



Panama: Enhancing Tax Transparency and Combating Money Laundering

- On November 30, 2010, Panama signed a Tax Information Exchange Agreement with the United States, removing the final impediment that the Obama Administration had indicated needed to be addressed before it would consider moving the U.S.-Panama TPA.
- Panama was removed from the Organization for Economic Cooperation and Development (OECD) “grey list” of countries considered tax havens in July after it signed its 12th treaty to avoid double taxation and share tax information. Panama is pursuing additional tax agreements to strengthen the transparency of its fiscal regime.
- The State Department in 2009 found that “Panama has a comprehensive legal framework to detect, prevent, and combat money laundering and terrorist financing, and provides excellent cooperation with U.S. law enforcement agencies in combating drug trafficking, money laundering and financial crimes.” The State Department added that the Panamanian government “should continue its commendable efforts to enhance Panama’s ability to prevent, detect, investigate, and prosecute financial crimes, including money laundering and terrorist financing.”
- Panama has recently embarked on a significant number of initiatives to combat money laundering:
 - Under Panama’s “New Banking Law” (2008) and other laws and regulations, financial institutions must establish policies, procedures, and controls on the prevention of money laundering, terrorist financing, and related crimes, including adherence to standard “know your customer” (KYC) practices.
 - The U.S. Treasury Department’s Financial Crimes Enforcement Network (FinCEN) and Panama’s Financial Analysis Unit (UAF) maintain an “Exchange of Information Mechanism” for the prevention and prosecution of money laundering.
 - The Panamanian government also recently created a department in its Ministry of Foreign Affairs dedicated to investigating transnational issues, including money laundering.
- Panama has the most modern and successful international banking center in Latin America. In 2008, the banking systems total assets grew by 21.7% while the rate of new loan disbursements grew by 41.5% compared to other sectors.