

COUNTRY PROFILE



Panama

Tax overview

Corporate Income Tax	25%
Personal Income Tax	25%, progr.
Gift Tax	None
Inheritance Tax	None
Wealth Tax	None

Territorial Tax Regime

Panama has a territorial tax regime. Income tax is levied on Panama source income only. Income from foreign sources is not subject to tax.

Corporate Income Tax (CIT)

Corporations are subject to tax on Panama source income at a rate of 25%. Capital gains on securities are taxed at 10%.

Personal Income Tax

Residents of Panama are subject to income tax on local source income at progressive rates, up to 25%. Panama does not impose gift tax, inheritance tax, or wealth tax. Capital gains on securities are taxed at 10%.

Anti-Avoidance Rule

Panama has no General Anti-Avoidance Rules (GAARs). Panama has Transfer Pricing rules, which follow OECD guidelines. Panama has no Thin Capitalization rules, or Controlled Foreign Corporation (CFC) rules.

Double Tax Treaties (DTTs)

Panama has a number of DTTs, including with Barbados, France, Ireland, Israel, Italy, Luxembourg, Mexico, Netherlands, Portugal, Singapore, Spain, UAE, and United Kingdom.

Tax Info. Exchange Agreements (TIEAs)

Panama has a number of Tax Information Exchange Agreements (TIEAs), including with Canada, Denmark, Finland, France, Japan, Norway, Sweden, and United States.

Foreign Investment Protection

Panama has agreements with a number of jurisdictions for the protection of investments that provide for international arbitration in the event of nationalization or expropriation, including with Luxembourg, Netherlands, Spain, Switzerland, United Kingdom, United States, and Uruguay.

OECD Multilateral Convention

Panama is a signatory to the OECD Multilateral Convention on Mutual Administrative Assistance in Tax Matters. Signatories to the Convention are required to exchange information on request. The Convention is also the underlying instrument to the MCAA.

Common Reporting Standard (CRS)

Panama has adopted CRS for the automatic exchange of account information, is a signatory of the Multilateral Competent Authority Agreement (MCAA), has adopted domestic implementing legislation, and exchanges information with a number of countries.

FATCA

Panama has a FATCA Model 1 Intergovernmental Agreement (IGA) with the United States for the automatic exchange of account information.

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