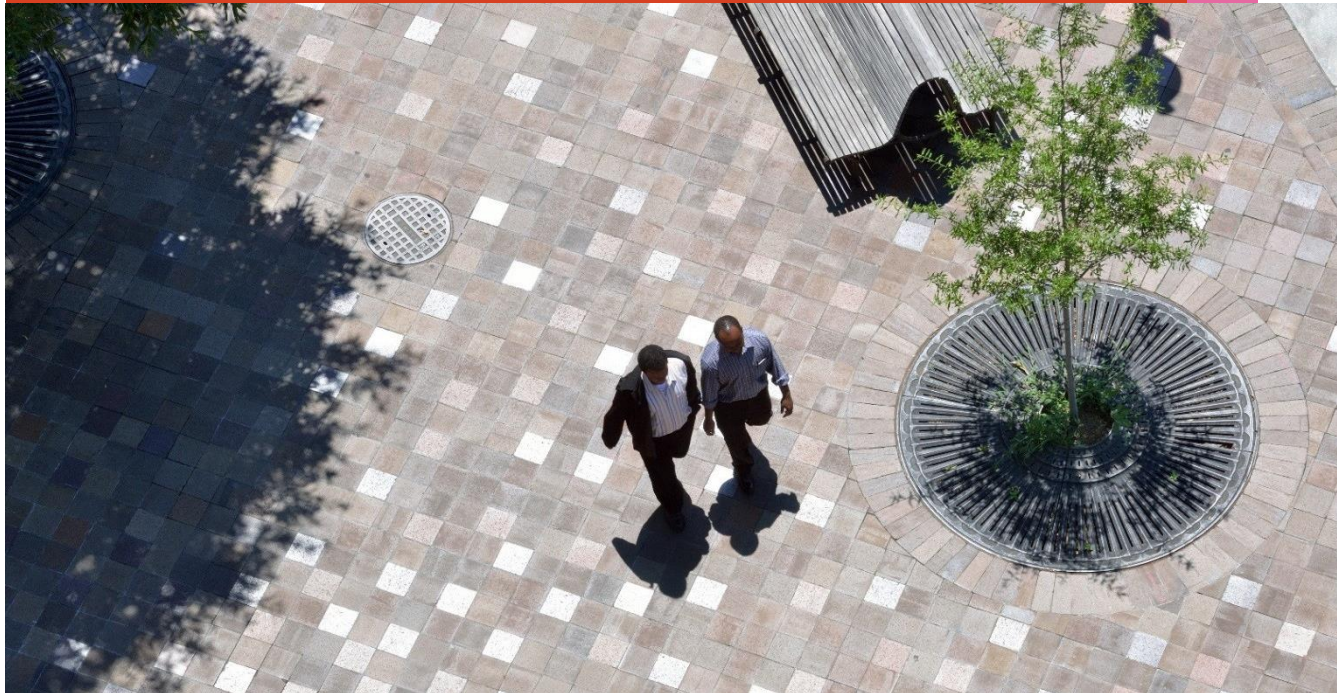


Tax Insight

Panama: final step for exclusion from Low-or-no-taxed jurisdictions

May 2018



Tax Insight: Panama: final step for exclusion from Low-or- no-taxed jurisdictions

The conditions included in Decree 103/018 were fulfilled as of 05/07/2018. Consequently, the Republic of Panama was excluded from the Uruguayan list of low-or-no-taxed jurisdictions (LNTJ), for all purposes.

Conditions

- a) Identification and notification of Uruguay as a partner for the automatic exchange of information on financial accounts within the framework of the Multilateral Agreement, prior to 05/15/2018; and provided that such information includes the one corresponding to 2017.
- b) Exclusion of Uruguay from the Panamanian "retaliation list" (list of jurisdictions that do not effectively exchange information).

Situation before the exclusion of Panama from LNTJ

Uruguay included Panama in the list of LNTJ, through Decrees 56/009 (Transfer Pricing) and 40/017 (Tax Transparency Law). These provisions resulted in an increase in the tax burden and in additional formal requirements, when Uruguayan resident entities maintain transactions with persons domiciled in Panama.

Meanwhile, Panama included Uruguay in the aforementioned retaliation list.

Exclusion of Panama from LNTJ

On April 30th, Panama formally communicated to the Secretariat of the Multilateral Agreement of Competent Authorities for the Automatic Exchange of Information on Financial Accounts of the OECD, the identification of Uruguay as a partner in the framework of this agreement. Likewise, through resolution published on the same date, Uruguay was excluded from the Panamanian retaliation list.

With the notification of these facts by the Ministry of Foreign Affairs of Panama to its Uruguayan counterpart, conditions included in Decree 103/018 were fulfilled in all its terms.

Therefore, as from 05/07/2018 Panama is excluded from the Uruguayan LNTJ list, for all purposes.

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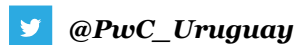
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