

**AGREEMENT BETWEEN THE COMPETENT AUTHORITIES OF THE ITALIAN  
REPUBLIC AND THE REPUBLIC OF PANAMA ON THE AUTOMATIC  
EXCHANGE OF FINANCIAL ACCOUNT INFORMATION TO IMPROVE  
INTERNATIONAL TAX COMPLIANCE**

Whereas, the Government of the Italian Republic and the Government of the Republic of Panama intend to improve international tax compliance by further building on their relationship with respect to mutual assistance in tax matters;

Whereas, the laws of their respective jurisdictions require financial institutions to report information regarding certain accounts and follow related due diligence procedures, consistent with the scope of exchange contemplated by Section 2 of this Agreement and the reporting and due diligence procedures contained in the Common Reporting Standard;

Whereas, Article 6 of the Convention on Mutual Administrative Assistance in Tax Matters (the "Convention"), authorizes the exchange of information for tax purposes, including the exchange of information on an automatic basis, and allows the competent authorities of the Italian Republic and the Republic of Panama (the "Competent Authorities") to agree the scope and modalities of such automatic exchanges;

Whereas, the Italian Republic and the Republic of Panama have or are expected to have in place (i) appropriate safeguards to ensure that the information received pursuant to this Agreement remains confidential and is used solely for the purposes set out in the Convention, and (ii) the infrastructure for an effective exchange relationship (including established processes for ensuring timely, accurate, and confidential information exchanges, effective and reliable communications, and capabilities to promptly resolve questions and concerns about exchanges or requests for exchanges and to administer the provisions of Section 4 of this Agreement);

Whereas, the Competent Authorities desire to conclude an agreement to improve international tax compliance based on reciprocal automatic exchange pursuant to the Convention, and subject to the confidentiality and other protections provided for therein, including the provisions limiting the use of the information exchanged under the Convention;

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Now, therefore, the Competent Authorities have agreed as follows:

## SECTION 1

### *Definitions*

1. For the purposes of this agreement ("Agreement"), the following terms have the following meanings:

- a) the term "**Italy**" means the Italian Republic and includes any area beyond the territorial waters which is designated as an area within which Italy, in compliance with its legislation and in conformity with international law, may exercise sovereign rights in respect of the exploration and exploitation of the natural resources of the seabed, the subsoil and the superjacent waters.
- b) the term "**Panama**" means the Republic of Panama and, when used in a geographical sense, the territory of the Republic of Panama, including its inland waters, airspace and territorial sea, and any area outside the territorial sea within which, in accordance with international law and on application of its domestic legislation, the Republic of Panama exercises, or may exercise in the future, jurisdiction or sovereign rights with respect to the seabed, its subsoil and superjacent waters, and their natural resources.
- c) the term "**Competent Authority**" means:
  - (1) in the case of Italy, the Director General of Finance - Ministry of Economy and Finance; and
  - (2) in the case of Panama, the Ministry of Economy and Finance or its authorized representative.
- d) the term "**Italian Financial Institution**" means (i) any Financial Institution that is resident in Italy, but excludes any branch of that Financial Institution that is located outside Italy, and (ii) any branch of a Financial Institution that is not resident in Italy, if that branch is located in Italy.
- e) the term "**Panamanian Financial Institution**" means (i) any Financial Institution that is resident in Panama, but excludes any branch of that

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Financial Institution that is located outside Panama, and (ii) any branch of a Financial Institution that is not resident in Panama, if that branch is located in Panama.

- f) the term “**Reporting Financial Institution**” means any Italian Financial Institution or Panamanian Financial Institution, as the context requires, that is not a Non-Reporting Financial Institution.
- g) the term “**Reportable Account**” means an Italian Reportable Account or a Panamanian Reportable Account, as the context requires, provided it has been identified as such pursuant to due diligence procedures, consistent with the Common Reporting Standard, in place in Italy or Panama.
- h) the term “**Italian Reportable Account**” means a Financial Account that is maintained by a Panamanian Reporting Financial Institution and held by one or more Italian Persons that are Reportable Persons or by a Passive NFE with one or more Controlling Persons that is an Italian Reportable Person.
- i) the term “**Panamanian Reportable Account**” means a Financial Account that is maintained by an Italian Reporting Financial Institution and held by one or more Panamanian Persons that are Reportable Persons or by a Passive NFE with one or more Controlling Persons that is a Panamanian Reportable Person.
- j) the term “**Italian Person**” means an individual or Entity that is identified by a Panamanian Reporting Financial Institution as resident in Italy pursuant to due diligence procedures consistent with the Common Reporting Standard, or an estate of a decedent that was a resident of Italy.
- k) the term “**Panamanian Person**” means an individual or Entity that is identified by an Italian Reporting Financial Institution as resident in Panama pursuant to due diligence procedures consistent with the Common Reporting Standard, or an estate of a decedent that was a resident of Panama.
- l) the term “**TIN**” means an Italian TIN or a Panamanian TIN, as the context requires.
- m) the term “**Italian TIN**” means an Italian taxpayer identifying number.
- n) the term “**Panamanian TIN**” means the Panamanian Sole Taxpayer Registry number (“RUC”, as per its acronym in Spanish).

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2. Any capitalised term not otherwise defined in this Agreement will have the meaning that it has at that time under the law of the jurisdiction applying the Agreement, such meaning being consistent with the meaning set forth in the Common Reporting Standard. Any term not otherwise defined in this Agreement or in the Common Reporting Standard will, unless the context otherwise requires or the Competent Authorities agree to a common meaning (as permitted by domestic law), have the meaning that it has at that time under the law of the jurisdiction applying this Agreement, any meaning under the applicable tax laws of that jurisdiction prevailing over a meaning given to the term under other laws of that jurisdiction.

## SECTION 2

### Exchange of Information with Respect to Reportable Accounts

1. Pursuant to the provisions of Article 6 of the Convention and subject to the applicable reporting and due diligence rules consistent with the Common Reporting Standard, each Competent Authority will annually exchange with the other Competent Authority on an automatic basis the information obtained pursuant to such rules and specified in paragraph 2.

2. The information to be exchanged is, in the case of Italy with respect to each Panamanian Reportable Account, and in the case of Panama with respect to each Italian Reportable Account:

- a) the name, address, TIN(s) and date and place of birth (in the case of an individual) of each Reportable Person that is an Account Holder of the account and, in the case of any Entity that is an Account Holder and that, after application of due diligence procedures consistent with the Common Reporting Standard, is identified as having one or more Controlling Persons that is a Reportable Person, the name, address, and TIN(s) of the Entity and the name, address, TIN(s) and date and place of birth of each Reportable Person;
- b) the account number (or functional equivalent in the absence of an account number);
- c) the name and identifying number (if any) of the Reporting Financial Institution;
- d) the account balance or value (including, in the case of a Cash Value Insurance Contract or Annuity Contract, the Cash Value or surrender value) as of the end of the relevant calendar year or other appropriate reporting

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period or, if the account was closed during such year or period, the closure of the account;

e) in the case of any Custodial Account:

(1) the total gross amount of interest, the total gross amount of dividends, and the total gross amount of other income generated with respect to the assets held in the account, in each case paid or credited to the account (or with respect to the account) during the calendar year or other appropriate reporting period; and

(2) the total gross proceeds from the sale or redemption of Financial Assets paid or credited to the account during the calendar year or other appropriate reporting period with respect to which the Reporting Financial Institution acted as a custodian, broker, nominee, or otherwise as an agent for the Account Holder;

f) in the case of any Depository Account, the total gross amount of interest paid or credited to the account during the calendar year or other appropriate reporting period; and

g) in the case of any account not described in subparagraph 2(e) or (f), the total gross amount paid or credited to the Account Holder with respect to the account during the calendar year or other appropriate reporting period with respect to which the Reporting Financial Institution is the obligor or debtor, including the aggregate amount of any redemption payments made to the Account Holder during the calendar year or other appropriate reporting period.

### SECTION 3

#### Time and Manner of Exchange of Information

1. For the purposes of the exchange of information in Section 2, the amount and characterisation of payments made with respect to a Reportable Account may be determined in accordance with the principles of the tax laws of the jurisdiction exchanging the information.

2. For the purposes of the exchange of information in Section 2, the information exchanged will identify the currency in which each relevant amount is denominated.

3. With respect to paragraph 2 of Section 2, information is to be exchanged with respect to 2017 and all subsequent years and will be exchanged within nine months

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after the end of the calendar year to which the information relates. Notwithstanding the foregoing sentence information is only required to be exchanged with respect to a calendar year if both jurisdictions have in effect legislation that requires reporting with respect to such calendar year that is consistent with the scope of exchange provided for in Section 2 and the reporting and due diligence procedures contained in the Common Reporting Standard. For this Agreement to come into effect, each Competent Authority shall notify to the other Competent Authority: i) the relevant effective dates with respect to Preexisting Accounts, New Accounts, and the application or completion of the reporting and due diligence procedures; ii) the acceptance of the notification received under i).

4. Notwithstanding paragraph 3, the information to be exchanged with respect to 2017 is the information described in paragraph 2 of Section 2, except for gross proceeds described in subparagraph 2(e)(2) of Section 2, which is to be exchanged with respect to the year 2018 and all subsequent years.

5. Notwithstanding Sections 2 and 3 of this Agreement, a Competent Authority is transitionally allowed, on a unilateral basis, to refrain from sending information to the other Competent Authority, until this latter has in place measures to ensure adequate confidentiality and data safeguards, pursuant to a positive Confidentiality and Data Safeguards Assessment made by the Expert Panel of the AEOI Group of the Global Forum on Transparency and Exchange of Information for Tax Purposes, as finalized by the AEOI Group.

6. The Competent Authorities will automatically exchange the information described in Section 2 in a common reporting standard schema in Extensible Markup Language.

7. The Competent Authorities will agree on one or more methods for data transmission including encryption standards.

## **SECTION 4**

### **Collaboration on Compliance and Enforcement**

A Competent Authority will notify the other Competent Authority when the first-mentioned Competent Authority has reason to believe that an error may have led to incorrect or incomplete information reporting or there is non-compliance by a Reporting Financial Institution with the applicable reporting requirements and due diligence procedures consistent with the Common Reporting Standard. The notified Competent Authority will take all appropriate measures available under its domestic law to address the errors or non-compliance described in the notice.

## **SECTION 5**

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## **Confidentiality and Data Safeguards**

1. All information exchanged is subject to the confidentiality rules and other safeguards provided for in the Convention, including the provisions limiting the use of the information exchanged and, to the extent needed to ensure the necessary level of protection of personal data, in accordance with the safeguards specified in Annex 1.
2. In no case shall the provisions of paragraph 1, Section 2 be construed so as to impose on a Competent Authority the obligation to disclose information which would be contrary to public policy (*ordre public*) of the jurisdiction supplying the information. Information exchanged may not be used or disclosed in proceedings that could result in the imposition and execution of the death penalty or torture or other severe violations of human rights (including tax investigations motivated by political, racial, or religious prosecution).
3. Each Competent Authority will notify the other Competent Authority immediately regarding any breach of confidentiality or failure of safeguards and any sanctions and remedial actions consequently imposed.

## **SECTION 6**

### **Consultations and Amendments**

1. If any difficulties in the implementation or interpretation of this Agreement arise, either Competent Authority may request consultations to develop appropriate measures to ensure that this Agreement is fulfilled.
2. This Agreement may be amended by written agreement of the Competent Authorities. Unless otherwise agreed upon, such an amendment is effective on the first day of the month following the expiration of a period of one month after the date of the later of the signatures of such written agreement or the date of the later of the notifications exchanged for purposes of such written agreement.

## **SECTION 7**

### **Term of Agreement**

1. This Agreement will come into effect on the date of the later of the notifications provided by each Competent Authority that its jurisdiction has the necessary laws in place to implement the Agreement and as further specified in the last paragraph of Section 3 (3) of this Agreement.

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2. A Competent Authority may suspend the exchange of information under this Agreement by giving notice in writing to the other Competent Authority that it has determined that there is or has been significant noncompliance by the other Competent Authority with this Agreement. Such suspension will have immediate effect. For the purposes of this paragraph, significant non-compliance includes, but is not limited to, non-compliance with the confidentiality and data safeguard provisions of this Agreement and the Convention, a failure by the Competent Authority to provide timely or adequate information as required under this Agreement or defining the status of Entities or accounts as Non-Reporting Financial Institutions and Excluded Accounts in a manner that frustrates the purposes of the Common Reporting Standard.

3. Either Competent Authority may terminate this Agreement by giving notice of termination in writing to the other Competent Authority. Such termination will become effective on the first day of the month following the expiration of a period of 12 months after the date of the notice of termination. In the event of termination, all information previously received under this Agreement will remain confidential and subject to the terms of the Convention.

Signed in duplicate in Panama City on the 16th day of June 2017 and in \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_ 2017 respectively, in the English language.

Competent Authority  
for the Italian Republic:



Fabrizia Lapecorella  
Director General of Finance  
Ministry of Economy and Finance

Competent Authority for  
the Republic of Panama:



Publio Ricardo Cortés C.  
General Revenue Director  
Delegated Competent Authority  
Ministry of Economy and Finance



## ANNEX 1

### ADDITIONAL DATA PROTECTION SAFEGUARDS PURSUANT TO SECTION 5(1) OF THE AGREEMENT

1. Pursuant to the provisions of Section 5 of the Agreement, the Competent Authorities of Italy and Panama hereby specify that each will supply to the other the information set forth in Section 2 of the Agreement where the data protection safeguards set out in paragraphs 3 to 7 of this Annex are in place in Panama and Italy with respect to the information exchanged under the Agreement to ensure the necessary level of protection of personal data.

#### Definitions

2. For purposes of this Annex:
  - (a) The term "Personal Data" means any information relating to an identified or identifiable individual; an identifiable individual is one who can be identified directly or indirectly, in particular by reference to an identifier such as name, an identification number or to one or more factors specific to his physical, physiological, mental, economic, cultural or social identity;
  - (b) The term "processing" means any operation or set of operations which is performed upon personal data, whether or not by automatic means, such as collection, recording, organisation, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission or transfer, dissemination or otherwise making available, alignment or combination, blocking, erasure or destruction.

#### Rights of access, rectification and erasure of data

3. Individuals, providing evidence of their identity, shall have the right of access to their Personal Data processed by the receiving Competent Authority except for:

- requests which are manifestly abusive, based on unreasonable intervals, their number, or their repetitive or systematic nature; or
  - requests which would be likely to jeopardise the assessment, audit, collection, or recovery of taxes, or the enforcement or prosecution in respect of taxes, or the data processing, by the receiving Competent Authority.
4. Individuals, providing evidence of their identity, shall also have the right to correction, amendment or erasure of their Personal Data where such Personal Data is shown to be inaccurate. If there are compelling grounds to doubt the legitimacy of the request, the receiving Competent Authority may require further justifications before taking action.
  5. If the supplying Competent Authority informs the receiving Competent Authority that it has supplied inaccurate Personal Data, the receiving Competent Authority shall correct, amend or delete that Personal Data, as appropriate.

#### **Right to seek redress**

6. Individuals must have the right to seek effective administrative and judicial redress if they suffer damage due to the erroneous use by the receiving Competent Authority of the Personal Data supplied by the other Competent Authority.

#### **Data retention**

7. The receiving Competent Authority shall ensure that Personal Data is kept in a form which permits identification of data subjects for no longer than is necessary for the purposes of the Agreement and in any case in accordance with its internal rules on statute of limitations.

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