



# **ACTION PLAN 13**

INCLUSION OF THE COUNTRY-BY-COUNTRY REPORT WITHIN THE FRAMEWORK  
OF TRANSFER PRICING IN PANAMA

## INCLUSION OF THE COUNTRY-BY-COUNTRY REPORT WITHIN THE FRAMEWORK OF TRANSFER PRICING IN PANAMA

On May 27, Panama released Executive Decree N° 46, which adds CbCR to the country's transfer pricing regulatory framework.

The new decree follows the recommendations set by the Inclusive Framework of the G20 and OECD. The new rules establish the following in Panama:

**a. Article 2. Obligation:** The obligors shall be those parent companies (ultimate parent companies) with consolidated with consolidated income exceeding 750 million euros (or its equivalent in Balboas).

**b. Article 3. Notification:** The Panamanian taxpayer must notify the DGI of the identity, tax residence and the fiscal period used by the informing entity (i.e., the parent company), which has declared the CbC report in its jurisdiction.

**c. Article 4. Contents of the CbC Report:** The general information which must be included is: Income, profits (and losses), income taxes paid and accrued, declared capital, retained earnings, number of employees and tangible assets (other than cash) of each of the jurisdictions in which the multinational group operates, Identification of each member entity or entity belonging to the multinational group, the jurisdiction to which it belongs, and activities it performs.

**d. Article 5. Forms and Deadlines:** the terms will be established by the DGI, in "XML Schema" format. Temporarily, the obligation shall be from 2018 and shall be submitted within 12 months after the closing of the corresponding fiscal period.

In addition, Article 6 establishes that the DGI "shall ensure the confidentiality of the information contained" and "may not make use of the information contained in the Country-by-Country Report as a conclusive tool by itself for the determination of the transfer pricing adjustments.

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