

## Panama Dispute Resolution Profile

(Last updated: 16 May 2024)

### General Information

- **GENERAL DIRECTORATE OF REVENUES – DGI. tax treaties are available at:**  
<https://dgi.mef.gob.pa/Internacional/CDI.php>
- **MAP request should be made to:**  
**Mr. Publio De Gracia Tejada**  
**GENERAL DIRECTOR**  
**GENERAL DIRECTORATE OF REVENUES – DGI**  
**MINISTRY OF ECONOMY AND FINANCE - MEF**  
**dgimap@mef.gob.pa**  
**OFFICES ADDRESS: BALBOA AVENUE AND EAST 41ST STREET,**  
**PH TORRE MUNDIAL, 2ND FLOOR, P.O. BOX 0816-02886,**  
**PHONE: (507) 507-7491**
- **APA request should be made to:**  
**Mr. Publio De Gracia Tejada**  
**GENERAL DIRECTOR**  
**GENERAL DIRECTORATE OF REVENUES – DGI**  
**MINISTRY OF ECONOMY AND FINANCE - MEF**  
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## Panama Dispute Resolution Profile – Preventing Disputes

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
<b>A. Preventing Disputes</b>				
1.	Are agreements reached by your competent authority to resolve difficulties or doubts arising as to the interpretation or application of your tax treaties in relation to issues of a general nature which concern, or which may concern, a category of taxpayers published?	No	We are currently working on three cases and we aim to resolve them in the best possible way.	-
2.	Are bilateral APA programmes implemented? If yes:	No	-	-
a.	<ul style="list-style-type: none"> <li>Are roll-back of APAs provided for in the bilateral APA programmes?</li> </ul>	-	-	-
b.	<ul style="list-style-type: none"> <li>Are there specific timeline for the filing of an APA request?</li> </ul>	-	-	-
c.	<ul style="list-style-type: none"> <li>Are rules, guidelines and procedures on how taxpayers can access and use bilateral APAs, including the specific information and documentation that should be submitted in a taxpayer's request for bilateral APA assistance, publicly available?</li> </ul>	-	-	-
d.	<ul style="list-style-type: none"> <li>Are there any fees charged to taxpayers for a bilateral APA request?</li> </ul>	-	-	-

### Panama Dispute Resolution Profile – Preventing Disputes

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
e.	<ul style="list-style-type: none"> <li>Are statistics relating to bilateral APAs publicly available?</li> </ul>	-	-	-
3.	Is training provided to your officials involved in the auditing /examination of taxpayers to ensure that any assessments made by them are in accordance with the provisions of your tax treaties?	No	-	-
4.	Is other information available on preventing tax treaty-related disputes?	Not yet	We are working to publish the guidelines soon.	-

#### Notes:

1. An APA is an “arrangement that determines, in advance of controlled transactions, an appropriate set of criteria (e.g. method, comparables and appropriate adjustments thereto, critical assumptions as to future events) for the determination of the transfer pricing for those transactions over a fixed period of time”. (see definition of APA in the *OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations* (“Transfer Pricing Guidelines”).

2. Situations may arise in which the issues resolved through an APA are relevant with respect to previous filed tax years not included within the original scope of the APA. The concept of “roll-back” is further elaborated in paragraph 4.136 of Section F (Advance pricing arrangement) of Chapter IV of the Transfer Pricing Guidelines and in paragraph 69 of Section D.4.2 (Possible retrospective application (“Roll back”)) of the Annex to Chapter IV (Guidelines for Conducting Advance Pricing Arrangements under the Mutual Agreement Procedure (“MAP APAs”)) of the Transfer Pricing Guidelines. Simply put, the “roll-back” of the APA is understood to mean that the outcome of the APA is applied to previous filed tax years not included within the original scope of the APA.

## Panama Dispute Resolution Profile – Availability and access to MAP

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
<b>B. Availability and Access to MAP</b>				
5.	Are transfer pricing cases covered within the scope of MAP?	Yes	-	-
6.	Are issues relating to the application of treaty anti-abuse provision covered within the scope of MAP?	See detailed explanation	The upcoming guidelines to be published will include the application of anti-abuse provisions of the treaties within the scope of the MAP.	-
7.	Are issues relating to the application of domestic anti-abuse provision covered within the scope of MAP?	See detailed explanation	The upcoming guidelines to be published will include the application of anti-abuse provisions of the treaties within the scope of the MAP.	-
8.	Are issues where there is already an audit settlement between the tax authority and the taxpayer covered within the scope of MAP?	Yes	-	-
9.	Are double taxation cases resulting from bona fide taxpayer initiated foreign adjustments covered within the scope of MAP?	Yes		-
10.	Are there any other treaty related issues not covered under s/n 5 to 9 which are not within the scope of MAP?	See detailed explanation	When the case has been resolved by the court, it will be rejected for MAP.	-
11.	Are taxpayers allowed to request MAP assistance in cases where the taxpayer has sought to resolve the issue under dispute via the judicial and administrative remedies provided by the domestic law of your jurisdiction?	See detailed explanation	According to the upcoming guidelines, if a dispute has already been resolved through judicial or administrative means, it is not eligible for a MAP request. Article 20 of the resolution specifies that the competent authority may reject the MAP request if it concerns a case or controversy that has been resolved	-

## Panama Dispute Resolution Profile – Availability and access to MAP

			<p>through administrative and/or judicial means.</p> <p>Article 20 of the resolution that will be published establishes the following:</p> <p><b>“article 20. Relationship between the Mutual Agreement Procedure and other procedures.</b> In the event that the person has filed any other legal action, administrative appeal and/or judicial appeal provided for in our domestic legal regulations, with respect to the same facts that are the object of the request for the Mutual Agreement Procedure or any aspect thereof, both said process and the Mutual Agreement Procedure may be followed.</p> <p>In the event that the request for the Mutual Agreement Procedure is resolved before the other process, and the person accepts said resolution of the Mutual Agreement Procedure, he/she must withdraw from the other process within a maximum period of ten (10) working days, counted from the resolution of the Mutual Agreement Procedure. In this case, the person shall provide the Competent Authority with a copy of the withdrawal submitted within the established term.</p> <p>In the opposite case, if the other process or legal action is resolved before the Mutual Agreement Procedure, the Competent Authority will be obliged to implement the decision taken by the other authority in relation to such process. In this case, the Competent Authority of the other Contracting State will be informed, through</p>	
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**Panama Dispute Resolution Profile – Availability and access to MAP**

			<p>a note, and will be required to evaluate taking the necessary actions, to the extent possible, to avoid double taxation not in accordance with the provisions of the Convention.”</p> <p>However, if the judicial and administrative processes are still ongoing, the taxpayer may request MAP assistance. In such cases, if the MAP request is resolved first and the taxpayer accepts the resolution, they must withdraw from the other legal process within ten business days. Conversely, if the judicial or administrative process is resolved first, the competent authority will implement the decision reached in that process.</p>	
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## Panama Dispute Resolution Profile – Availability and access to MAP

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
12.	Are taxpayers allowed to request for MAP assistance in cases where the issue under dispute has already been decided via the judicial and administrative remedies provided by the domestic law of your jurisdiction?	See detailed explanation	<p>According to the upcoming guidelines, if a dispute has already been resolved by the court, it is not eligible for a MAP request. Specifically, Article 17 of the resolution states that the competent authority may reject the MAP request if it concerns a case or controversy that has been resolved through administrative and/or judicial means.</p> <p>However, if the judicial and administrative processes are ongoing, the taxpayer may still pursue a MAP request. In such cases, if the MAP request is resolved first and the taxpayer accepts the resolution, they must withdraw from the other legal process within ten business days. Conversely, if the judicial or administrative process is resolved first, the competent authority will implement the decision reached in that process.</p>	-
13.	Are rules, guidelines and procedures on how taxpayers can access and use MAP, including the specific information and documentation that should be submitted in a taxpayer's request for MAP assistance, publicly available?	Not yet	We are working to publish the guidelines soon.	-
14.	Are there specific timeline for the filing of a MAP request?	See detailed explanation	The MAP request must be submitted within the timeframe established in the applicable treaty, counted from the notification of the measure that implies or could imply a taxation not in accordance with the provisions of the treaty.	-

**Panama Dispute Resolution Profile – Availability and access to MAP**

15.	Are guidance on multilateral MAPs publicly available?	Not yet	-	-
16.	Are tax collection procedures suspended during the period a MAP case is pending?	No		-
17.	Are there any fees charged to taxpayers for a MAP request?	No	No, there are no fees charged to taxpayers for a MAP request. Article 6 of the guidance resolution states that the competent authority will not charge any taxes, contributions, or fees of any kind for the submission of a MAP request.	
18.	Is there any other information available on availability and access to MAP?	No		-



## Panama Dispute Resolution Profile – Resolution of MAP cases

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
<b>C. Resolution of MAP Cases</b>				
19.	Are there any model timeframes for the steps taken by your competent authority from the receipt of a MAP case to the resolution of the case provided to taxpayers?	Not yet	We are working to include timelines in our map guidance, which will published soon.	-
20.	Are statistics relating to the time taken to resolve MAP cases publicly available?	Yes	OECD yearly submitted statistics	<a href="https://www.oecd.org/tax/dispute/mutual-agreement-procedure-statistics-2022-per-jurisdiction.htm">https://www.oecd.org/tax/dispute/mutual-agreement-procedure-statistics-2022-per-jurisdiction.htm</a>
21.	Is interest or penalties resulting from adjustments made pursuant to a MAP agreement waived or dealt with as part of the MAP procedure?	See detailed explanation	Interest or penalties resulting from adjustments made pursuant to a MAP agreement can be dealt with as part of the MAP procedure. According to Article 23 of the upcoming guidelines, the result of the MAP procedure may include possible surcharges and interest on overdue taxes, which will be established according to Panamanian legislation in each case and to the extent that they are generated in the Republic of Panama.	-
22.	Are the roles and responsibility of the MAP office publicly available, for example, is the mission statement of the MAP office available in the <i>annual</i> report of the organisation?	No		-
23.	Is MAP arbitration a mechanism currently available for the resolution of tax treaty related disputes in any of your tax treaties? If not:	No	-	-

**Panama Dispute Resolution Profile – Resolution of MAP cases**

a.	<ul style="list-style-type: none"><li>• Are there any legal limitations in your domestic law (for example in your constitution) to include MAP arbitration in your tax treaties?</li></ul>	No		-
b.	<ul style="list-style-type: none"><li>• Does your treaty policy allow you to include MAP arbitration in your tax treaties?</li></ul>	No		-

## Panama Dispute Resolution Profile – Resolution of MAP cases

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
24.	Is the explanation of the relationship between the MAP and domestic law administrative and judicial remedies publicly available?  If yes:	Not yet	We are working to publish the guidelines soon.	-
a.	<ul style="list-style-type: none"> <li>Does the guidance specifically address whether the competent authority considers that it is legally bound to follow a domestic court decision in the MAP or will not deviate from a domestic court decision as a matter of administrative policy or practice?</li> </ul>	-	-	-
25.	Are taxpayers allowed to request for multi-year resolution through the MAP of recurring issues with respect to filed tax years?	Yes		-
26.	Do all your jurisdiction's tax treaties contain a provision which would oblige your jurisdiction to make corresponding adjustments or to grant access to the MAP with respect to the economic double taxation that may otherwise result from a primary transfer pricing adjustment (i.e. is paragraph 2 of Article 9 of the OECD Model Tax Convention or the UN Model Double Taxation Convention included in all of your jurisdiction's tax treaties)?	Yes	-	<a href="https://dgi.mef.gob.pa/Internacional/CDI.php">https://dgi.mef.gob.pa/Internacional/CDI.php</a>
27.	Is there any other information available on resolution of MAP cases?	Not yet	We are working to publish the guidelines soon.	-

**Panama Dispute Resolution Profile – Resolution of MAP cases**

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found

**Panama Dispute Resolution Profile – Implementation of MAP Agreements**

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
<b>D. Implementation of MAP Agreements</b>				
28.	Where the agreement reached by your competent authority through the MAP process leads to additional tax to be paid by your taxpayer, is there publicly available information on the timeframe the taxpayer could expect its tax position to be amended to reflect the agreement reached by the competent authority and/or for the additional tax to be paid?	No		-
29.	Where the agreement reached by your competent authority through the MAP process leads to a refund of the tax due or paid by your taxpayer, are there publicly available information on the timeframe the taxpayer could expect its tax position to be amended to reflect the agreement reached by the competent authority and/or for a refund of the tax paid?	No		-
30.	Are all mutual agreements reached through MAP implemented notwithstanding any time limits in your domestic law?	See detailed explanation	Although we have not yet concluded any MAP cases, it is important to mention that almost all of our Double Taxation Agreements (DTAs) include the equivalent of the second sentence of Article 25(2) of the OECD Model Tax Convention. This provision ensures that any mutual agreement reached through MAP will be implemented notwithstanding any time limits in the domestic law of the contracting states.	-
31.	Is there any other information available on the implementation of MAP agreements?	No	-	-