing obligation for a CbC report in Panama applies to reporting fiscal years commencing on or after 1 January 2018.

Summary of key findings

3. Panama's implementation of the Action 13 minimum standard meets all the applicable terms of reference (OECD, 2017^[3]) relating to the domestic legal and administrative framework, with the exception that:
 - It is recommended that Panama take steps to implement a penalty regime in order to enforce the timely and accurate filing of CbC reports.
4. Previous peer reviews recommended that Panama take steps to have QCAAs in effect with jurisdictions of the Inclusive Framework which meet the confidentiality, consistency and appropriate use prerequisites and with which Panama has an international exchange of information agreement in effect that allows for the automatic exchange of tax information. These steps have been taken and the recommendation is removed.
5. It is recommended that Panama take steps to implement processes or written procedures to ensure that the exchange of information is conducted in a manner consistent with the terms of reference (OECD, 2017^[3]) relating to the exchange of information framework ahead of the first exchanges of information.
6. It is recommended that Panama take steps to ensure that the appropriate use condition is met ahead of the first exchanges of information. This recommendation remains unchanged since the 2017/2018 peer review.

Part A: The domestic legal and administrative framework

7. Panama has legislation in effect which imposes a CbC requirement for fiscal years commencing on or after 1 January 2018.

(a) Parent entity filing obligation

8. Panama has introduced a filing requirement which applies to all Ultimate Parent Entities of MNE Groups above a certain threshold and which inclusion of all constituent entities.

(b) Scope and timing of parent entity filing

9. The filing requirements of MNE Groups in Panama apply for fiscal years commencing on or after 1 January 2018. Filing is required within 12 months after the reporting year end.

(c) Limitation on local filing obligation

10. Panama does not have a requirement for local filing.

(d) Limitation of local filing in case of surrogate filing

11. Panama does not have a requirement for local filing and does not allow surrogate filing.

(e) Effective implementation

12. Panama has notification requirements for resident entities of MNE Groups who are required to file a CbC report.
13. It is recommended that Panama take steps to implement a penalty regime in order to enforce the timely and accurate filing of CbC reports.

Conclusion

14. Panama's legal framework meets all the terms of reference except for the following:
- It is recommended that Panama take steps to implement a penalty regime in order to enforce the timely and accurate filing of CbC reports.

Part B: The exchange of information framework***(a) Exchange of information framework***

15. Previous peer reviews recommended that Panama take steps to have QCAAs in effect with jurisdictions of the Inclusive Framework which meet the confidentiality, consistency and appropriate use prerequisites and with which Panama has an international exchange of information agreement in effect that allows for the automatic exchange of tax information. These steps have been taken and the recommendation is removed.
16. As of 31 March 2020, Panama has 57 bilateral relationships in place for the exchange of CbC reports. Within the context of its international exchange of information agreements that allow automatic exchange of information, Panama has taken steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions. Regarding Panama's exchange of information framework, no inconsistencies with the terms of reference were identified.¹

(b) Content of information exchanged

17. No changes were identified.

(c) Completeness of exchanges

18. No changes were identified.

(d) Timeliness of exchanges

19. No changes were identified.

(e) Temporary suspension of exchange or termination of QCAA

20. No changes were identified.

(f) Consultation with other Competent Authority before determining systemic failure or significant non-compliance

21. No changes were identified.

(g) Format for information exchange

22. Panama intends to require filing using the OECD XML Schema.

(h) Method for transmission

23. No changes were identified.

Conclusion

24. Previous peer reviews recommended that Panama take steps to have QCAAs in effect with jurisdictions of the Inclusive Framework which meet the confidentiality, consistency and appropriate use prerequisites and with which Panama has an international exchange of information agreement in effect that allows for the automatic exchange of tax information. These steps have been taken and the recommendation is removed.

25. It is recommended that Panama take steps to implement processes or written procedures to ensure that the exchange of information is conducted in a manner consistent with the terms of reference relating to the exchange of information framework ahead of its first exchanges of information. This recommendation remains unchanged since the 2018/2019 peer review.

Part C: Appropriate use

Appropriate use

26. No changes were identified.

Conclusion

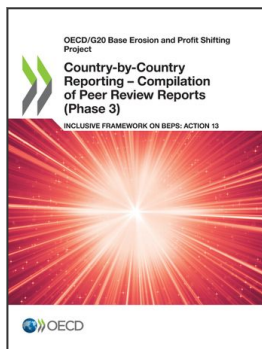
27. It is recommended that Panama take steps to ensure that the appropriate use condition is met ahead of the first exchanges of information. This recommendation remains unchanged since the 2017/2018 peer review.

Summary of recommendations on the implementation of Country-by-Country Reporting

Aspect of the implementation that should be improved		Recommendation for improvement
Part A	Domestic legal and administrative framework	It is recommended that Panama take steps to implement a penalty regime in order to enforce the timely and accurate filing of CbC reports.
Part B	Exchange of information framework	
Part B	Exchange of information framework	It is recommended that Panama take steps to implement the necessary processes or written procedures to ensure that the exchange of information is conducted in a manner consistent with the terms of reference relating to the exchange of information framework.
Part C	Appropriate use	It is recommended that Panama take steps to ensure that the appropriate use condition is met ahead of the first exchanges of information.

References

- OECD (2019), *Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 2): Inclusive Framework on BEPS: Action 13*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://dx.doi.org/10.1787/f9bf1157-en>. [1]
- OECD (2018), *Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 1): Inclusive Framework on BEPS: Action 13*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264300057-en>. [2]
- OECD (2017), *Terms of reference for the conduct of peer review of the Action 13 minimum standard on country-by-country reporting*, OECD Publishing, <https://www.oecd.org/tax/beps/beps-action-13-on-country-by-country-reporting-peer-review-documents.pdf>. [3]



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