

**AGREEMENT BETWEEN
THE REPUBLIC OF PANAMA AND CANADA
FOR TAX COOPERATION AND THE EXCHANGE
OF INFORMATION RELATING TO TAXES**

The Republic of Panama and Canada, desiring to facilitate the exchange of information with respect to taxes, have agreed as follows:

**Article 1
Object and Scope of this Agreement**

1. The competent authorities of the Contracting Parties shall provide assistance through exchange of information that is foreseeably relevant to the administration and enforcement of the domestic laws of the Contracting Parties concerning taxes covered by this Agreement. Such information shall include information that is foreseeably relevant to the determination, assessment and collection of such taxes, the recovery and enforcement of tax claims, or the investigation or prosecution of tax matters. Information shall be exchanged in accordance with the provisions of this Agreement and shall be treated as confidential in the manner provided in Article 7.

2. The Contracting Parties shall ensure that any right or safeguard granted to persons by their respective laws and administrative practices is not applied in a manner which unduly prevents or delays the effective exchange of information.

**Article 2
Jurisdiction**

A requested Party is not obligated to provide information which is neither held by its authorities nor in the possession or control of persons who are within its territorial jurisdiction.

**Article 3
Taxes Covered**

1. The taxes which are the subject of this Agreement are:
 - (a) in the case of the Republic of Panama, all taxes imposed or administered by the Government of Panama;
 - (b) in the case of Canada, all taxes imposed or administered by the Government of Canada.
2. This Agreement shall also apply to any identical taxes imposed after the date of signature of this Agreement in addition to, or in place of, the existing taxes. This Agreement shall also apply to any substantially similar taxes imposed after the date of signature of this

Agreement in addition to, or in place of, the existing taxes, if the competent authorities of the Contracting Parties so agree. Furthermore, the taxes covered may be expanded or modified by mutual agreement of the Contracting Parties, in the form of an exchange of letters. The competent authorities of the Contracting Parties shall notify each other of any substantial changes to the taxation and related information gathering measures covered by this Agreement.

Article 4 Definitions

1. For the purposes of this Agreement, unless otherwise defined:
 - (a) the term “Canada”, used in a geographical sense, means:
 - (i) the land territory, internal waters and territorial sea, including the air space above these areas, of Canada,
 - (ii) the exclusive economic zone of Canada, as determined by its domestic law, consistent with Part V of the *United Nations Convention on the Law of the Sea*, done at Montego Bay on 10 December 1982 (“UNCLOS”), and
 - (iii) the continental shelf of Canada, as determined by its domestic law, consistent with Part VI of UNCLOS;
 - (b) the term “Panama”, when used in a geographical sense, means the territory of the Republic of Panama, including inland waters, its airspace and the territorial sea, and any area outside the territorial sea within which, in accordance with International Law and on application of its domestic legislation, the Republic of Panama exercises, or may exercise in the future, jurisdiction or sovereign rights with respect to the seabed, its subsoil and superjacent waters, and their natural resources;
 - (c) the term “Contracting Party” means the Republic of Panama or Canada as the context requires;
 - (d) the term “competent authority” means:
 - (i) in the case of the Republic of Panama, the Ministry of Economy and Finance or its authorized representative;
 - (ii) in the case of Canada, the Minister of National Revenue or the Minister’s authorized representative;

(e) the term “person” includes an individual, a company, a trust, a partnership and any other body of persons;

(f) the term “company” means anybody corporate or any entity that is treated as a body corporate for tax purposes;

(g) the term “publicly traded company” means any company whose principal class of shares is listed on a recognized stock exchange provided that its listed shares can be readily purchased or sold by the public. Shares can be purchased or sold “by the public” if the purchase or sale of shares is not implicitly or explicitly restricted to a limited group of investors;

(h) the term “principal class of shares” means the class or classes of shares representing a majority of the voting power and value of the company;

(i) the term “recognized stock exchange” means any stock exchange agreed upon by the competent authorities of the Contracting Parties;

(j) the term “collective investment fund or scheme” means any pooled investment vehicle, irrespective of legal form. The term “public collective investment fund or scheme” means any collective investment fund or scheme provided the units, shares or other interests in the fund or scheme can be readily purchased, sold or redeemed by the public. Units, shares or other interests in the fund or scheme can be readily purchased, sold or redeemed “by the public” if the purchase, sale or redemption is not implicitly or explicitly restricted to a limited group of investors;

(k) the term “tax” means any tax to which this Agreement applies;

(l) the term “requesting Party” means the Contracting Party requesting information;

(m) the term “requested Party” means the Contracting Party requested to provide information;

(n) the term “information gathering measures” means laws and administrative or judicial procedures that enable a Contracting Party to obtain and provide the requested information; and

(o) the term “information” means any fact, statement or record in any form whatever.

2. As regards the application of this Agreement at any time by a Contracting Party, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the law of that Contracting Party, any meaning under the applicable tax laws of that Contracting Party prevailing over a meaning given to the term under other laws of that Contracting Party.

Article 5

Exchange of Information Upon Request

1. The competent authority of the requested Party shall provide upon request information for the purposes referred to in Article 1. Such information shall be exchanged without regard to whether the conduct being investigated would constitute a crime under the laws of the requested Party if such conduct occurred in the territory of the requested Party.

2. If the information in the possession of the competent authority of the requested Party is not sufficient to enable it to comply with the request for information, that Party shall use all relevant information gathering measures to provide the requesting Party with the information requested, notwithstanding that the requested Party may not need such information for its own tax purposes.

3. If specifically requested by the competent authority of the requesting Party, the competent authority of the requested Party shall provide information under this Article, to the extent allowable under the domestic laws of the requested Party, in the form of depositions of witnesses and authenticated copies of original records.

4. Each Contracting Party shall ensure that its competent authority for the purposes of this Agreement has the authority to obtain and provide upon request:

(a) information held by banks, other financial institutions, and any person acting in an agency or fiduciary capacity, including nominees and trustees;

(b) information regarding the ownership of companies, partnerships, trusts, foundations and other persons, including, within the constraints of Article 2, ownership information on all such persons in an ownership chain; in the case of trusts, information on settlors, trustees, and beneficiaries; and, in the case of foundations, information on founders, members of the foundation council, and beneficiaries. This Agreement does not create an obligation for the Contracting Parties to obtain or provide ownership information with respect to publicly traded companies or public collective investment funds or schemes

unless such information can be obtained without giving rise to disproportionate difficulties.

5. The competent authority of the requesting Party shall provide the following information to the competent authority of the requested Party when making a request for information under this Agreement to demonstrate the foreseeable relevance of the information requested to the administration and enforcement of the tax laws of the requesting Party:

- (a) the identity of the person(s) under examination or investigation;
- (b) the taxable periods for which the information is requested;
- (c) a statement which includes a description of the information sought, its nature and the form in which the requesting Party wishes to receive the information from the requested Party;
- (d) the tax purpose for which the information is sought;
- (e) the grounds for believing that the information requested is held in the territory of the requested Party or is in the possession or control of a person within the jurisdiction of the requested Party;
- (f) to the extent known, the name and address of any person believed to be in possession of the requested information;
- (g) a statement that the requesting Party has pursued all means available in its own territory to obtain the information, except those that would give rise to disproportionate difficulties; and
- (h) a statement that the request is in conformity with the laws and administrative practices of the requesting Party, that if the requested information were within the jurisdiction of the requesting Party then the competent authority of the requesting Party would be able to obtain the information under the laws of the requesting Party or in the normal course of administrative practice, and that it is in conformity with this Agreement.

6. The competent authority of the requested Party shall forward the requested information as promptly as possible to the requesting Party. To ensure a prompt response, the competent authority of the requested Party shall confirm receipt of a request in writing to the competent authority of the requesting Party and shall:

(a) if there are any deficiencies in the request, notify the competent authority of the requesting Party of those deficiencies within 60 days of the receipt of the request; and

(b) if it is unable to obtain and provide the information within 90 days of receipt of the request, if it encounters obstacles in furnishing the information, or if it refuses to furnish the information, immediately inform the requesting Party, explaining the reason for its inability, the nature of the obstacles or the reasons for its refusal.

Article 6

Possibility of Declining a Request

1. The requested Party shall not be required to obtain or provide information that the requesting Party would not be able to obtain under its own laws for purposes of the administration or enforcement of its own tax laws. The competent authority of the requested Party may decline to assist where the request is not made in conformity with this Agreement.

2. The provisions of this Agreement shall not impose on a Contracting Party the obligation to supply information which would disclose any trade, business, industrial, commercial or professional secret, or trade process. Notwithstanding the foregoing, information of the type referred to in Article 5, paragraph 4, shall not be treated as such a secret or trade process merely because it meets the criteria in that paragraph.

3. The provisions of this Agreement shall not impose on a Contracting Party the obligation to obtain or provide information, which would reveal confidential communications between a client and an attorney, solicitor or other admitted legal representative where such communications are produced for the purposes of:

(a) seeking or providing legal advice, or

(b) use in existing or contemplated legal proceedings.

4. The requested Party may decline a request for information if the disclosure of the information would be contrary to public policy (ordre public).

5. A request for information shall not be refused on the ground that the tax claim giving rise to the request is disputed.

6. The requested Party may decline a request for information if the information is requested by the requesting Party to administer or enforce a provision of the tax laws of the requesting Party, or any

requirement connected therewith, which discriminates against a national of the requested Party as compared with a national of the requesting Party in the same circumstances.

Article 7 Confidentiality

Any information received by a Contracting Party under this Agreement shall be treated as confidential and may be disclosed only to persons or authorities (including courts and administrative bodies) in the jurisdiction of the Contracting Party concerned with the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by this Agreement. Such persons or authorities shall use such information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions. The information may not be disclosed to any other person or entity or authority or any other jurisdiction.

Article 8 Costs

Ordinary costs incurred in providing assistance shall be borne by the requested Party and extraordinary costs incurred in providing assistance shall be borne by the requesting Party.

Article 9 Mutual Agreement Procedure

1. Where difficulties or doubts arise between the Contracting Parties regarding the implementation or interpretation of this Agreement, the competent authorities shall endeavor to resolve the matter by mutual agreement.
2. In addition to the agreements referred to in paragraph 1, the competent authorities of the Contracting Parties may mutually agree on the procedures to be used under Article 5.
3. The competent authorities of the Contracting Parties may communicate with each other directly for purposes of reaching agreement under this Article.
4. The Contracting Parties may also agree on other forms of dispute resolution.

Article 10 Other International Agreements or Arrangements

The possibilities of assistance provided by this Agreement do not

limit, nor are they limited by, those contained in existing international agreements or other arrangements between the Contracting Parties which relate to co-operation in tax matters.

Article 11 Entry Into Force

This Agreement shall enter into force on the date of the later notice by which each Contracting Party has notified the other of the completion of its necessary internal procedures for entry into force. Upon entry into force, it shall have effect:

- (a) for tax matters involving intentional conduct which is liable to prosecution under the criminal laws of the requesting Party (irrespective of whether contained in the tax laws, the criminal code or other statutes), from the date of entry into force, and
- (b) for all other matters covered in Article 1, from the date of entry into force, but only in respect of taxable periods beginning on or after that date, or where there is no taxable period, all charges to tax arising on or after that date.

Article 12 Termination

1. A Contracting Party may terminate this Agreement by serving a notice of termination through diplomatic channels to the other Contracting Party.
2. This Agreement shall terminate on the first day of the month following the expiration of a period of six months after the date of the notice of termination.
3. Where a Contracting Party terminates this Agreement, the Contracting Parties shall remain bound by the provisions of Article 7 of this Agreement with respect to any information obtained under this Agreement.

IN WITNESS WHEREOF, the undersigned being duly authorized by their respective governments, have signed this Agreement.

DONE in duplicate at Panama City, this 17th of March 2013, in the Spanish, French and English languages, each version being equally authentic.

**FOR THE REPUBLIC OF
PANAMA**

FOR CANADA

FERNANDO NÚÑEZ FÁBREGA
Minister of Foreign Affairs

SYLVIA CESARATTO
Ambassador Extraordinary
and Plenipotentiary

**PROTOCOL TO THE AGREEMENT
BETWEEN
THE REPUBLIC OF PANAMA AND CANADA
FOR TAX COOPERATION AND THE EXCHANGE OF
INFORMATION RELATING TO TAXES**

The Republic of Panama and Canada (the “Contracting Parties”) have agreed, at the signing of the *Agreement between the Republic of Panama and Canada for Tax Cooperation and the Exchange of Information relating to Taxes* (the “Agreement”), on the following provisions which shall form an integral part of the Agreement:

1. With respect to Article 3, it is understood that the Agreement shall not apply to taxes imposed by municipalities.
2. With respect to subparagraph (1)(g) of Article 4, it is understood that “shares can be readily purchased or sold by the public” if they can both be purchased and sold by the public.
3. With reference to subparagraph (1)(j) of Article 4, it is understood that “units, shares or other interests in the fund or scheme can be readily purchased, sold or redeemed by the public” if they can both be purchased and sold by the public or both be purchased and redeemed by the public.
4. With respect to Article 8, the following provisions shall apply:
 - (a) costs that would be incurred in the ordinary course of administering the domestic tax laws of the requested Party shall be borne by the requested Party when those costs are incurred for purposes of responding to a request for information. All costs other than ordinary costs are considered extraordinary costs, and shall be borne by the requesting Party;
 - (b) extraordinary costs include, but are not limited to, the following:
 - (i) reasonable fees charged by third parties for carrying out research and copying documents;
 - (ii) reasonable fees for non-government counsel or experts appointed or retained for litigation in the courts of the requested Party related to a specific request for information; and
 - (iii) reasonable fees and expenses of a person who appears for an interview, deposition or testimony relating to a specific information request. The fees and expenses will be the ordinary amounts allowed under the laws of the

Contracting Party in which the interview, deposition or testimony is held or taken; and

(c) the competent authority of the requested Party shall consult with the competent authority of the requesting Party in advance in any particular case where extraordinary costs are likely to exceed US\$500 (or its equivalent in the national currency of the requested Party), in order to determine whether the requesting Party will continue to pursue the request and bear the cost.

IN WITNESS WHEREOF, the undersigned being duly authorized by their respective governments, have signed this Protocol.

DONE in duplicate at Panama City, this 17th of March 2013, in the Spanish, French and English languages, each version being equally authentic.

**FOR THE REPUBLIC OF
PANAMA**

FOR CANADA

FERNANDO NÚÑEZ FÁBREGA
Minister of Foreign Affairs

SYLVIA CESARATTO
Ambassador Extraordinary
and Plenipotentiary