



ATU (Panama) SA

MEMBER OF ATU GROUP

founded 1929

Panama Update

March 2019

1. CRS Status in Panama

(1) In September 2018, the first automatic exchange of information in tax matters under the Common Reporting Standard (CRS) took place with 31 reportable jurisdictions. The official list consisted of the following 33 reportable jurisdictions: Argentina, Australia, Belgium, Bulgaria, Denmark, France, Germany, Greece, Guernsey, India, Indonesia, Ireland, Isle of Man, Italy, Japan, Latvia, Luxembourg, Malaysia, Malta, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Seychelles, Singapore, Slovenia, South Africa, Spain, Sweden, United Kingdom, Uruguay. However, there was no exchange with Argentina and Latvia in 2018 due to formal deficits on each country's side.

Based on the information available, no further jurisdictions have been added to the official list of reportable jurisdictions as of mid-March.

The reliability of the CRS portal has improved since its activation middle of last year. ATU (Panama) SA can handle registrations for Panamanian entities which qualify as Financial Institutions (FIs) given that banks, wherever being located, will require evidence of such registration more often.

(2) Panama's recent efforts in this regard have been recognized on international and EU (European Union) level and, from an investor's point of view, led to an upgrade in the country's investment grade by Moody's to Baa1.

2. Place of Effective Management ('POEM')

The efforts made by Panama also serve to maintain its competitive advantages as a diversified and international business centre in Latin America. As discussed in our previous update, having Panama as POEM can turn out to be an important factor. In the Panamanian entities under the management of ATU (Panama) SA, we can provide most of the Board of Directors, thus ensuring that POEM is considered to be Panama.

3. Data Protection in Panama

The topic of data protection has gained "global" relevance in a world of increasing digitalization and global networks, with the effect that the volume of data collected, processed and stored grows continually. As mentioned in our last update, a draft bill for Personal Data Protection has been proposed to the National Assembly but is awaiting further discussion and approval. However, this does not mean that data protection is inexistent in Panama. In fact, the Panamanian Constitution of 1972, as amended from time to time, already deals with data protection in the articles 42 to 44. These provisions constitute the regulatory framework with regard to data protection. The collection of personal data is only allowed for specific purposes and based on an act of the competent authority or the consent of the individual concerned. Furthermore, with the habeas data action there exists a constitutional remedy which guarantees the right of access to personal information collected in public or private data files and to have the information held rectified, updated or even deleted from the data

files in question. Based on the principles in the Constitution, personal data protection provisions have been included in a range of special laws, as for example, with regard to electronic commerce, consumer protection or the banking sector.

4. Residency in Panama

Panama offers several programs which enable foreigners to obtain permanent residency in Panama. One of the most popular residency permits is the so-called “Friendly Nations Permit” which actually is available for citizens of the following nations: Andorra, Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Costa Rica, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, Ireland, Israel, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Monaco, Montenegro, Netherlands, New Zealand, Norway, Paraguay, Poland, Portugal, Republic of Korea, San Marino, Serbia, Singapore, Slovakia, South Africa, Spain, Sweden, Switzerland, United Kingdom, Uruguay and USA.

ATU (Panama) SA, together with its local network, will support interested individuals in the entire process and deal with all the procedures and formalities required to obtain said permit.

5. General Outlook

The final figures for the year 2018 were published only recently and reflected that Panama closed the past year with a GDP (gross domestic product) growth of 4% meeting the projections made for that year. For this year, an economic growth of 6% is expected based on the projection

of the International Monetary Fund (IMF) which falls in line with the big players in global economy.

On May 5th, Election Day will be held in Panama as Mr. Juan Carlos Varela’s presidential term approaches its end. With a bit more than a month to go, seven candidates are competing on the race to become the next President of the country. Given the number of candidates, there is no clear favorite but a couple of favorites. Nevertheless, none of these candidates have radical views which might end up representing drastic changes. Therefore, it is safe to say that Panama will keep its stable political environment that it has enjoyed throughout many years during the next presidential term regardless of the winner.

Should you require any further information, please contact:

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