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The Panama Relocation Checklist

The visa, banking and Australian tax exit steps for Australians considering Panama residency - in the order they actually happen.

For Australians considering Panama residency | Prepared by Y&S Accounting, registered tax agents | taxbne.com.au

Phase 1 - Before you commit: the Australian side

Panama's Friendly Nations Visa grants temporary residency immediately and permanent residency after about two years. But the Australian tax exit is where the real planning lives - get it wrong and the ATO consequences outlast the move.

- [ ] Understand that a Panama visa alone does NOT end Australian tax residency - the four tests in section 6(1) of the ITAA 1936 look at your home, family, ties and intention
- [ ] Plan the residency cessation steps: what happens to the family home, where dependants live, which Australian ties remain
- [ ] Model CGT event I1 - ceasing residency is treated as disposing of your CGT assets (except taxable Australian property) at market value, with tax on unrealised gains that year
- [ ] Consider the deferral election (s 104-165(2)) and its trade-offs before choosing
- [ ] If you will own a Panama company: test the CFC attribution rules (Part X) before incorporating
- [ ] If you have an SMSF: plan for the residency test - central management and control offshore for over 2 years risks the fund's concessional treatment

Part IVA risk: the "paper move"

A Panama structure combined with a residency move on paper only - family, home, business and lifestyle still in Australia - carries significant anti-avoidance risk. The move has to be real.

Timing note

Completing a genuine exit before 30 June 2027 may lock in the existing 50% CGT discount treatment on the exit calculation, ahead of the proposed 1 July 2027 CGT reform (not yet law).

Phase 2 - Documents to prepare in Australia

- [ ] Australian passport with 6+ months validity
- [ ] Australian Federal Police check, apostilled
- [ ] Health certificate and four passport-sized photographs
- [ ] Evidence for your economic tie: employment letter, company formation or property purchase in Panama
- [ ] Funds ready for the USD $5,000 bank deposit - it stays your own money, in your name, as proof of solvency
- [ ] Documents notarised and apostilled before departure

Phase 3 - The visit (typically 5 business days)

- [ ] Day 1: meet the immigration attorney, sign the power of attorney and application documents
- [ ] Day 2: open your personal Panamanian bank account and place the deposit
- [ ] Day 5: Migration appointment - receive your provisional residency card (carnet), valid 2 years

Processing of full provisional residency: 3 to 6 months. Permanent residency follows after about 2 years; citizenship eligibility after 5 years of permanent residency, with dual citizenship allowed.

Phase 4 - After the move: keeping it clean

- [ ] Decide what you want: visa maintenance needs one visit every 2 years, but PANAMA TAX RESIDENCY needs 183+ days a year, a genuine domicile and a local bank account
- [ ] Remember Panama taxes only Panama-sourced income - foreign income is exempt there, but your Australian obligations depend on your Australian residency status, not Panama's rules
- [ ] Expect CRS data sharing: Panama exchanges financial account information automatically, and the ATO receives it - the structure must work in daylight
- [ ] Australian property kept after departure: foreign-resident withholding applies on sale, and franking credits stop being refundable
- [ ] There is no Australia-Panama double tax agreement - plan on that basis

Serious about Panama? Start with the numbers

A 60-minute strategy consultation - AUD $250 inc. GST - covering your tax and residency position, structure options and costs, with a tailored written proposal within 5 business days. Fee credited if you engage.

taxbne.com.au · brisbane@ysaccounting.com.au

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This checklist is general information for Australians considering Panama residency, prepared by Y&S Accounting Brisbane, and is current as at July 2026. Visa requirements are set by Panamanian authorities and can change. Australian tax outcomes depend entirely on your circumstances. Rates and thresholds can change, and eligibility depends on your circumstances. This is general information, not personal tax advice, and does not take account of your individual situation. Confirm current figures at ato.gov.au or speak with a registered tax agent before acting. Y&S Accounting is a certified practising accountant practice and registered tax agent.