

Panama Mission Statement

Paulina Franceschi, Deputy Permanent Representative

April 22, 2015

International Cooperation in Tax Matters

Good Afternoon Excellencies, distinguished delegates, ladies and gentlemen,

As we near the 2015 Summit and the launch of the post 2015 agenda it is imperative that we give international cooperation in tax matters the attention it deserves; taxes are a crucial instrument towards achieving a solid long-term financial platform for sustainable development. Cooperative tax regimes play a key role in mobilizing domestic financial resources by ensuring the development of sound and broad-based financial sectors.

Taxes are the livelihood of all state services, and the elementary unit of effective state-building. They serve as a vital link between governments and societies by allowing citizens to hold governments accountable for their actions; thus paving the way for more responsive governments. Broad based state growth is completely dependent on a solid tax relationship between the state, the private sector and society. For developing countries, a strong tax system combined with stable economic growth is the solution to long-term reliance on aid. However, these same countries usually lack the necessary resources and capacity required to run an efficient tax collector system. Corruption, tax evasion and tax elusion are the root of the problem. Developing countries must implement tax policy that enables transparency and certainty in order to combat these challenges. Executing such a

system is twofold effort that relies both in strengthening political institutions and in fortifying human capacity. A tax administration that brings certainty and transparency and allows for consultation brings about taxpayer mobilization by improving relations with taxpayers and thus encouraging voluntary compliance.

Mr. President:

It is crucial that we explore this issue not only from the macro perspective of effective policy creation and implementation, but from a micro perspective as well: the act of collecting taxes and the challenges existent at this very basic level. Developing countries face difficulties in the collection of taxes for two main reasons: in many cases citizens are unwilling to pay tax and the overall economic structure of many of these countries is not conducive to collecting taxes. Citizens' unwillingness to pay taxes is a direct result of their lack of confidence in the fiscal system. Unfairness in taxation through arbitrary exemptions such as tax expenditures and partial implementation together with the misuse of public funds contribute to this lack of credibility in the system. Additionally, most of developing countries are composed of low income and agricultural economies with large informal sectors in which the collection of taxes is in itself a problematic feat. In such settings the matter of controlling coercion and corruption that occur through bribes and informal fees must be addressed.

In order to maintain a sound tax system developing and developed countries depend on efficient exchange of information. One of the main concerns for the international community is international tax evasion through tax havens. Tax havens deprive nations of much needed revenue and account for trillions in losses. In the United

States alone losses from offshore tax-evasion by US citizens total almost 100 billion dollars annually.¹ The international community has responded to this challenge by expanding cooperation between nations through the aid of international organizations such as the OECD, the UN Committee of Tax Experts (we actually support the upgrading to an intergovernmental body), the IMF, and the World Bank amongst others. These organizations have been instrumental in assisting developing countries on the creation of efficient tax policy and revenue administration by developing standards of transparency and exchange of information. The goal is to force offshore financial centers to compete on the basis of services provided rather than secrecy offered.

Panama has taken a number of significant steps to foster cooperation in the exchange of information. Our nation has introduced “legal amendments lifting restrictions connected to domestic tax interest and attorney-client privilege and has entered into a number of request-driven exchanges of information agreements (out of 28, 19 are double taxation plus exchange of information and 9 are exchange of information only), the majority of which are in line with the international standard.”² Furthermore, new legislation has been enacted that will make all ownership and identity information available. Panama’s economy is highly dependent on our thriving financial center. The Panamanian service-economy accounts for nearly 80% of its GDP. For this reason providing a positive climate for international investment is a high priority.

Mr. President

¹ 2011 KPMG International Cooperative

² <http://www.oecd.org/tax/transparency/supplementarypeerreviewreportssummarypanama.htm>

Creating enabling conditions, global or national level, has become an important ingredient in issues related to development and indeed of the subject that we discuss today. We strongly believe that globally and as stated by the group of G77 and China the upgrade of the Committee of Experts on International Cooperation in Tax Matters, is important in order to ensure principles of respect, equity and universal participation of all Member States.

Panamá está de acuerdo con el intercambio de información a requerimiento para cooperar con los países que requieran información de nuestras instituciones bancarias o abogados.

2. Las solicitudes a requerimiento se basan en una investigación de los Organismos tributarios de los países, de la cual se requiere información de otro país.
3. Panamá ha firmado _____ acuerdos de doble tributación y _____ de intercambio de información.
4. Panamá firmó el FATCA con los EUA (intercambio automático de información) y al igual que muchos países lo hizo, porque si no lo hacía se establecían sanciones económicas a los países que no lo firmaban.
5. El FATCA todavía no se ha implementado, porque es difícil, ya que exige que los bancos de todos los países den información sin que exista una investigación de por medio, ni ninguna razón válida, sino únicamente por tener la ciudadanía de los EUA.
6. Esto va en contra de todas las normas de privacidad y confidencialidad que existen en los EUA y demás países civilizados, ya que personas que tienen derecho a su privacidad y no deben impuestos, serán reportadas al IRS.
7. En la OCDE se está proponiendo una norma internacional de intercambio AUTOMÁTICO de información para todos los países del mundo y esto sí es inaceptable. Si ya firmamos acuerdos de intercambio de información a requerimiento, para qué quieren información automática que tiene múltiples desventajas.
8. Las organizaciones tributarias de cada país deben hacer su trabajo y tomar las medidas necesarias para el cobro de sus impuestos a sus nacionales y no culpar a otros estados por las faltas que cometen sus ciudadanos y sus funcionarios.