

Accounting Records

Panama's accession to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAC Convention) marks an important milestone in the country's international cooperation model in tax matters. Signed in October 2016 and effective as of July 1, 2017, the MAC Convention allows Panama and more than 140 other participating jurisdictions to exchange tax information through various mechanisms, including automatic exchange, exchange upon request, and assistance in the collection and notification of tax claims. This legal tool, adopted in the context of the country's commitments to the OECD and the Global Forum, requires signatory states to demonstrate not only willingness but also internal regulatory structures that guarantee access to the information necessary to respond effectively.

The operational function of the MAC Convention in Panama cannot be analyzed in isolation from the obligation to maintain accounting records, originally established in Law 52 of 2016 and reinforced by Law 254 of 2021. This framework requires legal entities incorporated in Panama, but without operations within the national territory, to keep adequate and complete accounting records, retain them for at least five years, and report their location to the resident agent. In effect, this is an asset traceability requirement that is essential for practical compliance with international requests that may arise from the Convention.

For this reason, Law 52 of 2016 also imposes strict liability on the resident agent, who must know and have readily available the exact location of the accounting records and the details of the designated custodian. The penalty framework provides for progressive financial penalties, but it also places the agent in a position of formal oversight, carrying reputational and legal implications. The agent is not merely a documentary intermediary, but a primary guarantor of compliance vis-à-vis the State.

In turn, the international cooperation regime does not operate in a vacuum. The MAC Convention is integrated with other regulations, such as the CRS (Common Reporting Standard) and BEPS, as well as agreements to avoid double taxation. In all cases, the possibility of sharing or receiving tax information depends on the reporting entities maintaining consistent and verifiable accounting data.



It is important to note that this transformation of the Panamanian model does not imply a waiver of the country's privacy or competitiveness. What is being promoted is a new standard of corporate integrity based on financial consistency and responsiveness. Structures that adequately comply with their accounting and reporting duties are not only valid but also preferable for those seeking to protect assets within a predictable and legally sound environment.

Ultimately, the combination of the MAC Convention and the local accounting records framework enhances Panama's position as a jurisdiction capable of actively participating in the international tax cooperation system without compromising its ability to provide legitimate corporate solutions. This regulatory convergence should not be seen as a threat, but rather as an opportunity to reposition the Panamanian platform as a modern, efficient, and legally robust center.



María Fernanda Krienert
Attorney in Alcogal