

Cash In Panama — A Ticking Time Bomb

October 13, 2016

In recent years, the Canada Revenue Agency (the “CRA”) has increased its efforts to locate Canadian offshore funds; the release of the Panama Papers marks a watershed development in this process. The Panama Papers leak released more than 11 million documents from the law firm Mossack Fonseca, detailing over 200,000 offshore companies that Mossack Fonseca set up.

The impact of the Panama Papers has been significant. On Friday July 15, 2016, it was made public that Panama signed the *OECD Multilateral Convention on Mutual Administrative Assistance in Tax Matters* (the “Convention”). The Convention is the most comprehensive multilateral instrument to date, designed to tackle tax evasion and avoidance. By signing the Convention, Panama joins a network of almost 100 nations that could share information with each other, including information about bank account holdings. While the previous tax agreement between Panama and Canada allowed either party to request information, the Convention facilitates automatic information exchange between Panama and Canada. At the same time, the CRA continues to use the documents from the Panama Papers to audit resident Canadians who are suspected of not reporting their income.

In Canada, taxpayers are taxed on their worldwide income. Therefore, if a Canadian taxpayer is found to have an account outside of Canada that has generated unreported income, the taxpayer could be liable for interest, penalties, taxes owing and even prosecution for tax evasion. Overall, at least 625 Canadians are named in the Panama Papers and the CRA has already launched 45 investigations.

BLG has developed expertise in handling applications under the Voluntary Disclosures Program, which allows Canadians to minimize or even eliminate the possibility of penalties, interest and prosecution by the CRA. Crucially, disclosure must be voluntary, and, therefore, must occur before the CRA conducts an investigation. Given the increasing exchange of tax information between nations, we invite any Canadian taxpayer to consult with our tax lawyers to assess their personal situations.

[Natasha Miklaucic](#) and Alex Klyguine are tax lawyers and combined have more than 20 years of experience helping taxpayers take advantage of the [CRA's Voluntary Disclosures Program](#). Natasha and Alex would be pleased to have a call or meet with you for a free consultation to discuss whether the voluntary disclosure process is right for you.

By

[Alex Klyguine, Sam Levy](#)

Expertise

[Tax](#)

BLG | Canada's Law Firm

As the largest, truly full-service Canadian law firm, Borden Ladner Gervais LLP (BLG) delivers practical legal advice for domestic and international clients across more practices and industries than any Canadian firm. With over 800 lawyers, intellectual property agents and other professionals, BLG serves the legal needs of businesses and institutions across Canada and beyond – from M&A and capital markets, to disputes, financing, and trademark & patent registration.

blg.com

BLG Offices

Calgary

Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3

T 403.232.9500
F 403.266.1395

Ottawa

World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9

T 613.237.5160
F 613.230.8842

Vancouver

1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2

T 604.687.5744
F 604.687.1415

Montréal

1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto

Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749

The information contained herein is of a general nature and is not intended to constitute legal advice, a complete statement of the law, or an opinion on any subject. No one should act upon it or refrain from acting without a thorough examination of the law after the facts of a specific situation are considered. You are urged to consult your legal adviser in cases of specific questions or concerns. BLG does not warrant or guarantee the accuracy, currency or completeness of this publication. No part of this publication may be reproduced without prior written permission of Borden Ladner Gervais LLP. If this publication was sent to you by BLG and you do not wish to receive further publications from BLG, you may ask to remove your contact information from our mailing lists by emailing unsubscribe@blg.com or manage your subscription preferences at blg.com/MyPreferences. If you feel you have received this message in error please contact communications@blg.com. BLG's privacy policy for publications may be found at blg.com/en/privacy.

© 2026 Borden Ladner Gervais LLP. Borden Ladner Gervais LLP is an Ontario Limited Liability Partnership.