

Panama

1. Panama was first reviewed during the 2017/2018 peer review. This report is supplementary to Panama's 2017/2018 peer review report (OECD, 2018_[1]).

Summary of key findings

2. Panama's 2017/2018 peer review report included a recommendation that Panama take steps to implement legislation to impose a CbC filing requirement. Panama approved legislation to implement the BEPS Action 13 minimum standard on the 27th of May 2019. It has not been possible to carry out a review of this legislation for this peer review. The recommendation for Panama to implement legislation is therefore removed and review of the legislation will take place next year.
3. It is 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. This recommendation remains unchanged since the 2017/2018 peer review.
4. 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_[2]) relating to the exchange of information framework ahead of the first exchanges of information.
5. 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.
6. It is however noted that Panama will not be exchanging CbC reports in 2019.

Part A: The domestic legal and administrative framework

7. Panama's 2017/2018 peer review report included a recommendation that Panama take steps to implement legislation to impose a CbC filing requirement. Panama approved legislation to implement the BEPS Action 13 minimum standard on the 27th of May 2019. It has not been possible to carry out a review of this legislation for this peer review. The recommendation for Panama to implement legislation is therefore removed and review of the legislation will take place next year.

(a) Parent entity filing obligation

8. No changes were identified with respect to the parent entity filing obligation.

(b) Scope and timing of parent entity filing

9. No changes were identified with respect to the scope and timing of parent entity filing.

(c) Limitation on local filing obligation

10. No changes were identified with respect to the limitation on local filing obligation.

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

11. No changes were identified with respect to the limitation on local filing in case of surrogate filing.

(e) Effective implementation

12. No changes were identified with respect to the effective implementation.

Conclusion

13. Panama's 2017/2018 peer review report included a recommendation that Panama take steps to implement legislation to impose a CbC filing requirement. Panama approved legislation to implement the BEPS Action 13 minimum standard on the 27th of May 2019. It has not been possible to carry out a review of this legislation for this peer review. The recommendation for Panama to implement legislation is therefore removed and review of the legislation will take place next year.

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

14. As of 31 May 2019, Panama has no bilateral relationships in place for the exchange of CbC reports. It is recommended that Panama take steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions and with which Panama has an international exchange of information agreement in effect that allows for the automatic exchange of tax information. This recommendation remains unchanged since the 2017/2018 peer review.

(b) Content of information exchanged

15. Panama does not have processes or written procedures in place that are intended to ensure that each of the mandatory fields of information required in the CbC reporting template are present in the information exchanged.

(c) Completeness of exchanges

16. Panama does not have processes or written procedures in place that are intended to ensure that CbC reports are exchanged with all tax jurisdictions listed in Table 1 of a CbC report with which it should exchange information as per the relevant QCAA.

(d) Timeliness of exchanges

17. Panama does not have processes or written procedures in place that are intended to ensure that the information to be exchanged is transmitted to the relevant jurisdictions in accordance with the timelines provided for in the relevant QCAs.

(e) Temporary suspension of exchange or termination of QCAA

18. Panama does not have processes or written procedures in place that are intended to ensure that a temporary suspension of the exchange of information or termination of a relevant QCAA would be carried out only as per the conditions set out in the relevant QCAA.

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

19. Panama does not have processes or written procedures in place that are intended to ensure that its Competent Authority consults with the other Competent Authority before making a determination of systemic failure or significant non-compliance with the terms of the relevant QCAA by that other Competent Authority.

(g) Format for information exchange

20. Panama intends to use the OECD XML Schema and User Guide (OECD, 2017^[3]) for the international exchange of CbC reports.

(h) Method for transmission

21. Panama intends to use the Common Transmission System to exchange CbC reports.

Conclusion

22. It is recommended that Panama take steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions and with which Panama has an international exchange of information agreement in effect that allows for the automatic exchange of tax information. This recommendation remains in place since the 2017/2018 peer review.

23. Further, 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. It is however noted that Panama will not be exchanging CbC reports in 2019.

Part C: Appropriate use

24. Panama does not yet have measures in place relating to appropriate use. No changes were identified in respect of appropriate use. The recommendation in the 2017/2018 peer review for Panama to take steps to have measures in place relating to appropriate use ahead of the first exchanges of information remains in place. It is however noted that Panama will not be exchanging CbC reports in 2019.

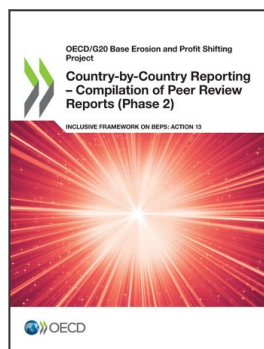
25. No information or peer input was received for the reviewed jurisdiction in respect of appropriate use.

Conclusion

26. The recommendation for Panama to take steps to ensure that the appropriate use condition is met ahead of its first exchanges of information remains in place. It is however noted that Panama will not be exchanging CbC reports in 2019.

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	-
Part B	Exchange of information framework	It is recommended that Panama take steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions and with which it has an international exchange of information agreement in effect that allows for the automatic exchange of tax information.
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.



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