AGREEMENT BETWEEN THE COMPETENT AUTHORITIES OF THE REPUBLIC OF PANAMA AND THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND ON THE AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION TO IMPROVE INTERNATIONAL TAX COMPLIANCE

Whereas, the Governments of the Republic of Panama and the United Kingdom of Great Britain and Northern Ireland intend to improve international tax compliance by further building on their relationship with respect to mutual assistance in tax matters;

Whereas, the laws of their respective jurisdictions require financial institutions to report information regarding certain accounts and follow related due diligence procedures, consistent with the scope of exchange contemplated by Section 2 of this Agreement and the reporting and due diligence procedures set out in the Common Reporting Standard;

Whereas, Article 6 of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, ("the Convention"), authorises the exchange of information for tax purposes, including the exchange of information on an automatic basis, and allows the competent authorities of the Republic of Panama and the United Kingdom of Great Britain and Northern Ireland (the “Competent Authorities”) to agree the scope and modalities of such automatic exchanges;

Whereas, the jurisdictions have or are expected to have, in place by the time the first exchange takes place (i) appropriate safeguards to ensure that the information received pursuant to this Agreement remains confidential and is used solely for the purposes set out in the Convention, and (ii) the infrastructure for an effective exchange relationship (including established processes for ensuring timely, accurate, and confidential information exchanges, effective and reliable communications, and capabilities to promptly resolve questions and concerns about exchanges or requests for exchanges and to administer the provisions of Section 4 of this Agreement);

Whereas, the Competent Authorities desire to conclude an agreement to improve international tax compliance based on reciprocal automatic exchange pursuant to the Convention, and subject to the confidentiality and other protections provided for therein, including the provisions limiting the use of the information exchanged under the Convention;

Now, therefore, the Competent Authorities have agreed as follows:

SECTION 1
Definitions

1. For the purposes of this agreement ("Agreement"), the following terms have the following meanings:
   a) the term “Panama” means the Republic of Panama and, when used in a geographical sense, means the territory of the Republic of Panama, including its inland waters, airspace and territorial sea, and any area outside the territorial sea upon 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.

b) the term “**United Kingdom**” means Great Britain and Northern Ireland but, when used in a geographical sense, means the territory and territorial sea of Great Britain and Northern Ireland and the areas beyond that territorial sea over which Great Britain and Northern Ireland exercise sovereign rights or jurisdiction in accordance with their domestic law and international law.

c) the term “**Competent Authority**” means:

1) in the case of Panama, the Ministry of Economy and Finance or its authorised representative; and

2) in the case of the United Kingdom, the Commissioners for Her Majesty’s Revenue and Customs or their authorised representative.

d) the term “**Panamanian Financial Institution**” means (i) any Financial Institution that is resident in Panama, but excludes any branch of that Financial Institution that is located outside Panama, and (ii) any branch of a Financial Institution that is not resident in Panama, if that branch is located in Panama.

e) the term “**United Kingdom Financial Institution**” means (i) any Financial Institution that is resident in the United Kingdom, but excludes any branch of that Financial Institution that is located outside the United Kingdom, and (ii) any branch of a Financial Institution that is not resident in the United Kingdom, if that branch is located in the United Kingdom.

f) the term “**Reporting Financial Institution**” means any Panamanian Financial Institution or United Kingdom Financial Institution, as the context requires, that is not a Non-Reporting Financial Institution.

g) the term “**Reportable Account**” means a Panamanian Reportable Account or a United Kingdom Reportable Account, as the context requires, provided it has been identified as such pursuant to due diligence procedures, consistent with the Common Reporting Standard, in place in Panama or the United Kingdom.

h) the term “**Panamanian Reportable Account**” means a Financial Account that is maintained by a United Kingdom Reporting Financial Institution and held by one or more Panamanian Persons that are Reportable Persons or by a Passive Non-Financial Entity with one or more Controlling Persons that is a Panamanian Reportable Person.

i) the term “**United Kingdom Reportable Account**” means a Financial Account that is maintained by a Panamanian Reporting Financial Institution and held by one or more United Kingdom Persons that are Reportable Persons or by a Passive Non-Financial Entity with one or more Controlling Persons that is a United Kingdom Reportable Person.
j) the term “Panamanian Person” means an individual or Entity that is identified by a United Kingdom Reporting Financial Institution as resident in Panama pursuant to due diligence procedures consistent with the Common Reporting Standard, or an estate of a decedent that was a resident of Panama.

k) the term “United Kingdom Person” means an individual or Entity that is identified by a Panamanian Reporting Financial Institution as resident in United Kingdom pursuant to due diligence procedures consistent with the Common Reporting Standard, or an estate of a decedent that was a resident of the United Kingdom.

l) the term “TIN” means a Panamanian TIN or a United Kingdom TIN, as the context requires.

m) the term “Panamanian TIN” means the Panamanian Sole Taxpayer Registry number (“RUC”, as per its acronym in Spanish).

n) the term “United Kingdom TIN” means a National Insurance Number (NINO) or a Unique Taxpayer Reference (UTR). Both identifiers are unique and personal to the individual or Entity concerned.

o) the term “Common Reporting Standard” means the standard for automatic exchange of financial account information as published on the OECD website on the date of signature of this agreement.

2. Any capitalised term not otherwise defined in this Agreement will have the meaning that it has at that time under the law of the jurisdiction applying the Agreement, such meaning being consistent with the meaning set forth in the Common Reporting Standard. Any term not otherwise defined in this Agreement or in the Common Reporting Standard will, unless the context otherwise requires or the Competent Authorities agree to a common meaning (as permitted by domestic law), have the meaning that it has at that time under the law of the jurisdiction applying this Agreement, any meaning under the applicable tax laws of that jurisdiction prevailing over a meaning given to the term under other laws of that jurisdiction.

SECTION 2 
Exchange of Information with Respect to Reportable Accounts

1. Pursuant to the provisions of Article 6 of the Convention and subject to the applicable reporting and due diligence rules consistent with the Common Reporting Standard, each Competent Authority will annually exchange with the other Competent Authority on an automatic basis the information obtained pursuant to such rules and specified in paragraph 2.

2. The information to be exchanged is, in the case of Panama with respect to each United Kingdom Reportable Account, and in the case of the United Kingdom with respect to each Panamanian Reportable Account:

   a) the name, address, TIN(s) and date and place of birth (in the case of an individual) of each Reportable Person that is an Account Holder of the account
and, in the case of any Entity that is an Account Holder and that, after application of due diligence procedures consistent with the Common Reporting Standard, is identified as having one or more Controlling Persons that is a Reportable Person, the name, address, and TIN(s) of the Entity and the name, address, TIN(s) and date and place of birth of each Reportable Person;

b) the account number (or functional equivalent in the absence of an account number);

c) the name and identifying number (if any) of the Reporting Financial Institution;

d) the account balance or value (including, in the case of a Cash Value Insurance Contract or Annuity Contract, the Cash Value or surrender value) as of the end of the relevant calendar year or other appropriate reporting period or, if the account was closed during such year or period, the closure of the account;

e) in the case of any Custodial Account:

1) the total gross amount of interest, the total gross amount of dividends, and the total gross amount of other income generated with respect to the assets held in the account, in each case paid or credited to the account (or with respect to the account) during the calendar year or other appropriate reporting period; and

2) the total gross proceeds from the sale or redemption of Financial Assets paid or credited to the account during the calendar year or other appropriate reporting period with respect to which the Reporting Financial Institution acted as a custodian, broker, nominee, or otherwise as an agent for the Account Holder.

f) in the case of any Depository Account, the total gross amount of interest paid or credited to the account during the calendar year or other appropriate reporting period; and

g) in the case of any account not described in subparagraph 2(e) or (f), the total gross amount paid or credited to the Account Holder with respect to the account during the calendar year or other appropriate reporting period with respect to which the Reporting Financial Institution is the obligor or debtor, including the aggregate amount of any redemption payments made to the Account Holder during the calendar year or other appropriate reporting period.

SECTION 3

Time and Manner of Exchange of Information

1. For the purposes of the exchange of information in Section 2, the amount and characterisation of payments made with respect to a Reportable Account may be determined in accordance with the principles of the tax laws of the jurisdiction exchanging the information.
2. For the purposes of the exchange of information in Section 2, the information exchanged will identify the currency in which each relevant amount is denominated.

3. With respect to paragraph 2 of Section 2, information is to be exchanged with respect to the year 2017 and all subsequent years and will be exchanged within nine months after the end of the calendar year to which the information relates. Notwithstanding the foregoing sentence information is only required to be exchanged with respect to a calendar year if both jurisdictions have in effect legislation that requires reporting with respect to such calendar year that is consistent with the scope of exchange provided for in Section 2 and the reporting and due diligence procedures contained in the Common Reporting Standard.

4. Notwithstanding paragraph 3, the information to be exchanged with respect to the year 2017 is the information described in paragraph 2 of Section 2, except, in the case of Panama, for gross proceeds described in subparagraph 2(e)(2) of Section 2 for each United Kingdom Reportable Account, which is to be exchanged with respect to 2018 and all subsequent years.

5. Notwithstanding Sections 2 and 3 of this Agreement, a Competent Authority is transitonally allowed, on a unilateral basis, to refrain from sending information to the other Competent Authority, until the latter has successfully developed and implemented any Action Plan required to ensure adequate confidentiality and data safeguards, pursuant to a Confidentiality and Data Safeguards Assessment made by the Expert Panel of the AEOI Group of the Global Forum on Transparency and Exchange of Information for Tax Purposes, as finalized by the AEOI Group.

6. The Competent Authorities will automatically exchange the information described in Section 2 in a common reporting standard schema in Extensible Markup Language.

7. For purposes of the data transmission, the Competent Authorities will use the Common Transmission System (“CTS”) developed by the OECD Secretariat. The Competent Authorities will agree on the encryption standards to be used.

8. For this Agreement to come into effect, each Competent Authority shall notify to the other Competent Authority: i) the relevant effective dates with respect to Preexisting Accounts, New Accounts, and the application or completion of the reporting and due diligence procedures; ii) the acceptance of the notification received under i).

SECTION 4

Collaboration on Compliance and Enforcement

A Competent Authority will notify the other Competent Authority when the first-mentioned Competent Authority has reason to believe that an error may have led to incorrect or incomplete information reporting or there is non-compliance by a Reporting Financial Institution with the applicable reporting requirements and due diligence procedures consistent with the Common Reporting Standard. The notified Competent Authority will take all appropriate measures available under its domestic law to address the errors or non-compliance described in the notice.
SECTION 5
Confidentiality and Data Safeguards

1. All information exchanged is subject to the confidentiality rules and other safeguards provided for in the Convention, including the provisions limiting the use of information exchanged and, to the extent needed to ensure the necessary level of protection of personal data, in accordance with the safeguards as required under its domestic law which may be specified in a notification by the supplying Competent Authority.

2. Each Competent Authority will notify the other Competent Authority immediately regarding any breach of confidentiality or failure of safeguards and any sanctions and remedial actions consequently imposed.

SECTION 6
Consultations and Amendments

1. If any difficulties in the implementation or interpretation of this Agreement arise, either Competent Authority may request consultations to develop appropriate measures to ensure that this Agreement is fulfilled.

2. This Agreement may be amended by written agreement of the Competent Authorities. Unless otherwise agreed upon, such an amendment is effective on the first day of the month following the expiration of a period of one month after the date of the later of the signatures of such written agreement or the date of the later of the notifications exchanged for purposes of such written agreement.

SECTION 7
Term of Agreement

1. This Agreement will come to effect on the date of the last of the notifications made by each of the Competent Authorities to the other Competent Authority, specified in Section 3.8 and 5.1.

Any subsequent change to be made to the above-mentioned notifications must be notified promptly by the appropriate Competent Authority to the other Competent Authority, and accepted by the latter.

2. A Competent Authority may suspend the exchange of information under this Agreement by giving notice in writing to the other Competent Authority that it has determined that there is or has been significant non-compliance by the other Competent Authority with this Agreement. Such suspension will have immediate effect. For the purposes of this paragraph, significant non-compliance includes, but is not limited to, non-compliance with the confidentiality and data safeguard provisions of this Agreement and the Convention, a failure by the Competent Authority to provide timely or adequate information as required under this Agreement or defining the status of Entities or accounts as Non-Reporting Financial Institutions and Excluded Accounts in a manner that frustrates the purposes of the Common Reporting Standard.
3. Either Competent Authority may terminate this Agreement by giving notice of termination in writing to the other Competent Authority. Such termination will become effective on the first day of the month following the expiration of a period of 12 months after the date of the notice of termination. In the event of termination, all information previously received under this Agreement will remain confidential and subject to the terms of the Convention.

Signed in duplicate in [ ] and [ ] on [ ].

Competent Authority for Panama
Publio Ricardo Cortés C.
General Revenue Director
Delegated Competent Authority
Ministry of Economy and Finance

Competent Authority for the United Kingdom
David Smith
Competent Authority
Her Majesty’s Revenue and Customs