

INCLUSION OF TAX FRAUD IN THE CRIMINAL CODE IS PROPOSED

Chapter XII is added on "Crimes against the National Treasury".

The Ministry of Economy and Finance (MEF) presented today before the National Assembly a bill proposing the inclusion of the crime of tax fraud as a crime in the Penal Code.

This is the bill that adds Chapter XII "Crimes against the National Treasury" to Title VII of the Criminal Code and shields our financial center as well as logistic activities and legal services against its possible use to evade taxes in other jurisdictions or in Panama.

"The Bill is designed for the big evaders, who have millionaire incomes and do not pay their tax obligations", said the Minister of Economy and Finance, Dulcidio De La Guardia, during his presentation at the National Assembly.

The initiative stipulates sanctions of 2 to 5 years and fines up to 10 times the amount defrauded to the persons who for their own benefit or of a third party, with the intention of defrauding the National Treasury simulate, hide, omit, falsify or deceive in the determination of a tax obligation to stop paying all or part of the taxes.

Additionally, it establishes that in order to have a crime, there must be fraud above 300 thousand dollars in a fiscal year.

Minister De La Guardia pointed out that the Bill presented was carefully drafted and focused on punishing millionaire evasions.

"I want to make it clear that this Bill does not aim to deprive anyone of freedom since it contemplates a mechanism to remove the crime in question from the criminal sphere, once the taxpayer regularizes his obligations", the Minister added.

The Draft Law promoted by the MEF considers the unconditional and total liquidation of the owed tax as the cause of cancellation of the perishability of fraud and proposes that the Administrative Court will be the instance that will refer the case to the Public Prosecutor's Office.

"Typifying tax fraud as a criminal offense and a prerequisite to money laundering is the logical and natural step for our country to consolidate its leadership and its reputation before the main players in the global economy," Minister De La Guardia concluded.

A study published in 2017 by the National Commission against Money Laundering, Financing of Terrorism and Financing of Weapons of Mass Destruction, revealed that Panama is one of the few countries whose legal norms do not meet the most basic standards in criminal tax matters.

Currently, tax fraud in Panama is an administrative and not a criminal offense. The proposed Bill eliminates the existing authority of the Director of the Directorate General of Revenues to imprison fraudsters.