

**PROTOCOL TO THE AGREEMENT BETWEEN CANADA
AND THE REPUBLIC OF PANAMA FOR TAX COOPERATION
AND THE EXCHANGE OF INFORMATION RELATING TO TAXES**

CANADA AND THE REPUBLIC OF PANAMA (the “Contracting Parties”) have agreed, at the signing of the *Agreement between Canada and the Republic of Panama for Tax Cooperation and the Exchange of Information relating to Taxes* (the “Agreement”), on the following provisions which shall form an integral part of the Agreement:

1. With respect to Article 3, it is understood that the Agreement shall not apply to taxes imposed by municipalities.
2. With respect to subparagraph (1)(g) of Article 4, it is understood that “shares can be readily purchased or sold by the public” if they can both be purchased and sold by the public.
3. With reference to subparagraph (1)(j) of Article 4, it is understood that “units, shares or other interests in the fund or scheme can be readily purchased, sold or redeemed by the public” if they can both be purchased and sold by the public or both be purchased and redeemed by the public.
4. With respect to Article 8, the following provisions shall apply:
 - (a) costs that would be incurred in the ordinary course of administering the domestic tax laws of the requested Party shall be borne by the requested Party when those costs are incurred for purposes of responding to a request for information. All costs other than ordinary costs are considered extraordinary costs, and shall be borne by the requesting Party;
 - (b) extraordinary costs include, but are not limited to, the following:
 - (i) reasonable fees charged by third parties for carrying out research and copying documents;
 - (ii) reasonable fees for non-government counsel or experts appointed or retained for litigation in the courts of the requested Party related to a specific request for information; and